Cyberzone Properties, Inc.

Vector One Building, Northgate Avenue Cyberzone, Filinvest City, Alabang, Muntinlupa City, Philippines
Up to ₱5,000,000,000.00, with an Over-subscription Option of up to ₱1,000,000,000.00
5.0496% p.a. 5.5 Year Bonds
Offer Price: 100% of Face Value

Cyberzone Properties, Inc. ("CPI" or the "Issuer" or the "Company") is offering Unsecured Fixed-Rate Peso Retail Bonds with an aggregate principal amount of ₱5,000,000,000.00 with an over-subscription option of up to ₱1,000,000,000.00 (the "Bonds"). The Bonds are comprised of Five and a Half Years Fixed Rate Bonds due on 7 January 2023 (the "Bonds"). The Bonds will be issued by the Company pursuant to the terms and conditions of the Bonds on 7 July 2017 (the "Issue Date").

The 5.5 Year Bonds shall have a term of Five Years and a Half from the Issue Date, with a fixed interest rate equivalent to 5.0496% p.a. Interest on the 5.5 Year Bonds shall be payable quarterly in arrears starting on 7 October 2017 for the first Interest Payment Date, and January 7, April 7, July 7 and October 7 of each year for each subsequent Interest Payment Date at which the Bonds are outstanding, or the subsequent Business Day without adjustment if such Interest Payment Date is not a Business Day.

The Bonds shall be repaid at maturity at par (or 100% of face value) on the Maturity Date or on 7 January 2023, unless the Company exercises its Early Redemption Option according to the conditions therefore (see "Description of the Bonds" – "Redemption and Purchase" on page 64).

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.

The date of this Final Prospectus is 23 June 2017.

Joint Issue Managers, Joint Bookrunners, and Joint Lead Underwriters

BDO Capital & Investment Corporation

BPI Capital Corporation
A Subsidiary of Bank of the Philippine Islands

eastwest

First Metro Investment Corporation
Metrobank Group

Co-Lead Managers

PNB Capital

SB CAPITAL
A Subsidiary of Security Bank

EastWest Banking Corporation, one of the Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters, is a related party through Filinvest Development Corporation which effectively owns 77% of Eastwest Banking Corporation and also owns 59% of Filinvest Land Inc. which owns 100% of Cyberzone Properties, Inc.

Upon issuance, 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 CPI, other than obligations preferred by law. The Bonds shall effectively be subordinated in right of payment to, among others, all of CPI'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 (see "Description of the Bonds" – "Ranking" on page 63).

The Bonds have been rated PRS Aaa by Philippine Rating Services Corporation ("PhilRatings"). 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 was also assigned a Stable Outlook. This means that the assigned issue credit rating is likely to remain unchanged in the next 12 months. A 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.

The assigned issue credit rating and outlook reflect the following key considerations: (i) exceedingly competitive and focused office portfolio which has been consistently growing while maintaining high occupancy rates; (ii) supportive economy and industry outlook, backed by resilient and growing demand; (iii) synergies with the Filinvest Group, including an established brand name and track record, along with a highly-experienced management team (iv) consistently growing profitability with strong margins; and (v) more than ample liquidity in relation to debt servicing requirements.

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

CPI expects to raise gross proceeds amounting to ₱5,000,000,000.00, and up to a maximum of ₱6,000,000,000.00, if the Over-subscription Option is fully exercised. Without exercising such Over-subscription Option, the net proceeds are estimated to be approximately ₱4,942,844,857.00, after deducting fees, commissions, and expenses relating to the issuance of the Bonds. If the Over-subscription Option is fully excercised, the net proceeds are estimated to be approximately ₱5,931,691,004.00 after deducting fees, commissions, and expenses relating to the issuance of the Bonds. Proceeds of the Offer shall be used to finance its capital expenditure requirements for the 2nd Half of 2017 and 1st Half of 2018, which are discussed further in the section entitled "Use of Proceeds" on page 47 of this Prospectus. The Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters shall receive a fee of 0.55% on the final aggregate nominal principal amount of the Bonds issued, which is inclusive of underwriting fees and selling commission to be ceded to other underwriters.

CPI confirms that this Prospectus contains all material information relating to the Company, as well as all material information on the issue and offering of and the Bonds as may be required by the applicable laws of the Republic of the Philippines. No facts have been omitted that would make any statement in this Prospectus misleading in any material respect. CPI confirms that it has made all reasonable inquiries with respect to any information, data and analysis(ses) provided to it by its advisors and consultants or which is otherwise publicly available for inclusion into this Prospectus. CPI, however, has not independently verified any or all such publicly available information, data or analysis(ses). The Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters, and the Co-Lead Managers assume no liability for any information supplied herein by CPI. Accordingly, CPI accepts responsibility.

The price of securities can and does fluctuate. Any individual security may experience upward or downward movements, and may lose all or part of its value over time. The future performance of a security may defy the trends of its past performance, and there may be a significant difference between the buying price and the selling price of any security. As such, there is an inherent risk that losses may be incurred, rather than profit made, as a result of buying and selling securities. Thus, an investment in the Bonds described in this Prospectus involves a certain degree of risk.

In deciding whether to invest in the Bonds, a prospective purchaser of the Bonds ("Prospective Bondholder") should, therefore, carefully consider all the information contained in this Prospectus, including but not limited to, several factors inherent to the Company, which includes significant competition, exposure to risks relating to the performance of the economies of other countries, and other risks relating to customer default (detailed in "Risk Factors and Other Considerations" section on page 22 of this Prospectus), and those risks relevant to the Philippines vis-à-vis risks inherent to the Bonds.

No representation or warranty, express or implied, is made by the Joint Issue Managers, Joint Bookrunners and the Joint Lead Underwriters as to the accuracy or completeness of the information contained in this Prospectus. Neither the delivery of this Prospectus nor any sale made pursuant to the Offering shall, under any circumstances, constitute a representation or create any implication that the information contained or referred to in this Prospectus is accurate, complete or correct as of any time subsequent to the date hereof or that there has been no change in the affairs of CPI since the date of this Prospectus.

The contents of this Prospectus are not to be considered as definitive legal, business or tax advice. Each Prospective Bondholder receiving a copy of this Prospectus acknowledges that he has not relied on the Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters, and the Co-Lead Managers or any person affiliated with the Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters, and the Co-Lead Managers, in his investigation of the accuracy of any information found in this Prospectus or in his investment decision. Prospective Bondholders should consult their own counsel, accountants, or other advisors as to legal, tax, business, financial and related aspects of the purchase of the Bonds, among others. It bears emphasis that investing in the Bonds involves certain risks. It is best to refer again to the section on "Risk Factors and Other Considerations" for a discussion of certain considerations with respect to an investment in the Bonds.

No person nor group of persons has been authorized by CPI, the Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters, and the Co-Lead Managers to give any information or to make any representation concerning CPI or the Bonds other than as contained in this Prospectus and, if given or made, any such other information or representation should not be relied upon as having been authorized by CPI or the Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters or the Co-Lead Managers.

CPI is organized under the laws of the Philippines. Its principal office is at the Vector One Building, Northgate Avenue Cyberzone, Filinvest City, Alabang, Muntinlupa City, Philippines with telephone number (632) 846 0278.

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

CYBERZONE PROPERTIES, INC.

By:

JOSEPH M. YAP
President and Chief Executive Officer

JUN 23 2017

SUBSCRIBED AND SWORN to before me this JUN 23 2017, affiant exhibiting to me his UMID No. CRN- 0111-3201681-9.

Doc. No: 94
Page No: 20
Book No: VII
Series of 2017.

DIANA WILLEN T. SY
Appointment No. M-175
Notary Public for Makati City
Until December 31, 2017
Penthouse, Liberty Center
104 H.V. dela Costa Street, Makati City
Roll of Attorneys No. 64293
PTR No. 5913731/ Makati City / 01-04-2017
IBP No. 1055773/ Quezon City / 01-04-2017

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FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties and should not in any way be confused or considered as statements of historical fact. Some of these statements can be identified by "forward looking terms," such as "anticipate," "believe," "can," "could," "estimate," "expect," "intend," "may," "plan," "should," "will," and "would" or other similar words. These words, however, are not the exclusive means of identifying forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

(a) Known and unknown risks;

(b) Uncertainties and other factors which may cause CPI's actual results, performance, or achievements to deviate significantly from any future results;

(c) Performance or achievements expressed or implied by forward-looking statements;

(d) CPI's overall future business, financial condition and results of operations, including, but not limited to, its financial position or cash flow;

(e) CPI's goals for or estimated of its future operational performance of results;

(f) CPI's dividend policy; and

(g) Changes in CPI's regulatory environment including but not limited to, policies, decisions, and determinations of governmental or regulatory authorities.

Such forward-looking statements are based on numerous assumptions regarding CPI's present and future business strategies and the environment in which CPI will operate in the future. Important factors that could cause some or all of the assumptions not to occur or cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other things:

(a) CPI's ability to successfully implement its strategy;

(b) CPI's ability to anticipate and respond to industry and consumer trends;

(c) CPI's ability to successfully manage growth;

(d) CPI's ability to maintain its cost and quality competitiveness;

(e) The condition and changes in the Philippine or global economies;

(f) General political, social and economic conditions in the Philippines, the US, and other countries involved in the BPO industry;

(g) Changes in interest rates, inflation rates and the value of the peso against the U.S. dollar and other currencies;

(h) Changes in government regulations, including tax laws, or licensing in the Philippines; and competition in the office leasing industry in the Philippines;

(i) Changes in government support and economic focus on the development of the BPO Industry in the Philippines; and

(j) Changes and developments in the Philippine BPO Industry and the demand for CPI's office developments.

Additional factors that could cause CPI'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. CPI, the Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters, and the Co-Lead Managers 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 CPI's expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any statement is based. In the light of all the 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 CPI expects or even at all. Investors should not place undue reliance on any forward-looking information.

DEFINITION OF TERMS

As used in this Prospectus, the following terms shall have the meanings ascribed to them:

"Application to Purchase" shall mean the document to be executed by any Person or entity qualified to become a Bondholder.

"Banking Day" or **"Business Day"** means a day other than Saturday, Sunday and public holidays on which commercial banks and the Philippine Clearing House Corporation are generally open for the transaction of business in Makati City and the City of Manila; 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.

"BDO Capital" shall mean BDO Capital & Investment Corporation.

"Beneficial Owner" shall mean any person (and "Beneficial Ownership" shall mean ownership by any person) who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting of such security; and/or investment returns or power in respect of any security, which includes the power to dispose of, or to direct the disposition of, such security; provided, however, that a person shall be deemed to have an indirect beneficial ownership interest in any security which is held by:

i. members of his immediate family sharing the same household;

ii. a partnership in which he is a general partner;

iii. a corporation of which he is a controlling shareholder; or

iv. subject to any contract, arrangement or understanding, which gives him voting power or investment power with respect to such securities; provided, however, that the following persons or institutions shall not be deemed to be beneficial owners of securities held by them for the benefit of third parties or in customer or fiduciary accounts in the ordinary course of business, so long as such securities were acquired by such persons or institutions without the purpose or effect of changing or influencing control of the Issuer:

    a. A broker dealer;

    b. An investment house registered under the Investment Houses Law;

    c. A bank authorized to operate as such by the Bangko Sentral ng Pilipinas;

    d. An insurance company subject to the supervision of the Office of the Insurance Commission;

    e. An investment company registered under the Investment Company Act;

    f. A pension plan subject to regulation and supervision by the Bureau of Internal Revenue and/or the Securities and Exchange Commission or relevant authority; and

    g. A group in which all of the members are persons specified above.

"BIR" shall mean the Bureau of Internal Revenue.

"BOI" shall mean the Board of Investments.

"Bonds" shall refer to the SEC-registered fixed-rate Peso-denominated retail bonds with an aggregate principal amount of ₱5,000,000,000.00 with an over-subscription option of up to ₱1,000,000,000.00, which shall be issued by CPI on 7 July 2017. The Bonds are comprised of 5.5 Year Bonds which shall mature Five and a Half years from the Issue Date or on 7 January 2023.

"Bond Agreements" shall mean the Trust Agreement between the Issuer and the Trustee, and the Registry and Paying Agency Agreement between the Issuer, the Registrar and the Paying Agent and the Underwriting Agreement between the Issuer and the Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters.

"Bondholder" shall mean a Person whose name appears, at any time, as a holder of the Bonds in the Register of Bondholders.

"BPO" shall mean business process outsourcing.

"BPI Capital" shall mean BPI Capital Corporation.

"BSP" shall mean Bangko Sentral ng Pilipinas.

"BTO" shall mean the Build-Transfer-Operate project scheme.

"Capital Expenditure" shall mean all costs and expenses related to the development of the projects which shall be capitalized for accounting purposes.

"Co-Lead Managers" shall mean PNB Capital and Investment Corporation and SB Capital Investment Corporation.

"CPI" shall refer to Cyberzone Properties, Inc.

"DENR" shall refer to Philippine Department of Environment and Natural Resources.

"Early Redemption Date" means the date on which the Early Redemption Option may be exercised by the Issuer, which shall be after 3 years from Issue Date.

"Early Redemption Option" means the option of the Issuer, but not the obligation, to redeem the outstanding Bonds as the case may be, in whole, but not in part, on the Early Redemption Date.

"EBITDA" shall refer to Earnings Before Interest, Taxes, Depreciation and Amortization.

"EWBC" shall refer to EastWest Banking Corporation.

"FAI" shall refer to Filinvest Alabang, Inc.

"FDC" shall refer to Filinvest Development Corporation.

"Filinvest Group" shall refer to FDC and its subsidiaries, including, but not limited to, FLI, FAI, EWBC and Pacific Sugar Holdings Corporation.

"First Metro" shall mean First Metro Investment Corporation.

"FLI" shall refer to Filinvest Land Inc.

"GFA" shall mean Gross Floor Area.

"GLA" shall mean Gross Leasable Area.

"Gotianun Family" means any of the following: (a) Mr. Andrew L. Gotianun, Sr., Mrs. Mercedes T. Gotianun, Mr. Andrew T. Gotianun, Jr., Mr. Jonathan T. Gotianun, Mrs. Lourdes Josephine G. 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 of 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) ALG Holdings Corp.

"Government" shall refer to the Government of the Republic of the Philippines.

"HLURB" shall refer to Housing and Land Use Regulatory Board.

"HRB" shall mean high-rise building.

"IAS" shall mean International Accounting Standards.

"Interest Payment Date" shall mean, for the Bonds, October 7, 2017 for the first Interest Payment Date, and on January 7, April 7, July 7, and October 7 of each year for each subsequent Bond Interest Payment Date at which the Bonds are outstanding, or the next Business Day if such date is not a Business Day, during which any of the Bonds are outstanding. The last Interest Payment Date shall fall on the Maturity Date.

"Issue Date" shall mean 7 July 2017 or such date on which the Bonds shall be issued by CPI to the Bondholders.

"Joint Issue Managers" shall refer to BDO Capital & Investment Corporation, BPI Capital Corporation, EastWest Banking Corporation and First Metro Investment Corporation, the entities appointed as the Joint Issue Managers for the Bonds pursuant to the Underwriting Agreement dated 23 June 2017.

"Joint Lead Underwriters" shall refer to the BDO Capital & Investment Corporation, BPI Capital Corporation, EastWest Banking Corporation and First Metro Investment Corporation, the entities appointed as the Joint Lead Underwriters for the Bonds pursuant to the Underwriting Agreement dated 23 June 2017.

"KPO" shall mean knowledge process outsourcing in which knowledge and information related work is outsourced.

"Lien" shall mean any mortgage, pledge, lien, encumbrance or similar security interest constituted on any of the Issuer's properties for the purpose of securing its or its affiliate's obligations.

"LPO" shall mean legal process outsourcing in which processes related to the legal practice are outsourced.

"Majority Bondholders" shall mean, at any time, the Bondholder or Bondholders who hold, represent or account for more than 50% of the aggregate outstanding principal amount of the Bonds.

"Master Certificates of Indebtedness" shall mean the certificates to be issued by CPI to the Trustee evidencing and covering such amount corresponding to the Bonds.

"Material Adverse Effect" means a material adverse effect on (a) the ability of CPI to perform or comply with its material obligations, or to exercise any of its material rights, under the Bond Agreements in a timely manner; (b) the business, operations, prospects or financial condition of CPI; or (c) the rights or interests of the Bondholders under the Bond Agreements or any security interest granted pursuant thereto.

"Maturity Date" shall mean 7 January 2023 or five and a half (5.5) years from the Issue Date; provided that, in the event that any of the Maturity Dates falls on a day that is not a Business Day, the Maturity Date shall be automatically extended to the immediately succeeding Business Day.

"MRB" shall mean medium-rise building.

"NPAT" shall mean Net Profit After Tax.

"Offer" or the **"Offering"** shall mean the issuance of Bonds by CPI under the conditions as herein contained.

"Offer Period" shall refer to the period, commencing at 10:00 a.m. on 27 June 2017 and ending at 5:30 p.m. on 30 June 2017 or such other date as may be mutually agreed between the Issuer and the Joint Issue Managers, during which the Bonds shall be offered to the public.

"OFW" shall refer to an overseas Filipino worker.

"PAS" shall mean Philippine Accounting Standards.

"Paying Agent" shall refer to Philippine Depository & Trust Corp.; the party which shall receive the funds from CPI 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 Register of Bondholders.

"PCD Nominee" shall refer to PCD Nominee Corporation, a corporation wholly owned by the PDTC.

"PDEx" shall refer to the Philippine Dealing & Exchange Corp.

"PDTC" shall refer to Philippine Depository & Trust Corp., (formerly, the Philippine Central Depository, Inc.), which provides an infrastructure post trade securities services through the operations of the central depository; and likewise provides registry services in relation to which it maintains the electronic official registry or records of title to the Bonds, in accordance with the PDTC Rules, and its successor-in-interest.

"PDTC Rules" shall mean the Securities and Exchange Commission-approved rules of the PDTC, including the PDTC Operating Procedures and PDTC Operating Manual, as may be amended, supplemented, or modified from time to time.

"Pesos", **"₱"** and **"Philippine currency"** shall mean the legal currency of the Republic of the Philippines.

"PEZA" shall mean Philippine Economic Zone Authority.

"Philippines" shall mean the Republic of the Philippines.

"PhilRatings" shall mean Philippine Rating Services Corporation.

"PFRS" shall mean Philippine Financial Reporting Standards.

"PSE" shall refer to the Philippine Stock Exchange.

"Register 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.

"Registrar" shall refer to Philippine Depository & Trust Corp., being the registrar appointed by CPI to maintain the Register of Bondholders pursuant to the Registry and Paying Agency Agreement.

"RHPL" shall refer to Reco Herrera Pte Ltd.

"SEC" means the Philippine Securities and Exchange Commission.

"SEC Permit" shall mean the Permit to Sell Securities issued by the SEC in connection with the Offer.

"Security" means any mortgage, pledge, lien or encumbrance constituted on any of the Issuer's properties.

"SRC" shall mean the Securities Regulation Code of the Philippines.

"SRP" shall mean the South Road Properties project in Cebu.

"Tax Code" shall mean the Philippine National Internal Revenue Code of 1997, as amended, and its implementing rules and regulations.

"Taxes" shall refer to any present or future taxes, including, but not limited to, documentary stamp tax, levies, imposts, filing and other fees or charges imposed by the Republic of the Philippines or any political subdivision or taxing authority thereof, including surcharges, penalties and interests on said taxes, but excluding final withholding tax, gross receipts tax, taxes on the overall income of the underwriter or of the Bondholders, value added tax, and taxes on any gains realized from the sale of the Bonds.

"Trustee" shall refer to Metropolitan Bank & Trust Company – Trust Banking Group, the entity appointed by CPI which shall act as the legal title holder of the Bonds and shall monitor compliance and observance of all covenants of and performance by CPI of its obligations under the Bonds and enforce all possible remedies pursuant to such mandate.

"$"** or **"US$" shall refer to United States Dollars, being the currency of the United States of America.

"VAT" shall refer to value-added tax.

EXECUTIVE SUMMARY

This summary highlights certain information contained elsewhere in this Prospectus. This summary should be read in conjunction with and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Prospectus. This summary does not purport to contain all of the information that a Prospective Bondholder should consider before investing. Each Prospective Bondholder should read the entire Prospectus carefully, including the section entitled "Risk Factors and Other Considerations" for a discussion of certain factors to be considered when investing in the Bonds and the Company's financial statements and the related notes contained herein this Prospectus ("Financial Information").

THE COMPANY

Cyberzone Properties Inc., a 100%-owned subsidiary of Filinvest Land Inc., is one of the largest providers of standard and build-to-suit BPO office spaces in the country with 276,168 square meters in total GLA of which 239,823 square meters is operational as of end 2016.

Identifying an opportunity to penetrate the emerging BPO industry, Filinvest, through FAI, decided to enter the office space leasing industry in 2000 to own and manage office buildings that cater to technology based companies by establishing CPI. The target market include those engaged in BPO and KPO, as well as those that serve as call centers and support businesses to various companies based overseas.

Africa Israel Properties (Philippines), Inc. ("AIPPI"), a subsidiary of Africa Israel Investments Ltd., an international holding and investment company based in Israel which invests in in areas such as real estate, construction, infrastructure, manufacturing, tourism and leisure in locations such as Russia, USA, and Europe, invested in CPI by acquiring 40% of the Company as a joint venture partner in 2000. In September 2006, FLI acquired all the shares of FAI in CPI making the Company a subsidiary of FLI. On 08 February 2010, FLI was able to increase its ownership in CPI from 60.0% to 100.0% when AIPPI underwent a series of consolidation in its global businesses and had to sell back its 40% holdings in CPI to FLI.

As one of the pioneer providers of office spaces specifically catering to the BPO industry, CPI was able to take advantage of the incentives offered by the government to spur the growth of the BPO sector. CPI is registered with the PEZA as an Economic Zone Facilities Enterprise, which entitles the Company to certain tax benefits and non-fiscal incentives such as paying a 5.0% tax on its modified gross income in lieu of the regular corporate income tax. CPI is also entitled to zero percent value-added tax on sales made on other PEZA-registered enterprises.

CPI became one of the first companies to operate a major BPO-centric lease provider outside Makati, Bonifacio Global City, and Ortigas. Anticipating the traffic congestion in these districs, CPI took advantage of an opportunity in the land owned by FLI in Alabang, Muntinlupa City where it established Northgate Cyberzone, a 10-hectare PEZA-registered IT park. A PEZA-registered IT Park, as defined by PEZA, is an area that 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. The combined competitive advantage of its location and the benefits of its PEZA registration attracted BPO companies to lease office spaces in Northgate Cyberzone.

Taking its cue from government policies and programs supportive of of the BPO industry, CPI also started looking at other locations for properties that it may acquire and develop. It identified Cebu, being the second major city in the country, as the next location in which CPI will develop office spaces aimed at BPO companies. In line with this, on 26 March 2012 CPI entered into a 25-year build-transfer-operate ("BTO") joint venture with the Cebu Provincial Government for the 1.2-hectare Cebu Cyberzone.

Currently among CPI's clients are Accenture, Convergys, HSBC, Genpact and AIG, some of the most recognized players in the BPO space. CPI 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 CPI's strong ability to retain quality lessees.

As of the end of 2016, most of CPI's properties in Alabang and Cebu are fully occupied except Plaz@ B (99% occupied), i-Hub1 (85% occupied), Vector Two (86% occupied), Filinvest Two (79% occupied), Filinvest Three (44% occupied), Filinvest Cebu Cyberzone Tower 1 (59% occupied), and Vector Three (25% awarded). Many of its newer projects are also garnering a lot of interest and reservations from both existing and new clients. Historically, the Company has been able to fully lease out buildings in a short as 3-6 months from completion of construction and PEZA permits. The Company's standard lease terms are:

- A minimum lease term of 3 years for leasing of standard office spaces and 10 years for build-to-suit office spaces. The Company's current lease contracts have an average term of 5 years.
- 5% escalation in lease rates starting on the 3rd year for a 5-year lease term and 5% escalation in lease rates starting on the 2nd on a 3-year lease term.
- The tenant must put up a security deposit worth 3 months of rent. This security deposit will be forfeited in case the tenant preterminates the contract without prior notice or before the pretermination option, or if there are issues encountered such as non-payment of rent.
- When the lease agreement is signed, the tenant must pay advance rent for 3 months.
- Pretermination option after the 3rd year with 6 months prior written notice from the tenant to CPI.
- The tenant is subject to rental penalties if unable to pay rent for 3 consecutive months.

The Company's dominant position in the office leasing market in southern Metro Manila and its plans for expansion allows it to benefit from the expected continuing strong growth of the BPO industry in the Philippines.

CPI's investment properties include:

The Northgate Cyberzone, a PEZA-registered IT park with multinational tenants located on a 10-hectare property which is approximately 15 kilometers south of the Makati City central business district, a 30 minute to 1 hour drive. The IT park was designed, master-planned, and built around the specific needs of BPOs, from infrastructure to support businesses that help sustain the workforces of these companies. The property was envisioned to be an attractive alternative to the congested major central business disctricts of the Metro where BPOs have primarily located their offices. Given the accessibility of the Alabang area through the South Luzon Expressway and Skyway as well as Northgate being located near public transportation hubs in the area, it was a natural choice of location for the IT park. The IT park forms part of Filinvest City in Alabang, a master-planned urban development consisting of residential, commercial, and industrial properties. The land that Northgate Cyberzone is located on is owned by Filinvest Land Inc., and was developed and operated by Filinvest Alabang Inc. FLI has a 20% equity stake in FAI. CPI leases the land from FLI, and develops and owns the office buildings on the property which it then leases to BPO companies. Currently, the property consists of 16 fully completed and operational office buildings (Plaza A, Plaza B, Plaza C, Plaza D, Plaza E, IT School, Capital One Building, Convergys Building, 5132 Building, iHub 1, iHub 2, Vector One, Vector Two, Filinvest One, Filinvest Two, and Filinvest Three) with a total GLA of 212,528 square meters and a food park.

The current occupancy rates of the buildings in Northgate Cyberzone are:

Building	Occupancy
Plaz@ A	100%
Plaz@ B	99%
Plaz@ C	100%
Plaz@ D	100%
Plaz@ E	100%
IT School	94%
Convergys	100%
Capital One Building (HSBC)	100%
5132 Building	100%
i-Hub 1	85%
i-Hub 2	100%
Vector One	100%
Vector Two	86%
Vector Three (for turnover)	25%
Filinvest One (AZ Building)	100%
Filinvest Two (new)	79%
Filinvest Three (new)	44%

CPI's other major location is the Cebu Cyberzone, which is a 1.2-hectare joint project with the Provincial Government of Cebu operating under a 25-year BTO scheme. Seeing the potential of Cebu, which is identified as one of the next big cities for BPO companies to locate in, CPI decided to venture into Cebu through the development of Cebu Cyberzone. The project is located adjacent to the Cebu IT Park of Cebu Property Development Corporation. Currently, CPI has only one completed building on the property, the Filinvest Cyberzone Cebu Tower 1, which has a GLA of 19,937 square meters, and is currently is 59% occupied. CPI plans to invest around ₱5 billion in the property, which is going to feature 4 BPO towers with a total GLA of 80,884 square meters expected to house around 100,000 BPO employees. The other 3 towers on the property are expected to be completed in 2018-2020.

Besides the Cebu Cyberzone, CPI plans to build two towers on FLI's South Road Properties location in Cebu after the completion of the Cebu Cyberzone. Each tower would have a GLA of 8,000 square meters each for a total GLA of 16,000 square meters. The offices form part of FLI's master-planned City Di Mare township, a mixed residential and business property.

CPI also owns and operates the EDSA Transcom Building, a 7,358-square meter office building located on EDSA in Mandaluyong City. The building is fully occupied and leased by Transcom, a BPO company offering contact centre services.

Moving forward, CPI will continue to focus on their core business of leasing office spaces catering to BPO companies. CPI also aims to increase recurring income through the optimization of existing properties, especially the Northgate Cyberzone and Cebu properties, and the development of new properties. As the BPO industry continues to expand outside Metro Manila, CPI continues to monitor areas beyond Metro Manila as potential destinations for its expansion plans.

As of 31 December 2016, CPI had ₱2.01 billion in total revenues from rental income and other income, ₱1.35 billion in net income, and ₱1.73 billion in EBITDA. As at 31 December 2016, CPI had total assets of ₱13.52 billion and total liabilities of ₱8.70 billion.

RECENT DEVELOPMENTS

In 2015, CPI completed the Filinvest Two and Filinvest Three buildings in Northgate Cyberzone, which are 15-story highrise buildings, each adding 23,784 square meters in GLA to CPI's inventory. It also completed the Filinvest Cyberzone Cebu Tower 1, the first completed building at its Cebu Cyberzone property. The Cebu Tower 1 is a 10-floor office building with a GLA of 19,937 square meter.

In 2016, it completed the Vector Three building in Northgate Cyberzone, a 20-story highrise building with a GLA of 36,345 square meters. The building is slated for turnover in 2017. This will be the first building connected to the new major project of FLI, called the district cooling system, which will centralize the airconditioning and cooling systems of the existing and upcoming buildings at Northgate Cyberzone. This district cooling system is expected to increase efficiency in the cooling system which translates to savings and improved bottomline of clients' P&L through the lower operating expenses.

Currently the Company has 2 buildings under construction in Northgate Cyberzone, the Filinvest Axis 1 and 2. Filinvest Axis 1 and Axis 2 each have GLA of 38,899 square meters and comprise of 19 office floors with 5 floors of podium parking and 3 floors of basement parking. Axis 1 is estimated to be completed in the 2nd quarter of 2017 while Axis 2 is estimated to be completed in the 4th quarter of 2018.

In the Cebu Cyberzone property, the Cebu Tower 2 is currently under construction. Cebu Tower 2 has a GLA of 27,574 square meters and is 22-stories. It is expected to be completed in the 1st quarter of 2018.

Moving forward, CPI will remain to be focused on its office space leasing business, and will continue to look for opportunities to expand its portfolio of investment properties both in existing and new locations. With the Northgate Cyberzone property fully developed in terms of land space, CPI has the option to replace existing structures with taller structures to increase GLA or it may expand beyond the property into the land owned by FLI and FAI in the Filinvest Corporate City. In the Cebu Cyberzone, the Company is still slated to complete the other 3 towers in the Cebu Cyberzone over the next 3 years. The Company is also looking at other potential properties in Cebu for development into other office spaces. Beyond these two locations, CPI is also looking at the potential of other cities as possible sites for future Cyberzones.

COMPETITIVE STRENGTHS

CPI believes that its principal strengths are the following:

One of the market leaders in office leasing segment with an established reputation and brand name. The Company has been involved in the office space leasing business through the "Cyberzone" brand for more than 16 years through its flagship Northgate Cyberzone property. Its connection with its parent, FLI, has also associated it with the "Filinvest" brand, which has a strong reputation for providing quality and cost efficient real estate properties making it one of the leading names in real estate in the Philippines. With the success and continuous expansion of Northgate Cyberzone, CPI believes that it has a reputation among the industry and its clients of offering quality, cost efficient, and specialized properties that cater to the specific needs of the BPO industry. It has carved out its own niche as the major leasing provider in the Southern Metro Manila area. In the 4th quarter of 2016, KMC-Savills, a leading leasing agent in the Philippines, showed that the average lease cost of offices in Alabang, of which majority are located in Northgate Cyberzone, is ₱500-₱600 per square meter which is more cost efficient than many similar facilities located in BGC or Makati which costs as much as 2-3 times more at average prices of ₱850 to ₱1,500. With the BPO companies' focus on efficient cost management, this lower average price in its properties makes CPI a price leader among the players in the office space leasing segment.

Enjoys good working relationships with its tenants, service providers, and other stakeholders. The Company also enjoys good relationships with its current lessees as evidenced by the fact that 90% of the tenants in the Northgate Cyberzone property are original tenants who have been clients of CPI since the beginning. These same clients are the ones who have bought out the majority of the space in CPI's newer buildings. CPI has a proactive property management group whose main priority is to maintain the locators full satisfaction in all property and technical related matters.

Quality and innovative properties catering to the specific requirement of BPOs. The Company believes that it is able to offer office spaces that meet the stringent requirements of BPO companies. BPO companies typically have requirements on infrastructure and building standards that are unique and more stringent as compared to other industries especially with regard to telecommunications and power. Beyond this, there are certain amenities and support services required by the BPOs to cater to the needs of their workforce such as 24/7 food and retail establishments. CPI believes that its vast experience in the industry has given it the knowledge and tools to serve the needs of BPO companies. In fact, the Company was the first to complete a build-to-suit office space for a major multinational BPO company. The Company continually looks at upcoming trends which may have an effect on the requirements of BPO companies for their office premises. Thus, CPI is able to plan and execute projects to meet these new requirements. An example of this would be the shift of many companies into looking for 'green' or sustainable office spaces.

Access to an extensive and diversified land bank through FLI. Through its relationship with FLI, CPI is able to access the large land bank that FLI has accumulated across the Philippines as well as garner FLI's assistance in the negotiation and acquisition of land if the need arises. The land bank it can access is also highly diversified with land in a wide range of locations, from highly urbanized areas to potential growth areas in the future which are mostly located in suburban areas or provinces. In the Alabang area, CPI's relationship with FLI and FAI presents a great advantage in that should demand for BPO office spaces in Alabang increase significantly, it can lease the undeveloped land that FLI possesses in its Filinvest Corporate City property in order to build more office buildings. FLI's thrust to develop integrated townships and business districts also serves CPI's purpose in that FLI sets aside a portion of these properties specifically for the development of office spaces. Its relationship with FLI also allows CPI the advantage of not having to take ownership of the land where its buildings are located on as is the case with Northgate Cyberzone. CPI, instead, has a long-term lease for the land from FLI who takes ownership of the land. In the case of Cebu Cyberzone, its relationship with FLI and the Filinvest Group gave CPI the necessary backing to get into a joint venture with the Cebu Provincial Government which provided the land for the project. This setup allows CPI to focus on the expansion of its office inventories and maintaining its dominance of the industry in Southern Metro Manila.

Strong revenue streams and cash flows. As more of its projects have been completed and occupied, CPI's recurring income has increased steadily over the past 3 years, increasing by an average growth of 18%. CPI has been able to control its operational costs as compared to its revenues as reflected in the Company's strong margins such as its EBITDA margin of 85-88%, average operating margin of 70%, and net profit margin of 64%-69% over the past 3 years. At these levels the Company is largely in line with the margins of its larger competitiors: ALI has an EBITDA margin of 91% and operating profit margin of 65% in 2016; RLC has an operating profit margin of 72% in 2016; SM has an operating profit margin of 64% in 2016; and Megaworld has an operating profit margin of 75% for the 9 months ending 30 September 2016.

It expects to increase recurring income as the occupancy of their recently completed projects, Filinvest Three, Vector Three, and Cebu Tower One, increases. The Company also expects that it will be able to control its operating expenditures and maintain its current margins as the Company. The Company also exhibits good operating cash flows which used in combination with financing cash inflows from loans have funded its capital expenditures. The Company's investments into its projects will bring future returns which will add to its profits and solidify its position as one of the leaders in the office space leasing segment.

Strong credit record and financial position. The Company believes it is in sound financial condition, with strong debt service capabilities with an EBITDA to interest ratio of 6.43x as of 2016. The management team is also committed to maintaining and implementing a prudent financial management program that ensures the Company complies with all its financial covenants and maintains a gearing level of at most 70:30 debt to equity. The Company has not breached any of its financial covenants nor defaulted on any of its debts. The Company believes that its financial strength allows it to support its expansion plans on its business and to capitalize on opportunities in the Philippine office space leasing segment. The Company also has good standing with its creditors and lenders, wherein there have been no conflicts, issues, nor breaches in any of its agreements, giving it access to funding at preferential borrowing rates and terms. The sustained growth of CPI's leasing operations, revenues, and cash flows; its conservative debt position and high financial flexibility; and its established brand name and track record have earned it a very good credit rating to financial insitutions.

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 also have enjoyed long tenure with both the Company, FLI, and FDC. The Company's management team has extensive experience in and in-depth knowledge of the Philippine real estate market and the office space leasing segment, and has also developed positive relationships with key market participants, including construction companies, senior management of large multinational BPO companies, regulatory agencies and local government officials in the areas where the Company's projects are located.

BUSINESS STRATEGY

CPI's long term objectives are to (i) deliver more than 400,000 square meters of office space in Alabang and more than 168,000 square meters of office space in Cebu and (ii) generate revenue growth of approximately 20% per annum by capitalizing on the economic trends and expected continuing growth of the BPO industry. CPI intends to achieve this objective through the following strategies:

Continue to grow its office space leasing business. Subject to market conditions, CPI plans to leverage its reputation as one of the market leaders in the office space leasing segment to continue to grow its office space leasing business. The Company plans to do this by having a programmed expansion of its inventory of office spaces. It plans to spend ₱12.14 billion in capital expenditures in the next 3 years to expand its portfolio of office buildings in Northgate and Cebu Cyberzone. It will optimize its inventory in locations where it is already positioned. The Company wants to maintain its dominance in Southern Metro Manila with a planned roll-out of around 40,000 square meters of GLA per year. CPI is also continually looking into diversifying its risk through opportunistic movement into other key high-growth areas where it will expand and further build its portfolio. Currently, the Company is focusing on its expansion in Cebu, which is identified as one of the next wave cities for BPO companies, through its Cebu Cyberzone property. It plans to particularly identify and invest in new Campus-type IT park development similar to the setup in Northgate and Cebu Cyberzone. The Company also aims to maintain its market leadership in terms of continuing to provide buildings that meet the requirements of BPO Companies and price through the exploration of new technologies, such as the use of pre-cast systems and the steel construction method, which will bring down costs and improve the ability to build office buildings faster and of higher quality. To achieve this, CPI aims to improve forward planning in relation to take up of office spaces and timing of needs.

Develop and introduce superior products. CPI believes that the office space leasing segment is very dynamic and is constantly subject to innovations and technological advancements. As the BPO industry is highly technology-based, it has to adapt to advancements in technologies including telecommunication infrastructure which will dictate the specifications they require from office lease providers. To differentiate themselves and provide a competitive advantage, office lease providers also need to adapt to social factors such as the push towards sustainable and environmentally friendly buildings. The Company believes it has the necessary experience and knowledge to respond and adapt to these changes and innovations in the industry, and will seek to continue to be at the forefront in delivering the latest technologies and best practices in the development and management of its properties. In line with this, CPI intends to continually research cost effective technologies to bring greater operating efficiencies for their clients. In response to the greater focus on sustainability, CPI has started to provision and use environmentally-friendly processes and facilities in their projects such as pursuing the Leadership in Energy and Environmental Design (LEED) Core and Shell Accreditation for new buildings, a green building certification program by the US Green Building Council that certifies that a property is sustaianable and environmentally friendly, and the adoption of efficient infrastructure like its district cooling system, a centralized airconditioning system operated by Philippine DCS Development Corporation, an affiliate of CPI and 60% owned by FLI, to service all the buildings in Northgate Cyberzone. The District Cooling System is more efficient, sustainable, environmentally friendly, and is expected to reduce operational costs borne by tenants attributed to airconditioning. To support its thrust to expand, CPI is exploring methodologies to increase the efficiency and expediate building construction including the use of pre-cast systems and the steel construction method. Besides offering the latest in technological innovations, CPI also aims to have a top-quality property management and preventive maintenance program in place to ensure the continuing quality of its properties and maintain client satisfaction. It plans to do this through the introduction of strong and well-trained property management teams for each of its properties

Adhere to prudent financial management to ensure sustainable growth and capital sufficiency. CPI believes that its singular focus on providing office space for leasing provides it with more attractive margins and reduces its exposure to market and construction risks. CPI plans to continue to closely monitor its capital and cash positions and carefully manage its construction costs, cash flows and fixed charges. The Company intends to continue the practice of leasing land rather than purchasing it to lessen capital expenditures and increase returns. It aims to lease enough land to allow for future growth from 2022-2026. Further, CPI intends to continue to fund development costs using medium- to long-term financing, which can help mitigate any negative effects of a sudden downturn in the Philippine economy or a sudden rise in interest rates. The company is looking at public debt issuances, debt from financial insitutions, and providing attractive equity investment opportunities for direct project funders as potential sources of capital.

Creating value to fuel growth. CPI aims to maximize the value of its current portfoilio of investment projects measured through the achievement of optimal rental yields that will maximize the Company's revenues from current and upcoming projects. The Company plans to achieve this through an annual financial valuation of the company and its portfolio of properties. CPI aims to ensure that its properties are providing returns commensurate to the Company's investment and in line or exceeding the returns of the properties of its competitors.

SUMMARY FINANCIAL INFORMATION

The summary financial information as of 31 December 2016, 2015 and 2014 and for the years then ended set forth below have been derived from the audited financial statements audited by SyCip Gorres Velayo & Co. ("SGV & Co.") and included elsewhere in this Prospectus.

The Company has presented its financial results for the annual periods in accordance with Philippine Financial Reporting Standards. The information is not necessarily indicative of the results of the future operations. The information set out below should be read in conjunction with, and is qualified in its entirety by reference to the relevant financial statements of the Company, including the notes thereto, included in this Prospectus.

The following table summarizes the financial highlights of CPI's financial performance:

Statements of Comprehensive Income

(Amounts in ₽ thousands, except per share figures)	For the Years Ended 31 December (Audited) 2016	2015	2014
INCOME			
Rental Income	1,490,431.18	1,155,921.33	998,411.08
Other Income	519,306.25*	63,961.60	10,310.06
	2,009,737.44	1,219,882.93	1,008,721.14
COSTS AND EXPENSES			
Rental Expense	202,268.66	167,440.69	147,044.58
Depreciation and Amortization	156,732.33	132,643.18	119,226.73
Advertising and Marketing	51,816.70	22,791.73	21,616.26
Taxes and Licenses	10,791.69	17,773.94	14,329.00
Manpower Cost	7,483.56	11,573.08	3,487.67
Service and Management Fees	7,300.00	6,222.91	6,509.00
Pension Expense	205.79	384.28	265.98
Doubtful Accounts Expense	122.67	162.59	3,480.31
Others	3,770.85	3,025.64	2,755.38
	440,492.26	362,018.05	318,714.89
FINANCE INCOME (CHARGES)			
Interest Income	2,656.89	6,082.01	8,499.12
Interest Expenses	(101,153.70)	-	-
Unrealized Foreign Exchange Gain (Loss)	-	13.09	(2.15)
Other Financing Charges	(57.68)	(8.64)	(3.59)
	(98,554.49)	6,086.46	8,493.38
INCOME BEFORE INCOME TAX	1,470,690.68	863,951.35	698,499.64
PROVISION FOR INCOME TAX			
Current	59,174.88	73,968.48	40,469.90
Deferred	63,839.04	865.04	13,690.92
	123,013.93	74,833.51	54,160.82
NET INCOME	**1,347,676.76**	**789,117.83**	**644,338.82**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss:			
Remeasurement Gains on Retirement Plan, Net of Deferred Income Tax	1,076.23	-	165.39
TOTAL COMPREHENSIVE INCOME	1,348,752.99	789,117.83	644,173.43
Basic/Diluted Earnings Per Share	1.16	0.68	0.55

**Other Income includes* ₽450 million related to a claim for liquidated damages from a contractor due to delays in delivery of buildings.

Statements of Financial Position

	As of 31 December (Audited)		
(Amounts in ₱ thousands)	2016	2015	2014
ASSETS			
Current Assets			
Cash and Cash Equivalents	88,269.92	674,992.74	283,180.42
Receivables	266,228.14	134,735.25	199,158.93
Advances to Contractors	422,644.34	573,912.78	583,559.72
Other Current Assets	495,109.40	271,124.86	92,830.20
Total Current Assets	1,272,251.80	1,654,765.62	1,158,729.27
Noncurrent Assets			
Investment Properties	10,392,125.31	8,281,980.40	6,510,078.85
Property and Equipment	38,679.58	37,683.32	36,860.74
Intangible and Other Noncurrent Assets	1,821,404.84	1,454,433.75	1,258,997.12
Total Noncurrent Assets	12,252,209.73	9,774,097.47	7,805,936.71
	13,524,461.53	11,428,863.09	8,964,665.98
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts Payable and Accrued Expenses	1,018,751.95	1,096,391.64	740,509.93
Long-term Debt – Current Portion	653,159.09	335,848.49	165,125.00
Income Tax Payable	11,085.73	36,500.42	4,818.24
Other Current Liabilities	353,804.55	144,427.97	77,963.69
Total Current Liabilities	2,036,801.32	1,613,168.52	988,416.85
Noncurrent Liabilities			
Long-term Debt – Net of Current Portion	6,236,367.42	5,139,526.52	4,205,375.00
Retirement Liability	693.45	2,025.13	1,640.84
Deferred Tax Liability – Net	76,342.09	12,041.80	11,176.76
Other Noncurrent Liabilities	352,261.48	595,510.73	287,338.79
Total Noncurrent Liabilities	6,665,664.44	5,749,104.18	4,505,531.40
	8,702,465.75	7,362,272.70	5,493,948.25
Equity			
Capital Stock	1,163,426.67	1,163,426.67	1,163,426.67
Additional paid-in capital	102,900.67	102,900.67	102,900.67
Appropriated Retained Earnings	2,500,000.00	-	-
Unappropriated Retained Earnings	1,054,757.60	2,800,428.44	2,204,555.78
Remeasurement Gains (Losses) on Retirement Plan – Net of Tax	910.85	(165.39)	(165.39)
Total Equity	4,821,995.78	4,066,590.39	3,470,717.73
	13,524,461.53	11,428,863.09	8,964,665.98

FINANCIAL SOUNDNESS INDICATORS

The following table summarizes financial ratios as of and for the years ended 31 December 2016, 2015 and 2014:

	For the Years Ended 31 December (Audited)		
	2016	2015	2014
Long-term Debt to Equity Ratio (1)	1.43	1.35	1.26
Debt to Equity Ratio (2)	1.80	1.81	1.58
Debt Ratio (3)	0.64	0.64	0.61
EBITDA to total interest paid (4)	6.43x	4.18x	4.94x
Solvency Ratio (5)	0.17	0.13	0.14
Net Profit Margin (6)	0.67	0.65	0.64
Return on Equity (7)	0.28	0.19	0.19

(1) Long-term Debt to Equity Ratio is computed as long-term debt (both current and non-current portion) divided by total equity.
(2) Debt to Equity Ratio is computed as total liabilities divided by total equity.
(3) Debt Ratio is computed as total liabilities divided by total assets.
(4) EBITDA to total interest paid is computed as EBITDA divided by payments of interest and transaction costs. EBITDA is defined as the Earnings Before Interest, Taxes, Depreciation, and Amortization. Total Interest Paid is calculated as the sum of interest expense and capitalized interest for the given year as provided in the Company's financial statements.
(5) Solvency Ratio is computed as the sum of net income and depreciation and amortization divided by total liabiliites.
(6) Net Profit Margin is computed as net income divided by total revenues and other income.
(7) Return on Equity is computed as net income divided by total equity.

SUMMARY OF THE OFFERING

Issuer	Cyberzone Properties, Inc.
Issue / Issue Amount	SEC-registered Unsecured Fixed-Rate Peso-Denominated Retail Bonds (the "Bonds") in the aggregate amount of up to ₱5,000,000,000.00.
Over-subscription Option	In the event of an over-subscription, the Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters, in consultation with the Issuer, shall have the option to increase the Issue Amount by up to ₱1,000,000,000.00
Use of Proceeds	The net proceeds of the issue shall be used to finance capital expenditure requirements for the 2nd Half of 2017 and 1st Half of 2018.
Offer Price	100% of the face value.
Manner of Distribution	The Bonds will be distributed to retail and/or qualified institutional investors via public offering.
Form and Denomination of the Bonds	The Bonds shall be issued in scripless form in denominations of ₱50,000.00, each as a minimum and in increments of ₱10,000.00 thereafter. Legal title to the Bonds shall be shown in the Register of Bondholders to be maintained by the designated Registrar.
Offer Period	Commencing at 10:00 a.m. on 27 June 2017 and ending at 5:30 p.m. on 30 June 2017 or such earlier day or later day as maybe jointly determined by the Issuer and the Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters.
Issue Date	7 July 2017
Maturity Date	7 January 2023 *Provided* that, if such date is declared to be a non-Business day, the Maturity Date shall be the next succeeding Business Day.
Interest Rate	5.0496% per annum
Interest Payment	Interest on the Bonds shall be calculated on the basis of a 30/360-day basis, and shall be paid quarterly in arrears commencing on October 7, 2017, for the first Interest Payment Date and January 7, April 7, July 7, and October 7 of each year for each subsequent Interest Payment Date at which the the Bonds are outstanding, or the subsequent Business Day without adjustment if such Interest

Payment Date is not a Business Day. The last Interest Payment Date on the the Bonds shall fall on the respective Maturity Dates for the Bonds.

Final Redemption

The Bonds shall be redeemed at 100% of face value on the relevant Maturity Date unless CPI exercises its Early Redemption Option according to the conditions therefore (see "Description of the Bonds" – "Redemption and Purchase" on page 64).

Early Redemption Option

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

Early Redemption Option Date	Early Redemption Price
Third (3rd) anniversary from Issue Date	102.0 %

The Issuer shall give not less than thirty (30) nor more than sixty (60) days prior written notice of its intention to redeem the Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Bonds on the Early Redemption Date stated in such notice.

Redemption for Tax Purposes

If payments under the 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 Bonds in whole, but not in part, on any Interest Payment Date (having given not more than 60 nor less than 30 days' prior written notice) at par, plus accrued interest.

Financial Covenants

(a) Debt to Equity (financial indebtedness to total Equity, the latter inclusive of subordinated shareholder advances) of no more than 2.33x; and

(b) Debt Service Coverage Ratio (EBITDA to total Debt service for immediately preceding 12 months) of no less than 1.1x

Status of the Bonds

The Bonds shall constitute the direct, unconditional, unsecured and unsubordinated, obligations of CPI 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 CPI, other than obligations preferred by law.
Bond Rating	PRS Aaa by PhilRatings
Listing	The Bonds are intended to be listed at the Philippine Dealing and Exchange Corp.
Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters	BDO Capital & Investment Corporation BPI Capital Corporation EastWest Banking Corporation First Metro Investment Corporation
Co-Lead Managers	PNB Capital and Investment Corporation SB Capital Investment Corporation
Registrar and Paying Agent	Philippine Depository & Trust Corp.
Trustee	Metropolitan Bank & Trust Company – Trust Banking Group

RISK FACTORS AND OTHER CONSIDERATIONS

GENERAL RISK WARNING

The price of securities can and does fluctuate, and any individual security may experience upward or downward movements, and may lose all or part of its value over time. Past performance is not a guide to future performance. The future performance of a security may defy the trends of its past performance. There might be a significant difference between the buying price and the selling price of any security. There is an inherent risk that losses may be incurred rather than profit may be realized as a result of buying and selling securities. The market price of the Bonds could decline due to any one, but not limited to the risks discussed below and all or part of an investment in the Bonds could be lost. There is an extra risk of losing money when securities are bought from smaller companies. An investor deals with a range of investments each of which investments may carry a different level of risk.

PRUDENCE REQUIRED

The declaration of risks in this Section disclosure does not purport to be a comprehensive description nor a complete disclosure of all the risks and other significant aspects of investing in these securities but is intended to give a general idea to a Prospective Bondholder on the scope of risks involved. An investor must undertake its, his or her own independent research and study on the value and worth of securities subject to this Prospectus before commencing any trading activity. Investors may request information both on the securities and Issuer thereof from the SEC which are available to the public. CPI, the Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters, and the Co-Lead Managers do not make any warranty or representation on the marketability or price on any investment in the Bonds.

PROFESSIONAL ADVICE

An investor 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 securities especially those considered to be high-risk.

RISK FACTORS

An investment in the Bonds described in this Prospectus involves great deal of foreseeable and unforeseeable risks and circumstances. A Prospective Bondholder should carefully consider the following factors, in addition to the other information contained elsewhere in this Prospectus, in making decisions on whether or not to invest in the Bonds.This Prospectus contains forward-looking statements that involve risks and uncertainties. The occurrence of any of the events described herein or other events not currently anticipated, could have a material adverse effect on CPI's business, financial condition, and results of operations. CPI adopts what it considers conservative financial and operational controls and policies to manage its business risks. CPI's actual results may differ significantly from the results discussed in the forward-looking statements. See section "Forward-Looking Statements" of this Prospectus. Factors that might cause such differences, thereby making the offering speculative or risky, may be summarized into those that pertain to the business and operations of CPI, in particular, and those that pertain to the over-all political, economic, and business environment, in general. These risk factors and the manner by which these risks shall be managed are presented in the succeeding pages.

Before an Investor decides to invest in the Bonds, he should carefully consider all the information contained in this Prospectus including the risk factors described below in the order of their importance. The Company's business, financial condition and results of operations could be materially adversely affected by any of these risk factors. The market price of the Bonds could decline due to any one of these risks and all or part of an investment in the Bonds could be lost.

The Company regularly reviews the risks detailed below and provides, whenever possible, risk mitigation and business strategies to address such risks, however, note that there are certain risks that are beyond the control of the Company and are inherent to running a business. The means by which the Company plans to address the risks discussed herein are principally presented in the sections of this Prospectus entitled "Executive Summary" on pages 8 to 18, "Description of Business" section on pages 83 to 98 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" section on pages 109 to 119.

RISKS RELATING TO THE COMPANY AND THE INDUSTRY

The performance of the Company and its industry is interconnected to the performance and state of the Philippine BPO industry. Being focused on a specific group of clients, the office space leasing segment and the Company are very much affected by the same trends and factors which affect the BPO industry.

Demand for, and prevailing leasing prices of, office space is directly related to the demand for BPO services in the Philippines which is contingent on a host of different factors including but not limited to:

1. Economic climate (including overall growth levels and interest rates) in the Philippines and internationally, especially in countries such as the US where 70% of BPO companies in the Philippines originate from. As an industry focused on non-core support services (ie. Customer service, accounting, human resources), the general economic climate will dictate the demand from companies for BPO services. Poor economic climate may affect the BPO industry negatively which will cascade down to a decrease in demand for office spaces as these companies cease expansion or even downsize their workforces.

2. The attractiveness of the Philippines as a destination for the BPO industry. The BPO industry has been attracted to the Philippines mainly due to the demographics of the population which includes high literacy, education rates and fluency in English. As the needs of the BPO industry evolves, there is a risk that the Philippines will no longer be fit to the requirements of the industry or may face significant competition from other countries that may reduce its market share in the BPO industry.

The Company is subject to and relies on a number of government regulations and intiatives covers both the BPO industry and office space leasing segment. The Company and its lessees enjoy preferential tax rates on its properties as a result of the government's thrust to spur the growth of the BPO industry through PEZA. The Company's growth prospects are directly connected to being able to continue to enjoy such preferential tax incentives to maintain its margins as well as market its properties to prospective tenants. On the other hand, the Company is also subject to many regulations including the National Building Code, environmental regulations, and requirements prescribed by PEZA. Any violations of these regulations may pose a risk to the business and its operations and expose it to possible litigation or repurcussions.

The Company exists in a highly competitive industry with many players which may be larger and have more resources. Therefore, it is imperative that the Company maintain its competitive strengths in order to attract clients to its properties. It must maintain competitive pricing which, if its costs increase, may decrease the Company's margins. The Company must also ensure the quality of its properties, and that it has an adequate property management team in place to keep customers satisfied.

There are risks that some projects may not attract sufficient demand from prospective buyers thereby affecting anticipated sales. The Company is also exposed to the risk of the termination of a material number of leases or the inability of its tenants to pay rent. In addition, the time and the costs involved in completing the development and construction of projects may be adversely affected by many factors including unstable prices and supply of materials and 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. As a result, rising prices for any construction materials will impact the Company's construction costs, and therefore its pricing and margins. Any increase in prices resulting from higher construction costs could adversely affect the Company's margins and ability to maintain its competitive pricing. Further, the failure by the Company to complete construction of its projects to its planned specifications or schedule may result in contractual liabilities to lessees and lower returns.

The Company is subject to significant competition in its leasing business.

The Company competes with a number of commercial developers in the leasing business, some of whom have greater resources, and may be perceived to develop more attractive projects. Competition may adversely affect the Company's ability to successfully operate its investment properties or attract and retain prospective and existing tenants. Continued development by these and other market participants could also result in a saturation of the market for office space.With regard to its acquired commercial office space assets, the Company expects to compete principally with Megaworld Corporation, Robinsons Land Corporation, Eton Properties Inc., SM Prime Holdings, 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, such as Makati City, Bonifacio Global City, and Ortigas. In terms of office inventories, many of these commercial developers have larger inventories in more locations as compared to CPI. Its major competitors in the BPO office space sector have greater experience and more expertise in commercial leasing operations. Consequently, the competition that the Company faces in these sectors of the property market, and its ability to compete with larger and more experienced competitors, could have a material adverse effect on the Company's results of operations or financial condition.

The other risk inherent in a highly competitive and saturated market is the possibility of an oversupply of office spaces. Due to the robust growth of the BPO industry and their strong appetite for office space, more players are entering the industry. Existing players are also ramping up their development projects. If the development of BPO office projects outpaces the demand from BPO companies, the industry may experience a glut in the inventory of office space which may drive prices down and may hurt the Company's revenues and margins. This could also increase the competition between players which is a risk to CPI's market share of the office space leasing segment.

The Company believes that the Philippine office space leasing segment is adequately protected against the glut in office space. According to studies and analyses made by the Information Technology and Business Process Association of the Philippines and the Contact Centre Association of the Philippines, the BPO industry is still expected to grow at a significant rate of 17% over the next 3 years which the Company believes can still outpace or at least keep pace with the growth in office space supply. Furthermore, studies by locators such as Santos Night Frank, Jones Lang Lasalle, and KMC-Savills show that more office space will be required by BPO companies as they expect the industry to increase its workforce by about 100,000 persons per year. The Philippines is also expected to maintain its strong economic growth and fundamentals which continue to make it an attractive investment destination.

The Company also believes that the Northgate Cyberzone's strategic location (surrounded by 2,800 hectares of built-up residential communities that provide locators a large source of labor) and campus type format make it an attractive location for BPO operations as traffic and congestion continue to increase in the central Metro Manila business districts. The Company is confident that its reputation for developing high-quality properties coupled with its pricing strategy give it a competitive advantage in attracting locators for its properties.

There can be no assurance however, that the Philippines will achieve strong economic fundamentals nor that the BPO industry will continue to enjoy robust growth in the future. There can also be no assurance that the Company's properties will continue to be highly competitive in the future. Changes in the conditions of the Philippine economy, the BPO industry, and the Company's competitive environment could materially and adversely affect the Company's business, financial condition, and results of operations.

A significant portion of the demand for the Company's office spaces are from Companies from specific countries such as the US, exposing it to economic and political developments in these countries.

The office space leasing business is reliant on a concentrated group of BPO companies that mainly originate from the US, exposing itto certain political and economic conditions present in these countires. These conditions include but are not limited to:

(a) a downturn in the economic performance and

(b) a change in government policy that limits or suspends the outsourcing of functions to offshore BPO companies or Shared Service Centers.

Any of the above events could adversely affect the demand from these BPO companies, which could have a material adverse effect on the Company's business, financial condition, and results of operations.

There is recent concern that the election of President Trump may have an adverse effect on the Philippine BPO industry due to his protectionist stance on the US economy. There have been pronouncements from President Trump and his senior advisers about their opposition of the movement of jobs from the US overseas, and the possible imposition of tarrifs and penalties on products and services from foreign countries. If this event translates into economic policy, this may affect the Philippine BPO industry by inhibiting entry of new companies into the Philippines or in the worst case the exit of companies already present in the Philippines. Currently, US and other North American countries account for about 70% of the business of BPO companies in the Philippines.This is tempered by the analysis that many of the jobs President Trump pertains to are in the manufacturing or industrial sectors, and that there has been no specific mention of action regarding service sector jobs like BPOs and Call Centers. President Trump has also 'targeted' countries with whom the US has large trade deficits such as China and Mexico. The Philippines, with a -$1.78 billion trade deficit with the US, is relatively less of a 'concern'. Many industry analysts, the IBPAP, and financial insitutions also believe that the significant investments that American companies have already made in the Philippines make it unlikely for these companies to exit the country in the near future especially if there are no outright pronouncements from the Trump administration regarding the outsourcing of service sector jobs.

As a developer and lessee of office spaces for BPOs, the Company's business, financial condition and results of operations could be adversely affected in the event a material number of leases are terminated. If these leases are prematurely terminated, then the Company stands to lose revenues until the office space is leased to a new tenant. This would exacerbate a decline in the BPO industry which would make the search for a replacement tenant more difficult.

This risk is increased in regard to certain BPO companies that individually lease a material portion of CPI's office space. Should any of these companies exit the Philippines or significantly downsize operations, CPI runs the risk of losing a significant portion of its business all at once.

There can be no assurance that the Company will not suffer from substantial lease terminations and that such terminations will not have a material adverse effect on its financial condition and results of operations.

The Company continuously monitors the political and economic situations in these countries to anticipate any effect it may have on the Company, its lessees, and the BPO industry in general. This risk continues to be mitigated by the fact that BPO companies who are already established in the Philippines are still quite bullish about expansion plans due to the favorable demographics of the country and the significant cost savings of operating in the Philippines. Possible new entrants however have adopted a 'wait and see' attitude due to the uncertainty surrounding recent political and economic events. The Company mitigates this risk on through the lease contracts that they have with their lessees which are minimum 3 years for standard office spaces and 10 years for build-to-suit office space. The average lease of CPI's current lessees is 5 years. The Company also sets a security deposit of 3 months that will be forfeited in the event that a lessee terminates their lease early. This acts as a buffer for the Company that will allow it to look for a replacement lessee and avoid any potential lost business. Furthermore, to protect against the risk on certain BPO segments, the Company has moved to diversify the types of companies and segments of the BPO industry present in its properties. The Company has moved to attract beyond call centers into more 'knowledge-based' outsourcing services such as health care, architecture, and legal services.

The Company faces concentration risks in that its properties are located in only two locations, Alabang and Cebu.

The Company is exposed to geographic concentration risk in its two locations in Cebu and Alabang. This is especially concerning in the case of Northgate Cyberzone in Alabang where the majority of its buildings are located. There can be no assurance that these locations will continue to be viable and be attractive to BPO companies in the future. If Alabang or Cebu are no longer attractive locations for BPO companies causing them to no longer locate or even leave the locations, this may significantly decrease the Company's revenues.

This Company is confident that these two locations will continue to be attractive to BPO companies in the near future due to its accesibility to the BPO workforce and the presence of infrastructure required by these BPO companies. The Company also seeks to reduce this risk by constatnly looking for opportunities for expansion into other high growth areas. This was the rationale when the Company decided to expand into Cebu which is one of the next wave cities for BPO companies to be located.

The Company's lessees may encounter financial difficulties that make them unable to pay rental fees owed to the Company.

As the BPO industry is subject to economic forces both locally and globally, the Company faces the risk that its lessees are unable to pay rental fees to the company. Any inability to pay rental fees would directly affect the Company's margins and profitability epecially if the client leases a significant amount of space from CPI.

To mitigate the risk of unpaid rental fees, the Company stipulates in all its lease contracts the payment terms for the leases, which is usually on a monthly or quarterly basis, and when it should be paid. The

Company also has certain charges such as advance rent and the security deposit which would protect it in case the lessee encounters financial difficulties which make it unable to pay rent. The Company's procedure in marketing and selling new properties is that when the project is substantially completed or nearing completion CPI's in-house sales and marketing team approaches existing lessees to gauge interest for space in the new property. Only when there are still available office spaces for lease after getting interest from existing lessees does CPI turn to their commercial real estate leasing agents to market and sell the property to new potential lessees. It relies on the leasing agent as well as its own sales team to conduct due diligence on the potential lessee to gauge whether they have the capacity to become a lessee.

The Company faces risks relating to its business, including risks relating to project cost and completion.

The Company's principal business is the development and leasing of office properties in the Philippines. The Company runs the risk that it may invest significant time and money in a project that may not attract sufficient levels of demand in terms of leased space and which may not be commercially viable. In addition, the Company's projects may not be completed on schedule and within budget due to possible issues with regulatory requirements,

In addition, the time and the costs involved in completing the development and construction of office 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. If any of the Company's 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 projects. Any negative effect on the Company's reputation or its brand could also affect the Company's ability to pre-sell and hamper its plans to expand to new locations. This would impair the Company's ability to reduce its capital investment requirements. This also presents a contractual risk, especially in the case of build-to-suit office spaces, as a delayed completion or a building that does not meet customer ~~requirements may be in breach of the contract with the client. The Company cannot provide any~~ assurance that such events will not occur in a manner that would adversely affect its results of operations or financial condition. 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 or materially increase its capital expenditures beyond what it has planned and budgeted for. This may cause the company to incur more debt to help fund the completion of these projects. The delay may also cause the Company's revenues to underwhelm compared to its projections. Further, the failure by the Company to complete construction of a project to its planned specifications or schedule may result in contractual liabilities to lessees, reputational risk, and lower returns.

The Company cannot provide any assurance that such events will not occur in a manner that would materially and adversely affect its results of operations or financial condition.

To mitigate the risk of cost overruns, CPI prudently prepares cost estimates and regularly monitors them. The Company has about 150 suppliers for its construction materials, and also locks in supply contracts for certain construction materials, especially when these are viewed to rise significantly more than inflationary price increases. To mitigate the risk of projects not being completed on time, CPI relies on the services of over 100 contractors for land and construction works, many of whom have been providing their services to the Company for years. CPI's engineering team oversees the projects to ensure that these are completed to specifications, within cost estimates and on time. For standard office spaces, CPI manages client expectations by only starting to pre-sell if notable construction progress has been made. Furthermore, the Company has a proactive property management office which addresses any concerns and complaints from lessees.

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

The Company relies on independent contractors to provide various services, including land clearing and infrastructure development, 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, its financial and construction resources, any previous relationship with the Company, its reputation for quality and its track record. Contractors that have the skill to work on high-rise buildings are also limited to a smaller group of companies increasing the difficulty in finding a contractor available. Recently more of these contractors, such as Datem, have become property developers themselves decreasing the supply for high-quality, experienced contractors available in the market. 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 or project delays. 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 its 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 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.

To mitigate the risk of a contractor being unable to provide satisfactory services for a project, CPI, together with FLI, has a pool of over 100 contractors, many of which have been providing their services to the Company for a number of years. The contractors are evaluated on each project they work. CPI's engineering team oversees the projects to ensure that these are completed within specifications, within cost estimates and on time. The Company and FLI's long-standing relationships with these contractors have made CPI a priority customer when it comes to scheduling the contruction of its office projects.

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

As the owner and operator of its office buildings, CPI has the responsibility to warrant the structural integrity of its buildings. The Company may also be held responsible for hidden (i.e., latent or non-observable) defects in its properties when such hidden defects render the property unfit for the use for which it was intended or when its when the defect renders the building not up to the standards promised to and expected by the client. This is even more crucial for BPO companies as defects and sub-standard facilities may cost the business losses in revenues and productivity. In addition, Republic Act No. 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 its 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 hired by the Company will be able to either correct any such defects or indemnify the Company for costs incurred by the Company 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 its business, financial condition, and results of operations.

To mitigate the risk of construction defects and building-related claims, the Company's contractors are required to get Contractor's All Risk Insurance which covers all risks, including acts of God. After the buildings are completed and leased out, the properties are covered by Commercial All Risk Insurance, which include acts of God, as well as Business Interruption Insurance wherein lost revenues due to conditions covered by the Commercial All Risk Insurance can be claimed.

The Company operates in a highly-regulated industry and it is affected by the development and application of regulations in the Philippines.

The development of building projects 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. The Company must ensure that it is compliant with all these regulations as any violations may prevent the Company from operating these properties and liable to litigation and penalties. The Company also becomes responsible for bearing the cost of any remedial action that would need to be done for these buildings to conform to regulation. There can be no assurance that the Company or its projects will not be cited for violations of regulations that may have an adverse effect on the Company's operations.

All project development plans are required to be filed with and approved by the local government unit 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, its associates or partners will be able to obtain government approvals for its projects or that when given, such approvals will not be revoked.

Any of the foregoing circumstances or events could affect the Company's ability to complete projects on time, within budget or at all, and could have a material adverse effect on its financial condition and results of operations.

The Company may also be at risk for regulatory penalties regarding complaints from its lessees. These complaints may result in the Company being ordered to cease operations of a certain property, fines, or even litigation from the government and/or the lessee regarding the violations of regulations.

To mitigate the risk of development and application regulations in the Philippines having an adverse effect on CPI's projects, the Company's Legal Department and Engineering Department ensure that all projects are compliant with Government regulations and specifications.

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, the Company benefits from certain tax incentives and tax exemptions as a result of registration with the PEZA as ecozones. In Northgate Cyberzone, 16 of the buildings are covered by these tax incentives in perpetuity unless discontinued by PEZA, BIR, or other relevant government authorities. The Company's gross income generated from these assets is subject to a preferential income tax rate of 5%.

Once the Company's tax exemptions or incentives are revoked or are repealed, the Company's income from these sources will be subject to the corporate income tax rate, which is currently fixed at 30% of net taxable income, and the Company's tax expense increase, reducing its profitability and adversely affecting its net income. The lower tax rate has allowed the Company to offer more competitive rental rates without sacrificing its margins. A change of the Company's tax rate to the regular corporate income tax may make these low rates unsustainable prompting it to increase rental rates which may have an adverse effect on its competitive strentgths. 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 Company will be able to obtain and enjoy similar tax incentives for future projects.

The tax incentives tied in with the Company's properties are also extended to its clients. If the BPO companies who lease office space in Northgate or Cebu Cyberzone are PEZA-registered, they enjoy certain tax incentives such as:

- Exemption from the payment of all national internal revenue taxes, such as gross receipts tax, value-added tax, ad valorem tax, excise tax, income tax, documentary stamp tax, percentage taxes, and all other taxes found in the National Internal Revenue Code.
- Exemption from the payment of all local government impost, fees, licenses, or taxes including local business tax, transfer tax on the sale of real property, real estate taxes, community tax, mayor's permit fee, sanitary fee, other regulatory fees and other taxes and fees found in the Local Government Code and particularly in the Tax Ordinance of the local government unit where the economic zone is located.
- In lieu of the exemption from national and local taxes, the ECOZONE enterprise shall pay a 5% final tax on gross income. For an ECOZONE export enterprise, the following are considered to be allowable deductions from net sales:
    - Direct salaries, wages, or labor expenses
    - Service or production supervision salaries
    - Raw materials
    - Goods in process
    - Finished goods
    - Supplies and fuels used in production
    - Depreciation of machinery, equipment and buildings owned and/or constructed
    - Financing charges associated with fixed assets
    - Rent and utility charges for buildings, equipment, and warehouses, or handling goods

- One-half of the value of training exercises incurred in developing skilled or unskilled labor or for managerial or other management development expenses incurred may be deducted from the 5% final tax (chargeable against the share of the national government).
- Exemption from duties and taxes on imported capital equipment, spare parts, raw materials and supplies.
- Exemption from wharfage dues, export tax, impost, or fee.
- For the first five years of operation, additional deduction equivalent to one-half of the wages paid corresponding to the increment in the number of direct labor for skilled and unskilled workers.

If these incentives are no longer valid for companies locating in the Company's properties, it may have an adverse effect on the demand for the Company's projects. Furthermore, losing tax incentives and preferential tax status may make the Company less competitive in its industry if these incentives are still valid for its competitors as BPO companies will prefer to move to take advantage of the cost savings in having these tax incentives.

To mitigate the risk of the loss of certain tax exemptions and incentives, the Company's Legal and Tax Compliance team keeps abreast of the latest developments in taxation, submit the reportorial requirements to the Government agencies on projects covered by such incentives and have regular meetings with the Company's auditors.

The interests of joint venture partners for the Company's projects may differ from the Company's and they may take actions that adversely affect the Company.

The Company has entered a joint venture agreement as part of its overall business strategy, and it intends to continue to do so under favorable conditions. Under the usual terms of its joint venture agreement, the Company takes responsibility for project development, while its joint venture partner typically supplies the project land. A joint venture involves special risks where the joint venture partner may have economic or business interests or goals inconsistent with or different from those of the Company's. 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 projects, or the joint venture partner may not meet its obligations under the joint venture arrangement. Disputes between the Company and its joint venture partner 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 the project. The Company's reliance on its joint venture arrangements could therefore have a material adverse effect on the Company's results of operations and financial condition.

As in the case of the Cebu Cyberzone property, the Company also is involved in joint venture agreements with government entitites through BTO contracts. These types of joint ventures carry additional political and regulatory risk that may arise due to contractual issues or legal disputes. As administrations in the government change, political priorities may endanger contracts which if cancelled will cause the Company to lose any investment it has made in the venture, and may even be liable to further litigation or penalties.

To mitigate the risk that interest of CPI's joint venture partners may differ with that of the Company, the terms and conditions of the joint venture contracts are discussed thoroughly and joint venture partners are informed of the plans for the properties.

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

In 2014, the BSP raised its benchmark interest rates by 50 basis points following earlier adjustments on the reserve requirements for banks and on the interest rate for its Special Deposit Account. BSP may continue this direction for its monetary policy in the near future which may in turn negatively affect the financing costs for the Company.

In 2016, the BSP barred trust entities from investing its term deposit facility and mandated their complete exit by July 2017. This would increase liquidity in the market by ₱200 billion in investable funds, which may positively affect the Company's financing costs especially in the issuance of the Bonds.

In 2017, analysts in many financial institutions including international banks such as Citibank, ING, and ANZ expect the BSP to raise interest rates by 50 basis points in response to rate hikes by the US Federal Reserve and rising inflation. The BSP is also contemplating relaxing rules on the reserve requirement for banks. Its overnight lending and deposit rates are keeping steady at 3.5% and 2.5% respectively. This expectation of tightening monetary policy may negatively affect any future financing the Company will avail, while also increasing the benefits that the Company receives from its fixed-rate loans.

Interest rates, and factors that affect interest rates, such as the Government's fiscal policy, could have a material adverse effect on the Company and on demand for its products. 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.
- Increases in the borrowing levels of the Philippine Government in the domestic currency market could increase the interest rates charged by other financial institutions and effectively reduce the amount of bank financing available to real estate developers, including the Company.
- As a 100%-owned subsidiary of FLI, CPI is subject to the combined single borrower limit of FLI and its subsidiaries. If FLI or the Company were to reach the single borrower limit with respect to any bank, the Company may have difficulty obtaining financing with reasonable rates of interest from other banks. This, along with other regulatory restrictions on bank lending will affect the Company's access to capital and cost of financing.

To manage interest rate risk, the Company's long-term loans are a combination of floating-rate and fixed-rate loans. With the global economy expected to improve, interest rates may move up, CPI is locking in the cost of some of its financing via the fixed-rate bonds. For the floating-rate loans, CPI renegotiates the interest rates with its creditors. The majority of the Company's loans have a fixed-rate, and due to the Company's good credit it was able to get most of these loans at attractive rates, on clean basis, and with minimal financial covenants.

To increase potential sources of funds, CPI also plans on issuing debt to the public market to take advantage of the current interest rates in the bond markets. This would ease pressure on credit lines and make them available when the company has further need of funds.

Titles over land leased by the Company may be contested by third parties.

The Company does not have ownership of any of the land where its properties are located. It either leases the land from FLI, such as in the case of Northgate Cyberzone, or the land is owned by its joint venture partner, as in the case of Cebu Cyberzone where the Cebu Provincial Government owns the land. This exposes the Company to risks over the ownership of these lands. If the Company's operations are affected by any issues regarding the land it is situated on the Company may be subject to potential breaches in its contracts with its lessees, and may have to settle reparations with the affected parties. Any of the foregoing circumstances could have a material adverse effect on the Company's business, financial condition and results of operations, as well as on its business reputation. To mitigate the risk of land titles being contested by third parties, CPI verifies ownership of the land through FLI.

Environmental laws applicable to the Company's projects could have a material adverse effect on its business, financial condition or results of operations.

In general, developers of real estate projects are required to submit project descriptions to regional offices of the DENR. For environmentally-sensitive projects or at the discretion of the regional office of the DENR, a detailed Environmental Impact Assessment ("EIA") may be required and the developer will be required to obtain an Environmental Compliance Certificate ("ECC") to certify that the project will not have an unacceptable environmental impact. 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 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, to incur costs in order to cure the violation and to compensate its buyers and any affected third parties. CPI 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 CPI's business could have a material adverse effect on its business, financial condition, and results of operations.

To mitigate the risk that environmental laws may have an adverse effect on CPI's projects, the Company's Legal Department and Engineering Department ensure that the projects are compliant with environmental laws.

Natural or other catastrophes, including severe weather conditions, 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. There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt the Company's operations. These factors, which are not within the Company's control, could potentially have significant effects on the Company's land development and construction projects such as buildings, roads, and perimeter walls, which are susceptible to damage. Damage to these structures resulting from such natural catastrophes could also give rise to claims against the Company from third parties or from lessees, for example for physical injuries or loss of property. Thus, 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 the Company carries insurance for certain catastrophic events, of types, in amounts and with deductibles that the Company believes are in line with general real estate industry practice in the Philippines, there are losses for which the Company cannot obtain insurance at a reasonable cost or at all. Neither does the Company carry any business interruption insurance. 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 construction costs or other financial obligations related to the property. Any material uninsured loss could materially and adversely affect the Company's business, financial condition, and results of operations.

To mitigate the impact of natural and other catastrophes on the Company's operations, the contractors are required to get Contractor's All Risk Insurance which covers all risks, including acts of God. Upon the completion and turnover of the units to CPI, the Company gets Commercial All Risk Insurance, which also includes acts of God, with the amount insured equivalent to the construction cost. After they are completed and leased out, the properties are covered by Commercial All Risk Insurance, which include acts of God, as well as Business Interruption Insurance wherein lost revenues due to conditions covered by the Commercial All Risk Insurance can be claimed.

The Company is directly controlled by FLI and by extension FDC and its affiliates, and indirectly by the Gotianun Family, and the interests of FLI, FDC, and the Gotianun Family may differ significantly from the interests of the Company's shareholders/investors/bondholders.

FLI controls and is expected to continue to control the Company. In turn, FLI is controlled by FDC which in turn is controlled by members of the Gotianun Family, who either individually or collectively have controlled CPI, FLI and FDC since its inception. Members of the Gotianun Family also serve as directors and executive officers in CPI, FDC, FLI and other companies forming part of FDC and its subsidiaries, including but not limited to, FLI, FAI and EastWest Banking Corporation (collectively, the "Filinvest Group"), and these family members may not be able to devote sufficient time and effort to the management of CPI. There is also nothing to prevent companies that are controlled by the Gotianun Family from engaging in activities that compete directly with the Company's office space leasing businesses or activities, which could have a negative impact on the Company's business. Neither can there be any assurance that the Gotianun Family, FLI and FDC will not take advantage of business opportunities that may otherwise be attractive to the Company. The interests of FLI, and by extension FDC and the Gotianun Family, as the Company's controlling shareholders, may therefore differ significantly from or compete with the Company's interests or the interests of other shareholders, and the Gotianun Family and FDC, through FLI, may vote their Shares and Preferred Shares in a manner that is contrary to the interests of the Company or of the Company's other shareholders. There can be no assurance that the Gotianun Family and FDC will exercise influence over the Company in a manner that is in the best interests of the Company or its other shareholders.

Major decisions are subject to Board approval which includes Independent Directors. Moreover, the Company has a manual on corporate governance which it strictly adheres to.

The Company has a number of related-party transactions with affiliated companies.

The Company, in the ordinary course of business, has certain contracts and agreements with its parent, FLI, and other subsidiaries and affiliates of the Filinvest Group. The major related party agreement that the Company is a party to would be leasing the land where Northgate Cyberzone is located from FLI and

FAI. FLI and FAI earn a certain percentage of the gross rental income on the properties as the payment for the lease. CPI has also entered general and property management service contracts with FAI and Pro-Excel Property Management, an entity under common control. The Company also maintains savings accounts and short-term deposits with EastWest Bank.

The Company's practice has been to enter into contracts with these affiliate companies on commercial terms which are at least as favorable as the terms available to or from non-affiliated parties.

The Company expects that it will continue to enter into transactions with companies directly or indirectly controlled by or associated with FLI, FDC, and 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 FLI, FDC, the Gotianun Family, and the Company in a number of other areas relating to its businesses, including:

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

The Company can provide no assurance that its related-party transactions will not have a material adverse effect on its business or results of operations.

Major decisions are subject to Board approval which includes Independent Directors, and the Company has a manual on corporate governance which it strictly adheres to.

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 its success, and the experience, knowledge, business relationships and expertise that would be lost should any such persons depart 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. Such executives include: Lourdes Josephine G. Yap (Chairman), Joseph M. Yap (Director, President and Chief Executive Officer), and Jonathan T. Gotianun (Director). Key members of management also include: Ana Venus A. Mejia (Chief Financial Officer), Nelson M. Bona (Treasurer), and Sharon P. Pagaling-Refuerzo (Corporate Secretary). If the Company loses the services of any such person and is unable to fill any vacant key executive or management positions with qualified candidates, its business and results of operations may be adversely affected.

To mitigate the risk of CPI's dependence on certain directors and members of senior management, the Company has a succession program in place. Moreover, promotions are given to deserving employees to ensure the succession within the management team. The Company's directors and FLI ensure that CPI has the necessary senior management and executives to run the business effectively. CPI's succession program is very much tied with FLI as most of the Company's directors and senior management are the directors and senior management in FLI.

The Company may be unable to attract and retain skilled professionals, such as building managers and leasing managers.

The Company's ability to plan, design and execute current and future projects depends on its ability to attract, train, motivate and retain highly skilled personnel, particularly building managers and leasing managers. The Company believes that there is significant demand for such personnel not only from its competitors but also from companies outside the Philippines, particularly companies operating in the Middle East. Any inability on the part of Company in hiring and, more importantly, retaining qualified personnel could impair its ability to undertake project design, planning and execution activities in-house and could require the Company to incur additional costs by having to engage third parties to perform these activities.

To mitigate the risk of the Company being unable to attract and retain skilled professionals, CPI has lined up a number of training programs to enable its employees to serve its customers better, increase productivity and improve their skills. The Company offers competitive compensation and benefits in line with industry norms to retain its talent. CPI also leverages its relationship with FLI in order to take advantage of the skilled professionals already employed by FLI.

The Company is dependent on third-party brokers to market and offer its projects to clients.

The Company relies on third-party brokers to market and offer its office projects to potential lessees inside and outside of the Philippines. The Company works with multinational brokers such as CBRE, Santos Night Frank, Jones Lang Lasalle, and LeeChiu. 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 opportunities, or otherwise act in the Company's best interests. There is competition for the services of third-party brokers in the Philippines, and many of the Company's competitors either use the same brokers as the Company or attempt to recruit brokers away from the Company. If a large number of these third-party brokers were to terminate or breach their brokerage agreements, the Company would be required to seek other external brokers, and there can be no assurance that the Company could do so quickly or in sufficient numbers. This could disrupt the Company's business and negatively affect its financial condition, results of operations and prospects.

To mitigate the risk of third-party brokers terminating or breaching their brokerage agreements with the Company, CPI has cultivated good long-standing relationship with these brokers, and have offered them attractive incentives in return for marketing and offering its properties. This risk is also mitigated by the fact that CPI also has a leasing team through which it can offer its office spaces.

The Company may be impacted by the implementation of new accounting standards.

The Company's financial reporting may be impacted by the implementation of new accounting standards such as the PFRS. This may cause the Company's financial results to materially change as compared to previous period before the implementation of such new accounting standards. The Company may also be at risk of legal or regulatory action if not in compliance with new financial reporting requirements and standards.

To mitigate the risk of a negative impact on the Company by the implementation of new accounting standards, CPI's internal finance and legal departments, in coordination with other external parties such as its auditor, analyzes the impact of these new accounting standards on the Company and takes action accordingly to at least minimize any adverse impact. The Company also ensures that it is up to date and compliant with all financial reporting requirements.

RISKS RELATING TO THE PHILIPPINES

A slowdown in the Philippines' economic growth could adversely affect the Company.

Historically, given that of all of CPI's assets, business and operations are based in the Philippines, the Company's performance in terms of its results of operations as well as the quality and growth of the institution, among other things have been highly influenced, and will continue to be influenced, to a significant degree by the general condition and performance of the Philippine economy. In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the Philippine Peso and the imposition of exchange controls. In addition, the strength of the Philippine economy is influenced and affected by global factors, including the performance of other world and regional economies and the global economy, in general.

The 1997 Asian Financial Crisis caused a significant devaluation of the Philippine Pesos that consequently led to the increase in interest rates and the volatility of security prices and the downgrading of the Philippine local currency rating and the ratings outlook for the Philippine banking sector. Such adverse developments substantially and adversely affected the ability of many Philippine companies to meet their debt obligations. Still, the Philippine economy managed to register positive economic growth from 1999 up to 2007, when the Philippines managed to grow by 7.3%. However, in 2008, the Philippine economy was adversely affected when the U.S economy substantially declined due to the problems brought about by the sub-prime lending fall-out that led to a global economic crisis and eventually caused the downfall of a number of major American financial institutions. Despite such an adverse development, the Philippines managed to grow by 3.8%. However, the full effect of the global economic crisis was felt in 2009 as the economies of the U.S., Japan, United Kingdom and Singapore, among others, fell into recession. The Philippines managed to avoid a recession by registering a positive 0.9% GDP growth for 2009. In 2010, the Philippines managed to grow 7.6%, primarily due to government and election spending in the first half of 2010, a low interest rate environment and inflows of money into the emerging economies such as the Philippines. In the midst of a slow global economic recovery, the Philippines' registered economic growth of 3.7% in 2011 caused by resilient and stable economic drivers which comprise strong consumer base, growing investment and prudent fiscal management. The Philippines registered a GDP growth of 7.2% and 6.1% for 2013 and 2014, respectively, as a result of continuous business expansion, high consumer spending and improving government spending. It must be noted that the Philippine economy relies significantly on overseas remittances. There can be no assurance that overseas remittances will sustain its growth in the future. There can be no further assurance that the country's economic performance can be sustained.

From 2010 to 2012, the Philippines have experienced a series of ratings upgrades noting continuing economic development and resilience amidst the global economic environment. In May 2013, Standard & Poor's ("S&P") raised the Philippines' long-term foreign currency denominated debt rating by one notch to BBB- from BB+. The rating upgrade by S&P came shortly after Fitch Ratings ("Fitch") upgraded the Philippines to BBB- from BB+ in March 2013. In their announcements, both S&P and Fitch cited improvements in governance, external finances and fiscal management for the reasons behind their decision. In October 2013, Moodys Investment Service ("Moodys") gave the Philippines with its third Investment Grade rating, with Moodys giving the Philippines a Baa3 rating, with the outlook on the rating being positive, citing the Philippines robust economy, fiscal and debt consolidation and political stability and improved governance. In May 2014 and December 2014, just one year after the previous upgrade, S&P and Moodys again raised the Philippines' long-term rating to BBB from BBB- and Baa2 from Baa3, respectively.

In 2015, ratings agencies largely reaffirmed confidence in the Philippine economy as evidenced by either retained or improved credit ratings for the Philippine's sovereign debt. The Philippines was granted a Baa2 Stable Investment Grade rating from Moody's Investors Service on December 14, 2015. On April 24, 2015, Standard & Poor's Financial Services (S&P) reaffirmed the BBB Stable long-term sovereign credit rating of the Philippines, the highest rating ever recorded in the country's history. The Philippines was also given a BBB- Positive Investment Grade rating from Fitch Ratings (Fitch) last September 24, 2015. The Philippines' stable and positive investment grade status makes the Philippines more internationally competitive and more attractive to investments.

Strong Philippine economic fundamentals continued to drive economic growth in 2015 and 2016. Strong consumption in the economy caused real gross domestic product (GDP) to grow from 5.8% in 2015 to 7.1% year-on-year in the third quarter of 2016. This was primarily driven by strong performances in certain industries such as manufacturing, trade, renting and real estate. 2016 also saw increased economic activity due to the Philippine election. The new administration has also expressed its intent to continue to spur economic growth through reforms in taxation, fiscal, and monetary policy as well as embark on an ambitious infrastructure plan that would significantly increase government spending.

In 2017, many economists, financial insitutions, and government bodies remain confident in the Philippine economy. Despite some political uncertainty with the new administration and uncertainty in the global economy, most experts believe that the Philippines' GDP would grow at 6-7% driven by investment and consumption. Many believe that Philippine economy largely remains insulated from risks in the region. The risks that are seen in the Philippine economy pertain to the effect of the Duterte administration on foreign direct investment, the largest of which is from the US. There is also concern about the strength of the Philippine peso which has been one of the laggards, recently hitting a 10-year low against the US dollar. Ratings agencies also do not expect there to be any downgrade of the country's credit rating although there has been sentiment that the country is being closely monitored due to recent political and economic risks with the new administration.

There can be no assurance that the rating of the Philippine's sovereign debt will not be downgraded from its current levels.

Any political instability in the Philippines may adversely affect the Company.

The Philippines has from time to time experienced political and military instability. Political instability in the Philippines occurred in the late 1980's when Presidents Ferdinand Marcos and Corazon Aquino held office. In 2000, the then-President of the Philippines, Joseph Estrada, was subject to allegations of corruption, culminating in impeachment proceedings, mass public protests in Manila, withdrawal of support by the military and his removal from office. The then-Vice President, Gloria Macapagal-Arroyo, was sworn in as President on 2001. On 2003, a group of 70 officers and over 200 soldiers from the Philippine Army, Navy and Air Force expressed their grievances against the present administration and ultimately attempted a *coup d'etat* against the Arroyo administration. The attempt was not successful as it failed to capture the sentiment of the Filipinos and the military. As such, the event which would be later known as the "Oakwood" Mutiny ended after 20 hours of negotiation between the group and the Government. Certain individuals identified with the administration of former President Estrada have been implicated as supporters of the failed *coup d'etat*.

In 2004, the Philippines held presidential elections as well as elections for the Senate and the House of Representatives. President Arroyo was elected to a six-year term. However certain opposition candidates, including defeated presidential candidate Fernando Poe, Jr., questioned the election results, alleging fraud and disenfranchisement of voters. Allegations of fraud committed during the 2004 election have intensified mid-2005 in light of revelations that President Arroyo had spoken with an official from the independent Commission on Elections during the counting of votes. Since that time, several additional impeachment complaints have been filed against President Arroyo. President Arroyo has denied the allegations contained in the impeachment complaints.

There have been media reports of military plots to remove President Arroyo from office. In 2006, President Arroyo issued Proclamation 1017, which declared a state of national emergency in response to reports of an alleged attempted *coup d'etat*. In connection with the proclamation, a number of opposition members were arrested or threatened with arrest. On 3 March 2006, President Arroyo lifted the state of national emergency. On the same year, the Supreme Court ruled that certain acts committed by law enforcement officials in furtherance of Proclamation 1017 were unconstitutional.

On 2007, former lieutenant, Antonio Trillanes IV, now a Philippine Senator, led a group of military officers in walking out of a trial for the occupation of the Oakwood Premier Ayala Center and seizing a hotel in Makati to demand President Arroyo's resignation. The group peacefully surrendered after a 6-hour standoff with government forces.

In 2010, Benigno Aquino III was elected as President, amidst a successful National Elections, as characterized by a transparent and quick vote counting and minimal violence. The election of a new President also brought about a boost in investor and business confidence, brought about by a renewed optimism in the changes that will be made to the present government. On 13 May 2013, mid-term elections were held for national and local positions which resulted in President Aquino's administration getting majority seats in the Senate as well as the House of Congress, evidencing the support of the electorate for the administration's structural reforms to be carried out for the remainder of his term.

In June 2016, the Philippines inagurated a new chief executive, President Rodrigo Duterte. Under the banner of change, President Duterte's administration has committed to reforms that will decrease graft, corruption, and inefficiencies in the government that have hampered business, economic, and social growth in the country. The new administration has also vowed to retain policies that have been conducive to business and economic growth while implementing new fiscal, monetary, and trade policies that will spur even more robust growth in the years to come. Some of the administration's headline projects include is embarking on progressive tax reform and an ambitious infrastructure development agenda.

In the months since his inauguration, there have been numerous controversies about President Duterte's War on Drugs where the administration has been encountered some issues regarding civil and human rights. These issues have strained its relationships with some foreign countries and international bodies. Also, the President's sentiments about shifting economically towards China and Russia away from traditional allies in the West, such as the US and EU, have also raised some concerns in the business community about investors shying away from the country. This has especially been of concern in the BPO sector where majority of companies come from the US markets. Foreign aid agencies from western countries have also decided to review their relationships with the Philippines which have increased the risk for social and economic projects in the country which rely on aid and grants from these agencies. There can be no guarantees that the Administration would be able to sustain investor and business confidence and that Political instabilities as discussed herein will no longer occur within the present Administration.

There can be no assurance that events similar to those discussed will no longer occur in the future.

Furthermore, there is no assurance that the future administrations will adopt economic policies conducive to sustaining economic growth. Any future economic, political or social instability in the Philippines could adversely affect CPI's business, financial condition or results of operations.

Terrorist activities in the Philippines could destabilize the country, adversely affecting its businesses.

The Philippines has been subject to a number of terrorist attacks since 2000. The Philippine military has been in conflict with the Abu Sayyaf organization which has been identified as being responsible for kidnapping and terrorist activities in the Philippines. Recently, there has been a series of bombings in the Philippines, mainly in cities in the southern part of the country. Although no one has claimed responsibility for these attacks, it is believed that the attacks are the work of various separatist groups, possibly including the Abu Sayyaf organization, which has ties to the al-Qaeda terrorist network. An increase in the frequency, severity or geographic reach of terrorist acts could destabilize the Philippines, increase internal divisions within the Government as it evaluates responses to that instability and unrest and adversely affect the country's economy. It may also discourage the entry or expansion of BPO companies in the country. Northgate Cyberzone and Cebu Cyberzone may be particularly vulnerable to and adversely affected by terrorist attacks because of the large numbers of people and economic importance of the location. The occurrence of a terrorist attack at Northgate Cyberzone, in particular, could lead to a significant loss of business and have a material adverse effect on the Company's business. There can be no assurance that the Philippines will not be subject to further acts of terrorism in the future, and violent acts arising from, and leading to, instability and unrest may have a material adverse effect on the Company and its financial condition, results of operations and prospects.

In addition, the communist New People's Army ("NPA") is active in some of the provinces where the Company's may pursure to locate its projects in the future. Companies who operate businesses in the areas where the NPA is active have, in the past, been approached by members of the NPA who attempt to collect "revolutionary taxes" from such companies and the business activities of companies that have either refused to pay such "taxes" or failed to pay the required amount have been disrupted. For example, equipment may be sabotaged and workers harassed by NPA members. While the Company has never been approached by the NPA in the past and has not had any of its projects disrupted by the NPA, there can be no assurance that this will not occur in the future, particularly as the Company continues to expand its activities to regions of the Philippines outside of Metro Manila and its immediately surrounding provinces.

Recently, the Duterte administration has indicated its intent to pursue peace with the NPA. There have been recent peace talks which resulted in a ceasefire between the government and the NPA. The talks and the ceasefires have repeatedly broken down due to the government and the communist party not being able to agree on terms as well as incidents of clashes between NPA and government forces during the ceasefire. The government has also ramped up its efforts in fighting the Abu Sayyaf by committing more forces to Mindanao. Although the administration has claimed that it is winning the war agains the terror group, the number of hostages taken by the group has almost doubled since the new administration took office with the notable executions of two Canadian citizens, Robert Hall and John Ridsdel, and one German citizen, Juergen Kantner.

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 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.

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.

Early Redemption Option Risk

Prior to the relevant maturity date of the Bonds, the Issuer shall have the option, but not the obligation, to redeem in whole (and not in part) the outstanding Bonds on the Early Redemption Option Date. 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.

Exercising the early redemption option which occurs on the third (3^{rd}) year may have impact on taxes on due gains realized from the sale of the Bonds in the secondary market (see "TAXATION" section). The said early redemption option may have an impact on the liquidity of the Bonds in the secondary market.

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 CPI is notarized, such that no other loan or debt facility to which CPI 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 CPI shall at CPI's option, either procure a waiver of the preference created by such notarization or equally and ratably extend such preference to the Bonds.

PHILIPPINE TAXATION

The following is a discussion of the material Philippine tax consequences of the acquisition, ownership and disposition of the Bonds. This general description does not purport to be a comprehensive description of the Philippine tax aspects of the Bonds and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing of the Bonds under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequence in light of particular situations of acquiring, owning, holding and disposing of the Bonds in such other jurisdictions. This discussion is based upon laws, regulations, rulings, and income tax conventions (treaties) in effect at the date of this Prospectus.

The tax treatment of a holder of Bonds may vary depending upon such holder's particular situation, and certain holders may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to a Bondholder.

PROSPECTIVE PURCHASERS OF THE BONDS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF A BOND, INCLUDING THE APPLICABILITY AND EFFECT OF ANY LOCAL OR FOREIGN TAX LAWS.

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 doing 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 doing business in the Philippines." A "resident foreign corporation" is a non-Philippine 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.

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 derived by Philippine resident individuals from the Bonds is thus subject to income tax, which is withheld at source, at the rate of 20%. Generally, interest on the Bonds received by non-resident foreign individuals engaged in trade or business in the Philippines is subject to a 20% withholding tax while that received by non-resident foreign individuals not engaged in trade or business is taxed at the rate of 25%. Interest income received by domestic corporations and resident foreign corporations is taxed at the rate of 20%. Interest income received by non-resident foreign corporations is subject to a 30% final withholding tax. The tax withheld constitutes a final settlement of Philippine income tax liability with respect to such interest.

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 arises in the Philippines and 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.

TAX-EXEMPT STATUS

Bondholders who are exempt from or are not subject to final withholding tax on interest income may claim such exemption by submitting the necessary documents. Said Bondholder shall submit the following requirements to the Registrar, or to the Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters or the Co-Lead Managers (together with their completed Application to Purchase) who shall then forward the same to the Registrar: (i) certified true copy of the tax exemption certificate issued by the Bureau of Internal Revenue; (ii) a duly notarized undertaking, in prescribed form, declaring and warranting its tax-exempt status, undertaking to immediately notify CPI of any suspension or revocation of the tax exemption certificate and agreeing to indemnify and hold CPI 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; provided further that, all sums payable by CPI 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 or reasonable evidence of such exemption to the Registrar.

Transfers across tax categories shall not be allowed except on Interest Payment Dates that fall on a business day. Restricted transfers include, but are not limited to, transfers between taxable and non-taxable entities, between taxable entities of different tax categories (where tax-withheld entities with different final withholding tax rates (e.g. 20%, 25%, 30%) are considered as belonging to different tax categories), or between parties who claim the benefit of a tax treaty; 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 to ensure that the computation is based on the final withholding tax rate of the taxable party to the trade. For such transactions, the tax-exempt entity shall be treated as belonging to the same tax category as its taxable counterpart for the interest period within which such transfer occurred.

Transfers taking place in the Register of Bondholders after the 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", upon submission of Account Opening documents to the Registrar.

VALUE-ADDED TAX

Gross receipts arising from the sale of the Bonds in the Philippines by Philippine-registered dealers in securities and lending investors shall be subject to a 12% value-added tax. The term "gross receipt" means gross selling price less cost of the securities sold.

GROSS RECEIPTS TAX

Bank and non-bank financial intermediaries 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 years or less	5%
Maturity period is more than five years	1%

In case the maturity period referred above is shortened through pre-termination, then the maturity period shall be reckoned to end as of the date of pre-termination 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 shall be taxed at 7%.

DOCUMENTARY STAMP TAX

A documentary stamp tax is imposed upon the issuance of debentures and certificates of indebtedness issued by Philippine companies, such as the Bonds, at the rate of ₱1.00 for each ₱200, or fractional part thereof, of the offer 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. Any applicable documentary stamp taxes on the original issue shall be paid by CPI for its own account.

No documentary stamp tax is imposed on the subsequent sale or disposition of the Bonds unless the transfer carries with it a renewal and reissuance of the Bonds in the name of the transferee. In the event that there is a renewal and reissuance of the Bonds to replace the old Bonds, the transfer will be subjected to DST.

TAXATION ON SALE OR OTHER DISPOSITION OF THE BONDS

Income Tax

The holder of the Bonds will recognize gain or loss upon the sale or other disposition (including a redemption at maturity) of the Bonds in an amount equal to the difference between the amount realized from such disposition and such holder's basis in the Bonds. Such gain or loss is likely to be deemed a capital gain or loss assuming that the holder has held Bonds as capital assets.

Under the Tax Code, any gain realized from the sale, exchange or retirement of securities, debentures and other certificates of indebtedness with an original maturity date of more than five years (as measured from the date of issuance of such securities, debentures or other certificates of indebtedness) shall not be subject to income tax.

Therefore, any gains realized by a holder on the trading of Bonds shall be exempt from income tax. Further, note that the Bonds have an early redemption option which is provided on the third (3rd) anniversary from the Issue Date. The early redemption option, if exercised by the Issuer, may have impact on taxes due on gains realized from the sale of the Bonds in the secondary market. Investors should seek guidance from professional advisers as to the tax impact of the exercise of such early redemption option in respect to taxes due on the trading of the Bonds.

In case of an individual taxpayer, only 50% of the capital gain or loss is recognized upon the sale or exchange of a capital asset if it has been held for more than 12 months.

Any gains realized by non-residents on the sale of the Bonds may be exempt from Philippine income tax under an applicable tax treaty or if they are sold outside the Philippines.

Estate and Donor's Tax

The transfer by a deceased person, whether a Philippine resident or 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 progressive rates ranging from 5% to 20%, if the net estate is over ₱200,000. A Bondholder shall be subject to donor's tax on the transfer of the Bonds by gift at either (i) 30%, where the donee or beneficiary is a stranger, or (ii) at progressive rates ranging from 2% to 15% if the net gifts made during the calendar year exceed ₱100,000 and where the donee or beneficiary is not a stranger. For this purpose, a "stranger" is a person who is not a: (a) brother, sister (whether by whole or half-blood), spouse, ancestor and lineal descendant; or (b) relative by consanguinity in the collateral line within the fourth degree of relationship.

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.

USE OF PROCEEDS

Following the offer and sale of the Offer, without the Over-subscription Option and after deduction of commissions and expenses, net proceeds would amount to approximately ₱4,942.84 million. If CPI fully excercises the Over-subscription Option, net proceeds would approximately amount to ₱5,931.69 million after fees, commissions and expenses.

The final issue size of the Bonds shall be determined through a book building process. The over-subscription option of up to Php1.0 Billion (the "OS Option") shall only be triggered if the demand for the Bonds (as determined by the book building process) exceeds the Base Issue Size.

Net proceeds from the Bonds are estimated to be as follows (in ₱ and absolute amounts):

For a ₱5 billion issuance:

		Total
Estimated proceeds from the sale of Bonds		₱ 5,000,000,000
Less: Estimated expenses		
Documentary Stamp Tax	₱ 25,000,000	
SEC Registration Fee and Legal Research	1,843,250	
Publication Fee	100,000	
Underwriting and Other Professional Fees	29,569,893	
Listing Application Fee	112,000	
Printing Cost	350,000	
Trustee Fees	105,000	
Registry and Paying Agency Fees	75,000	
Estimated net proceeds the Issue		**₱ 4,942,844,857**

For an ₱6 billion issuance:

		Total
Estimated proceeds from the sale of Bonds		₱ 6,000,000,000
Less: Estimated expenses		
Documentary Stamp Tax	₱ 30,000,000	
SEC Registration Fee and Legal Research	2,083,125	
Publication Fee	100,000	
Underwriting and Other Professional Fees	35,483,871	
Listing Application Fee	112,000	
Printing Cost	350,000	
Trustee Fees	105,000	
Registry and Paying Agency Fees	75,000	
Estimated net proceeds the Issue		**₱ 5,931,691,004**

** Note that the above expenses include Gross Receipts Tax and VAT which are for CPI's account.*

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

1) PhilRatings annual monitoring fee of ₱450,000
2) PDEx annual listing maintenance fee of ₱150,000 per tranche
3) PDTC registration and statement generation fees of ₱260,000 per tranche
4) PDTC paying agency fee and credit advices of ₱120,000

TIMING AND USE OF PROCEEDS

For the Bonds to be issued

The net proceeds of the Bonds will be utilized to finance its capital expenditure requirements for the 2nd Half of 2017 and 1st Half of 2018.

	Capital Expenditures
2nd Half 2017	₱3,338,251,835.77
1st Half 2018	₱2,635,243,840.50
Total	**₱5,973,495,676.27**

Capital Expenditures per Building

Building	**2H 2017**	**1H 2018**	**Total**
Filinvest Axis Tower 1	₱ 1,133,398,094.70	₱ 2,941,150.00	₱ 1,136,339,244.70
Megablock Parking for Old Bldgs	469,950,060.00	420,850,800.00	890,800,860.00
Filinvest Axis Tower 3	102,915,482.40	564,914,428.70	667,829,911.10
Filinvest Axis Tower 2	259,255,223.30	397,626,532.96	656,881,756.26
Cebu Tower 3	233,259,097.39	322,837,069.06	556,096,166.45
Cebu Tower 2	241,143,133.52	299,287,828.94	540,430,962.46
Cebu Tower 4	242,372,812.00	279,660,936.93	522,033,748.93
Filinvest Axis Tower 4	2,156,445.22	285,719,060.41	287,875,505.63
Vector Three	217,570,628.67	6,976,758.30	224,547,386.97
Filinvest Two	124,784,448.68	5,846,960.81	130,631,409.49
Filinvest Three	120,705,976.89	5,684,097.63	126,390,074.52
Cebu Tower 1	94,373,887.04	3,564,599.81	97,938,486.85
Plaza E	29,188,558.09	3,302,944.21	32,491,502.30
Ihub 1	9,572,991.70	2,320,362.01	11,893,353.71
Vector Two	5,719,358.41	4,429,125.45	10,148,483.86
Ihub 2	5,763,473.27	3,449,448.97	9,212,922.24
5132 bldg	6,776,758.99	2,304,024.47	9,080,783.46
Vector One	4,482,623.20	4,350,445.61	8,833,068.81
Plaza D	5,718,405.99	2,824,330.11	8,542,736.10
Plaza A	5,095,080.43	2,554,689.85	7,649,770.28
Plaza C	4,599,904.95	1,742,422.13	6,342,327.08

Plaza B	4,944,501.83	1,369,034.65	6,313,536.48
Parking	5,437,977.20	-	5,437,977.20
IT School	4,383,161.16	510,384.37	4,893,545.53
FLI Edsa	2,533,043.87	2,015,341.48	4,548,385.35
Capital One	-	4,235,009.89	4,235,009.89
Filinvest One	1,814,563.27	2,365,044.13	4,179,607.40
Convergys	336,143.60	1,561,009.62	1,897,153.22
Total	**₱3,338,251,835.77**	**₱2,635,243,840.50**	**₱5,973,495,676.27**

In the event that the Oversubscirption Option is not exercised, the use of proceeds for the capital expenditures of the Company will be as follows:

	Capital Expenditures
2nd Half 2017	₱2,804,131,542.05
1st Half 2018	₱2,213,604,826.02
Total	₱5,017,736,368.07

Capital Expenditures per Building

Building	**2H 2017**	**1H 2018**	**Total**
Filinvest Axis Tower 1	₱952,054,399.55	₱2,470,566.00	₱954,524,965.55
Megablock Parking for Old Bldgs	394,758,050.40	353,514,672.00	748,272,722.40
Filinvest Axis Tower 3	86,449,005.22	474,528,120.11	560,977,125.32
Filinvest Axis Tower 2	217,774,387.57	334,006,287.69	551,780,675.26
Cebu Tower 3	195,937,641.81	271,183,138.01	467,120,779.82
Cebu Tower 2	202,560,232.16	251,401,776.31	453,962,008.47
Cebu Tower 4	203,593,162.08	234,915,187.02	438,508,349.10
Filinvest Axis Tower 4	1,811,413.98	240,004,010.74	241,815,424.73
Vector Three	182,759,328.08	5,860,476.97	188,619,805.05
Filinvest Two	104,818,936.89	4,911,447.08	109,730,383.97
Filinvest Three	101,393,020.59	4,774,642.01	106,167,662.60
Cebu Tower 1	79,274,065.11	2,994,263.84	82,268,328.95
Plaza E	24,518,388.80	2,774,473.14	27,292,861.93
Ihub 1	8,041,313.03	1,949,104.09	9,990,417.12
Vector Two	4,804,261.06	3,720,465.38	8,524,726.44
Ihub 2	4,841,317.55	2,897,537.13	7,738,854.68
5132 bldg	5,692,477.55	1,935,380.55	7,627,858.11
Vector One	3,765,403.49	3,654,374.31	7,419,777.80
Plaza D	4,803,461.03	2,372,437.29	7,175,898.32
Plaza A	4,279,867.56	2,145,939.47	6,425,807.04
Plaza C	3,863,920.16	1,463,634.59	5,327,554.75

Plaza B	4,153,381.54	1,149,989.11	5,303,370.64
Parking	4,567,900.85	-	4,567,900.85
IT School	3,681,855.37	428,722.87	4,110,578.25
FLI Edsa	2,127,756.85	1,692,886.84	3,820,643.69
Capital One	-	3,557,408.31	3,557,408.31
Filinvest One	1,524,233.15	1,986,637.07	3,510,870.22
Convergys	282,360.62	1,311,248.08	1,593,608.70
Total	**₱ 2,804,131,542.05**	**₱ 2,213,604,826.02**	**₱ 5,017,736,368.07**

The Company plans to fund the rest of the cost of the construction of these buildings through its available credit facilities with its partner banks. The relevant permits and licenses for the projects are in place. CPI has also begun either construction or are in the preparatory phase for all these projects. The current status of the Company's buildings in construction are as follows:

Building	Construction Start Date (as per contract)	Construction End Date (as per contract)	% Accomplishment as of 31 May 2017	Forecasted Turnover Date	Remarks
Vector Three	17-Jul-2014	9-Sep-2016	98.41%	15-Aug-2017	Testing & Commissioning/ Turnover is ongoing.
Filinvest Axis Tower 1	8-Jul-2014	24-Apr-2017	75.51%	30-Dec-2017	Gen.Contractor's request for EOT is under evaluation by external CM.
Filinvest Axis Tower 2	2-Nov-2016	22-Oct-2018	12.52%	22-Oct-2018	
Filinvest Axis Tower 3	1-Jun-2017	30-Dec-2019	0.00%	30-Dec-2019	Bulk Excavation preparation works is ongoing.
Filinvest Axis Tower 4	1-Jun-2017	30-Jul-2020	0.00%	30-Jul-2020	Bulk Excavation preparation works is ongoing.
Cebu Tower 2	15-Oct-2015	26-Oct-2017	69.60%	30-Dec-2017	
Cebu Tower 3	-	-	0.00%	1st Quarter 2021	Area is currently used as staging area of Tower 2, for further verification of schedules
Cebu Tower 4	-	-	0.00%	1st Quarter 2021	Area is currently used as staging area of Tower 2, for further verification of schedules

None of the proceeds are to be used to reimburse any officer director, employee, or shareholder of the Company for service rendered, assets previously transferred, monely loaned or advanced or otherwise.

In the event of any deviation or adjustment in the planned use of proceeds, the Company shall inform its shareholders, PDEX, and the SEC in writing at least 30 days before such deviation or adjustments is implemented. Any material or substantial adjustment to the use of proceeds, as indicated above, should be approved by the Company's Board of Directors.

EXPENSES

The estimated fees and expenses relating to the issue are detailed in the table contained in page 47 under this section on "Use of Proceeds". Expenses in the said table include the SEC registration fees, underwriting and other professional fees, trustee and registry and paying agency fees, listing fees, marketing and printing and other estimated expenses for the issuance of the Bonds.

DETERMINATION OF OFFER PRICE

The Bonds shall be issued at 100% of the principal amount or face value.

DETERMINATION OF INTEREST RATE

The following shall be used as basis in determining the Interest Rate for the Bonds:

(i) The Final Interest Rate will be the sum of (a) the relevant Benchmark Rate as defined below and b) the Final Spread.

(ii) The Benchmark Rate is defined as the simple average of the interpolated 5.5-year rate based on the weighted average yield of "done" rates of the 5-year PDST-R2 and 7-year PDST-R2 for the three (3) Business days immediately preceding and inclusive of the Interest Rate Setting Date.

(iii) In the event that PDST-R2 based on "done" rates are no longer suitable/applicable as a benchmark on the Interest Setting Date, an alternative benchmark, mutually acceptable to the Issuer and the Joint Issue Managers, Joint Lead Bookrunners Joint, and Lead Underwriters, shall be adopted.

PLAN OF DISTRIBUTION

THE OFFER

On 12 April 2017, CPI filed a Registration Statement with the Securities and Exchange Commission, in connection with the offer and sale to the public of debt securities with an aggregate principal amount of an aggregate amount of up to ₱5,000,000,000.00 with an Over-subscription Option of up to ₱1,000,000,000.00 in Unsecured Fixed Rate Retail Bonds.

However, there can be no assurance in respect of: (i) whether CPI would issue such debt securities at all; (ii) the size or timing of any individual issuance or the total issuance of such debt securities; or (iii) the specific terms and conditions of such issuance. Any decision by CPI to offer such debt securities will depend on a number of factors at the relevant time, many of which are not within CPI's control, including but not limited to: prevailing interest rates, the financing requirements of CPI's business and prospects, market liquidity and the state of the domestic capital market, and the Philippine, regional and global economies in general. In the event, however, that the Over-subscription Option is not exercised, the same shall be deemed cancelled and filing for the Over-subscription Option shall be deemed forfeited.

THE JOINT LEAD UNDERWRITERS OF THE OFFER

BDO Capital & Investments Corporation, BPI Capital Corporation, EastWest Banking Corporation, and First Metro Investment Corporation (the "Joint Lead Underwriters"), pursuant to an Underwriting Agreement with CPI executed on 23 June 2017 (the "Underwriting Agreement"), have agreed to act as the Joint Lead Underwriters for the Offer and as such, distribute and sell the Bonds at the Offer Price. The Joint Lead Underwriters have also committed to underwrite an aggregate principal amount of up to Five Billion Pesos (₱5,000,000,000.00) on a firm basis with a One Billion Pesos (₱1,000,000,000.00) Over-subscription Option subject to the satisfaction of certain conditions and in consideration of certain fees and expenses.

The Joint Lead Underwriters have committed to underwrite the entire Offer amount allocated to each Joint Lead Underwriter as follows (in ₱):

Bank	Amount
BDO Capital	1,250,000,000.00
BPI Capital	1,250,000,000.00
EastWest Bank	1,250,000,000.00
First Metro	1,250,000,000.00
Total	**5,000,000,000.00**

The underwriting fee is equivalent to 55 basis points of the final nominal principal amount of the Bonds issued. This would amount to total underwriting fees of ₱29,569,893.00 for the principal amount of Five Billion Pesos (₱5,000,000,000.00) and ₱35,483,871.00 if the Oversubscription Option of One Billion Pesos (₱1,000,000,000.00) is exercised. There is no arrangement for the Joint Lead Underwriters to return to CPI any unsold Bonds. The Underwriting Agreement may be terminated in certain circumstances prior to payment of the net proceeds of the Bonds being made to CPI. There is no arrangement as well giving the Joint Lead Underwriters the right to designate or nominate member(s) to the Board of Directors of CPI.

The Joint Lead Underwriters are all duly licensed by the SEC to engage in underwriting or distribution of the Bonds. The Joint Lead Underwriters may, from time to time, engage in transactions with and perform services in the ordinary course of its business for CPI, FLI, or other members of the Filinvest Group of which CPI forms a part.

BDO Capital is the wholly-owned investment-banking subsidiary of BDO Unibank Inc. BDO Capital is a full-service investment house primarily involved in securities underwriting, loan syndication, financial advisory, private placement of debt and equity, project finance, and direct equity investment. Incorporated in December 2008, BDO Capital commenced operations in March 1999. BDO Capital is licensed by the SEC to engage in the underwriting or distribution of securities to the public.

BPI Capital is the wholly-owned investment banking subsidiary of the Bank of the Philippine Islands and is duly licensed by the SEC to engage in the underwriting and distribution of securities. BPI Capital offers investment banking services in the areas of financial advisory, mergers and acquisitions, debt and equity underwriting, private placement, project finance and loan syndication. It began operations as an investment house in December 1994. BPI Capital is licensed by the SEC to engage in the underwriting or distribution of securities to the public.

EastWest Bank is a wholly-owned subsidiary of Filinvest Development Corporation. EastWest 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 6, 1994 and received its universal bank license from the BSP in 2011. EastWest Bank is licensed by the SEC to engage in the underwriting or distribution of securities to the public.

First Metro is the investment banking arm of Metropolitan Bank & Trust Company. Incorporated in 1972, First Metro is engaged primarily in equity and debt underwriting, financial and investment advisory, loan syndication, private equity, government and fixed income securities trading and stock brokerage. First Metro is licensed by the SEC to engage in the underwriting or distribution of securities to the public.

Except for EastWest Bank, the Underwriters have no direct relations with CPI in terms of ownership by either of their respective major stockholder/s. EastWest Banking Corporation is 77% effectively owned by FDC which is also has an 59% ownership of FLI which owns 100% of CPI.

THE CO-LEAD MANAGERS

CPI has appointed PNB Capital and Investment Corporation and SB Capital Investment Corporation as Co-Lead Managers to the Offer. Both institutions are licensed by the SEC to engage in the underwriting or distribution of securities to the public.

BROKERS/DEALERS' COMPENSATION

There are no discounts and commissions to be allowed or paid to Broker Dealers in connection with the sale of the securities.

FINDERS

The Company has not contracted any finders for the Bonds.

SALE AND DISTRIBUTION

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

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

There are no persons to whom the Bonds are allocated or designated. The Bonds shall be offered to the public at large and without preference. The Bonds shall not be offered through any other channels other than through the appointed underwriters.

OFFER PERIOD

The Offer Period shall commence at 10:00 a.m. on 27 June 2017 and end at 5:30 p.m. on 30 June 2017 or such earlier day or later day as may be determined by CPI and the Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters.

APPLICATION TO PURCHASE

During the Offer Period, CPI, through the Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters and the Co-Lead Managers, shall solicit subscriptions to the Bonds from Prospective Bondholders. Applicants may purchase the Bonds during the Offer Period by submitting to the Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters and/or the Co-Lead Managers properly completed Applications to Purchase, together with all required attachments therein, including but not limited to, two signature cards, and the full payment of the purchase price of the Bonds in the manner provided in said Application to Purchase.

Individual applicants are required to submit, in addition to accomplished Application to Purchase and its required attachments:

- 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, 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;

- two duly accomplished signature cards containing the specimen signature of the Applicant

- validly issued tax identification number issued by the BIR; and such other documents as may be reasonably required by the Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters, Selling Agents (if any) or the Registrar in implementation of its internal policies regarding "know your customer" and anti-money laundering.

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

- an original notarized certificate of the corporate secretary 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 Offer Bonds indicated in the Application to Purchase and (ii) designating the signatories, with their specimen signatures, for the said purposes;

- copies of its Articles of Incorporation and By-Laws 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);

- 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);

- validly issued tax identification number issued by the BIR;

- identification document(s) of the authorized signatories of the Applicant, as specified in item (a) of the immediately succeeding paragraph below; and such other documents as may be reasonably required by any of the Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters or the Registrar in the implementation of its 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 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:

- 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;

- 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;
- a duly notarized undertaking executed by (1) the corporate secretary or any authorized representative of such applicant or Bondholder, who has personal knowledge of the exemption based on his official functions, if the Applicant purchases, or the Bondholder holds, the Offer Bonds for its account, or (2) the trust officer, if the applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Offer Bonds pursuant to its management of tax-exempt entities (i.e. Employee Retirement Fund, etc.), declaring and warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer, the Registrar and the Paying Agent of any suspension or revocation 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

- 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.

Only Applications to Purchase which are accompanied by deposits, check payments or covered by appropriate debit instructions or other instructions acceptable to the Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters and the Co-Lead Managers shall be accepted. Completed Applications to Purchase must reach the Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters and/or Co-Lead Managers prior to the end of the Offer Period, or as such earlier date as may be specified by the Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters and the Co-Lead Managers. Acceptance by the Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters and the Co-Lead Managers of the completed Application to Purchase shall be subject to the availability of the Bonds and the acceptance by CPI. 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 is deemed revoked.

MINIMUM PURCHASE

A minimum purchase of Fifty Thousand Pesos (₱50,000.00) shall be considered for acceptance. Purchases in excess of the minimum shall be in multiples of Ten Thousand Pesos (₱10,000.00) and traded in denominations of Ten Thousand Pesos (P10,000.00) in the secondary market.

ALLOTMENT OF THE BONDS

If the Bonds are insufficient to satisfy all Applications to Purchase, the available 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 Issue Managers', Joint Lead Bookrunners', and Joint Lead Underwriters' exercise of its right to the acceptance or rejection on behalf of the Issuer.

ACCEPTANCE OF APPLICATIONS

CPI, together with the Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters and the Co-Lead Managers reserve the right to accept or reject any application to purchase the Offer Bondsfor and in case of over-subscription, allocate the Bonds available to the applicants in a manner they deem appropriate.

REJECTION OF APPLICATION

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

(a) Applications may be rejected if: (i) the Purchase Price is unpaid; (ii) payments are insufficient or where checks, as applicable, are dishonoured upon first presentation; (iii) the Application to Purchase is not received by the Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters or the Selling Agent (if any) on or before the end of the Offer Period; (iv) the number of 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, and the Over-subscription Option has been exercised and the Over-subscription Option Bonds are not sufficient to cover such over-subscription, in which case the number of Offer Bonds covered by the applications shall be reduced *pro rata*.

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

REFUNDS

If any application is rejected or accepted in part only, the application money or the appropriate unused portion thereof shall be returned without interest to such applicant through the Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters and/or Co-Lead Managers with whom such application to purchase the Bonds was made.

Refunds shall be made, at the option of each Joint Lead Underwriter and Bookrunner 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, which shall be operated solely and exclusively by said Paying Agent in accordance with the Registry and Paying Agency Agreement, provided that beneficial ownership of the payment account shall always remain with the Bondholders. The payment account shall be used exclusively for the payment of the relevant interest and principal on each Payment Date.

Any payment of interest on, or the principal of the 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.

PURCHASE AND CANCELLATION

The Issuer may at any time purchase any of the Bonds in the open market or by tender or by contract, in accordance with PDEx Rules, without any obligation to purchase Bonds pro-rata from all Bondholders and the Bondholders shall not be obliged to sell. Any 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.

SECONDARY MARKET

CPI intends to list the Bonds in the PDEx. CPI may purchase the Bonds at any time in the PDEx trading system without any obligation to make pro-rata purchases of the Bonds from all Bondholders.

REGISTRY OF BONDHOLDERS

The Bonds shall be issued in scripless form and shall be registered in the electronic Register of Bondholders maintained by the Registrar. A Master Certificates of Indebtedness representing the Bonds sold in the Offer shall be issued to and registered in the name of the Trustee, on behalf of the Bondholders.

Legal title to the Bonds shall be shown in the Register of Bondholders to be maintained by the Registrar. Initial placement of the Bonds and subsequent transfers of interests in the Bonds shall be subject to applicable prevailing Philippine selling restrictions. The names and addresses of the Bondholders and the particulars of the Bonds held by them and all subsequent transfers of Bonds shall be entered in the

Register of Bondholders. Transfers of ownership shall be effected through book-entry transfers in the electronic Register of Bondholders.

DESCRIPTION OF THE BONDS

The following does not purport to be a complete listing of all the rights, obligations or privileges of the 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 CPI, the information contained in this Prospectus, the Trust Agreement, Underwriting Agreement, and other agreements relevant to the Offer. Prospective Bondholders are likewise encouraged to consult their legal counsels and accountants in order to be better advised of the circumstances surrounding the issued Bonds.

The Board of Directors of Cyberzone Properties, Inc. authorized, through a resolution unanimously passed and approved the issuance of an aggregate of up to ₱5,000,000,000.00 principal amount, with an Over-subscription Option of up to ₱1,000,000,000.00, of Unsecured Fixed-Rate Peso Retail Bonds. The Bonds are comprised of 5.0496% per annum "Five Years and a Half Bonds". A registration statement filed by the Company was rendered effective by the Securities and Exchange Commission ("SEC") by its order and certificate of permit to offer securities for sale for the Fixed-rate Bonds was issued on 23 June 2017.

The Bonds shall be constituted by a Trust Agreement (the "Trust Agreement") executed on 23 June 2017 between CPI and Metropolitan Bank & Trust Company – Trust Banking Group (the "Trustee"), which Trustee shall, wherever the context permits, include all other persons or companies acting and recognized as trustee or trustees under the said Agreement. A Registry and Paying Agency Agreement executed on 23 June 2017 (the "Registry and Paying Agency Agreement") in relation to the Bonds between CPI and the Philippine Depository & Trust Corp. as registrar and paying agent (the "Registrar and Paying Agent"). The description of and the terms and conditions of the Bonds as set out below includes summaries of, and is subject to, the detailed provisions of the Trust Agreement and the Registry and Paying Agency Agreement.

The Bonds shall mature on 7 January 2023 or five years and a half from Issue Date unless earlier redeemed by CPI pursuant to the terms thereof and subject to the provisions on redemption and payment as detailed below.

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 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 Agreement applicable to them.

The Bonds shall be offered and sold through a public offering in the Philippines. The Bonds shall be issued in minimum principal amounts of Fifty Thousand Pesos (₱50,000.00) and in multiples of Ten Thousand Pesos (₱10,000.00) thereafter, and shall be traded in denominations of Ten Thousand Pesos (₱10,000.00) in the secondary market.

The Registrar and Paying Agent have no interest in or relation to CPI which may conflict with its role as registrar and paying agent for the Offer. The Trustee has no interest in or relation to CPI which may conflict with the performance of its functions as trustee for the Bonds. EastWest Banking Corporation, one of the Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters, is an affiliate of CPI.

1. Form, Denomination and Title

(a) *Form and Denomination*

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

(b) *Title*

Legal title to the Bonds shall be shown in the Register of Bondholders (the "Register of Bondholders") maintained by the Registrar. A notice confirming the principal amount of the 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 Bonds shall pass by recording of the transfer from the transferor to the transferee in the electronic Register of Bondholders maintained by the Registrar. Settlement with respect to such transfer or change of title to the 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) *Bond Rating*

The Philippine Rating Services Corporation ("PhilRatings") has assigned a PRS Aaa rating to CPI's proposed issuance of up to ₱5.0 Billion in fixed-rate bonds, inclusive of the ₱1.0 Billion Over-subscription Option, having considered CPI's business plans, growth prospects and cashflow.

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 was also assigned a Stable Outlook. This means that the assigned issue credit rating is likely to remain unchanged in the next 12 months.

The assigned issue credit rating and outlook reflect the following key considerations: (i) exceedingly competitive and focused office portfolio which has been consistently growing while maintaining high occupancy rates; (ii) supportive economy and industry outlook, backed by resilient and growing demand; (iii) synergies with the Filinvest Group, including an established brand name and track record, along with a highly-experienced management team (iv) consistently growing profitability with strong margins; and (v) more than ample liquidity in relation to debt servicing requirements.PhilRatings' credit ratings are based on available information and projections at the time that the rating review was performed. PhilRatings shall continuously monitor developments relating to CPI and may change the ratings at any time, should circumstances warrant a change. After Issue Date, the Trustee shall likewise monitor the compliance by the issuer with certain covenants in relation to the Bonds with the regular annual reviews.

2. Transfer of Bonds

(a) *Register of Bondholders*

The Issuer shall cause the Register of Bondholders to be kept by the Registrar, in electronic form. The names and addresses of the Bondholders and the particulars of the Bonds held by them and all transfers of Bonds shall be entered in the Register 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 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 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*

Transfers across tax categories shall not be allowed except on Interest Payment Dates that fall on a business day. Restricted transfers include, but are not limited to, transfers between taxable and non-taxable entities, between taxable entities of different tax categories (where tax-withheld entities with different final withholding tax rates (e.g. 20%, 25%, 30%) are considered as belonging to different tax categories), or between parties who claim the benefit of a tax treaty; 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 to ensure that the computation is based on the final withholding tax rate of the taxable party to the trade. For such transactions, the tax-exempt entity shall be treated as belonging to the same tax category as its taxable counterpart for the interest period within which such transfer occurred.

Transfers taking place in the Register of Bondholders after the 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", upon submission of Account Opening documents to the Registrar.

(c) *Registrar*

For transfers and record updates, notices and communication with the Registrar may be made thru the following:

Philippine Depository & Trust Corporation
37th Floor Enterprise Centre Tower I
Ayala Avenue, Makati City, Metro Manila

Telephone no: (632) 884-4425
Fax no: (632) 757-6025
E-mail: baby_delacruz@pds.com.ph
Attention: Josephine Dela Cruz, Associate Director

(d) *Secondary Trading of the Bonds*

CPI intends to list the Bonds in PDEx for secondary market trading. The Bonds will be traded in a minimum board lot size of P10,000.00 as a minimum, and in multiples of P10,000.00 in excess thereof for as long as any of the Bonds are listed on PDEx. Secondary market trading and settlement in PDEx shall follow the applicable PDEx rules, conventionsand 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 Bonds constitute direct, unconditional, unsecured and unsubordinated Peso denominated 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 Bonds bears interest on its principal amount from and including Issue Date at the rate of 5.0496% p.a., payable quarterly in arrears, commencing on October 7, 2017, for the first Interest Payment Date and January 7, April 7, July 7, and October 7 of each year while the Bonds are outstanding (each of which, for purposes of this section is an "Interest Payment Date") 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 Bonds shall fall on the respective Maturity Date, or on 7 January 2023 for the 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 Bonds. No transfers of the Bonds may be made during this period intervening between and commencing on the Record Date and the relevant Interest Payment Date.

The following shall be used as basis in determining the Interest Rate for the Bonds:

(i) The Final Interest Rate will be the sum of (a) the relevant Benchmark Rate as defined below and b) the Final Spread.
(ii) The Benchmark Rate is defined as the simple average of the interpolated 5.5-year rate based on the weighted average yield of "done" rates of the 5-year PDST-R2 and 7-year PDST-R2 for the three (3) Business days immediately preceding and inclusive of the Interest Rate Setting Date.
(iii) In the event that PDST-R2 based on "done" rates are no longer suitable/applicable as a benchmark on the Interest Setting Date, an alternative benchmark, mutually acceptable to the Issuer and the Joint Issue Managers, Joint Lead Bookrunners Joint, and Lead Underwriters, shall be adopted.

(b) *Interest Accrual*

Each Bond shall cease to bear interest, net of applicable withholding taxesm from and including the Maturity Date, as defined in the discussion on *"Final Redemption"*, below, unless, upon due presentation, payment of the principal in respect of the 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 twelve (12) months of thirty (30) days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of thirty (30) days.

5. Redemption and Purchase

(a) *Optional Redemption*

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

Early Redemption Option Date	Early Redemption Price
Third anniversary (3^{rd}) from Issue Date	102.0 %

The Issuer shall give not less than thirty (30) nor more than sixty (60) days prior written notice of its intention to redeem the Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Bonds on the Early Redemption Date stated in such notice.

(b) *Final Redemption*

Unless previously purchased and cancelled, the Bonds shall be redeemed at par or 100% of face value on 7 January 2023 (the "Maturity Date"). 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, on the succeeding Business Day.

(c) *Redemption for Tax Reasons*

If payments under the 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 Bonds in whole, but not in part, on any Interest Payment Date (having given not more than sixty (60) nor less than thrity (30) days' prior written notice to the Trustee and the Registrar and Paying Agent) at par plus accrued interest, computed from, and including, the last Interest Payment Date up to, but excluding, the relevant Interest Payment Date on which such redemption is carried out.

(d) *Change in Law or Circumstance*

The following events shall be considered as changes in law or circumstances ("Change in Law or Circumstance") as it refers to the obligations of the Issuer and to the rights and interests of the Bondholders under the Trust Indenture and the Bonds:

(i) Any government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Trust Indenture or the Bonds shall be modified in a manner which, in the reasonable opinion of the Trustee, shall materially and adversely affect the ability of the Issuer to comply with such obligations, or shall be withdrawn or withheld.

(ii) Any provision of the Trust Indenture or any of the related documents is or shall become, for any reason, invalid, illegal or unenforceable to the extent that 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 Indenture 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 Indenture or any other related documents.

(iii) Any concessions, permits, rights, franchise or privileges required for the conduct of the business and operations of the Issuer shall be revoked, cancelled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, in such manner as to materially and adversely affect the financial condition or operations of the Issuer.

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

The Trustee shall, within five (5) days after the occurrence of any Change in Law or Circumstance, give to the Bondholders written notice of such default known to it, via publication in a newspaper of general circulation in Metro Manila for two (2) consecutive days as soon as practicable, indicating in the published notice that a Change in Law or Circumstance has occurred, unless the same shall have been cured before the giving of such notice.

If any one or more of the events enumerated as a Change of Law or Circumstance shall occur and be continuing for a period of thirty (30) days, the Majority Bondholders, by notice in writing delivered to the Issuer through the Trustee, after the lapse of the said thirty (30) day period, may declare the principal of the Bonds, including all accrued interest, net of applicable withholding taxes, 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 prepayment penalty, anything contained in the Trust Indenture or in the Bonds to the contrary notwithstanding.

(e) *Purchase and Cancellation*

The Issuer may at any time purchase any of the Bonds in the open market or by tender or by contract, in accordance with PDEx Rules, without any obligation to purchase Bonds pro-rata from all Bondholders and the Bondholders shall not be obliged to sell. Any 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.

6. Payments

The principal of, interest on, and all other amounts payable on the Bonds shall be paid by CPI 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 Bonds shall be payable in Philippine Pesos.

CPI shall ensure that so long as any of the Bonds remains outstanding, there shall at all times be a Paying Agent for the purposes of the Bonds. In the event the Paying Agent shall be unable or unwilling to continue to act as such, CPI 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 Bonds is subject to a final withholding tax at rates between twenty percent (20%) and thirty percent (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 CPI; provided however that, CPI shall not be liable for the following:

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

(b) The applicable final withholding tax on interest earned on the 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 Bonds is subject to a final withholding tax at rates between twenty percent (20%) and thirty percent (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 CPI 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 that the same Bondholder named in the tax exemption certificate described in (i) above, is specifically exempt from the relevant tax or is subject to a preferential tax rate for the relevant tax, undertaking to immediately notify CPI of any suspension or revocation of the tax exemption certificates or preferential rate entitlement, and agreeing to indemnify and hold CPI 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 CPI that the Bondholder is not doing business in the Philippines; provided further that, all sums payable by CPI 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 Bonds and the execution of the Bond Agreements, if any, shall be for CPI's account.

8. Financial Covenants

The Issuer shall maintain the following financial ratios, with testing to be done on a semi-annual basis, the calculations of which shall be done using the Issuer's year-end audited financial statements:

(a) CPI shall maintain a Debt-to-Equity Ratio of not more than 2.33x. Debt-to-Equity ratio is computed as total Financial Indebtedness divided by Total Equity.

(b) CPI shall maintain a Debt Service Coverage Ratio of not less than 1.1x. 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:

"Debt Service" means all amounts payable by CPI under any Financial Indebtedness, including all principal, interest, fees, commissions, costs and expenses; provided, however, that such amounts payable for the period pertaining to refinancing activities shall be excluded from the Debt Service calculation

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

"Financial Indebtedness" means any outstanding indebtedness of CPI for or in respect of:

(i) monies borrowed, which shall be treated as loans payable, notes payable, bonds payable, or other similar borrowing;

(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 to the extent they are sold on a non-recourse basis;

(v) any amount of any liability (other than trade accounts payable, contractors payables, 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) the amount of any liability in respect of any lease or hire purchase contract which would be treated as a finance or capital lease;

(vii) any currency swap, or interest rate swap, cap or collar arrangement or any other derivative instrument;

(viii) any amount raised by the issue of redeemable shares or preferred shares;

(ix) any amount raised under any other transaction having the commercial effect of a borrowing; and/or

(x) Any guarantee or indemnity or other assurance against financial loss of any person.

"**Total Equity**" means equity attributable to equity holders of the Company including any subordinated shareholder advances.

9. Negative Pledge

For as long as any of the Bonds remain outstanding, CPI covenants that it shall not, without the prior written consent of the Bondholders holding more than fifty percent (50%) of the principal amount of the Bonds then outstanding (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 Bonds; provided however that, this restriction shall not prohibit "Permitted Liens" which are:

(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 CPI 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 thereof) incurred for the purpose of financing the purchase, lease or development of such asset; or (iv) the normal rediscounting of receivable activities of CPI 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 CPI 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 in the normal course of business.

(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 pledge 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 CPI, 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 CPI under a governmental program under which creation of a security is a prerequisite in order to obtain such financing, and which cover assets of CPI which have an aggregate appraised value, determined in accordance with generally accepted appraisal principles and practices consistently applied not exceeding six percent (6%) of CPI'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 or the requirements of the Bangko Sentral ng Pilipinas on loans and financial accommodations extended to directors, officers, stockholders and related interest ("DOSRI");

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

(h) Any Security to be constituted on the assets of CPI after the date of the Trust Agreement which is disclosed in writing by CPI to the Trustee prior to the execution of the Trust Agreement and with an aggregate loan accommodation not exceeding the equivalent of five percent (5%) of the market value of the assets of CPI as reflected in the latest appraisal report submitted by an independent and reputable appraiser.

10. Events of Default

CPI shall be considered in default under the 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*

CPI fails to pay when due and payable any amount which it is obliged to pay to the Bondholders under the Trust Agreement and the 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 and warranty of CPI 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 seven (7) 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*

CPI fails to perform or violates any other provision, term of the Trust Agreement and the 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 with respect to the covenant to maintain the prescribed financial ratios; 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*

CPI fails to pay or defaults in the payment of any installment of the principal or interest, or fails to comply or commits a breach or violation of any term, condition or stipulation, of any other agreement, contract or document with its lenders or any third party to which CPI is a party or privy or under which the Borrower 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 Bonds, 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*

CPI 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 proceeding, 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 CPI 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 the bankruptcy or insolvency of CPI or approving any reorganization (other than a labor or management reorganization), winding-up, liquidation or appointment of trustee or receiver of CPI or a substantial portion of its property or assets.

(f) *Closure Default*

CPI 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 CPI and to condemn, seize, nationalize or appropriate (either with or without compensation) CPI or any material portion of its properties or assets, unless such act, deed or proceedings are contested in good faith by CPI.

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

Any of the approval, consent, licenses, permits, rights, options, or privileges presently or hereafter enjoyed, utilized or required in the conduct of the business or operations of CPI 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 CPI to meet its obligations under the Trust Agreement and the Bonds, or any similar events that occur which materially and adversely affect the ability of CPI to meet its obligations under the Trust Agreement and the 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 Five Hundred Million Pesos (₱500,000,000.00) or its equivalent in any other currency is entered against CPI 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 CPI's assets, business or operations and such judgment, writ, warrant or similar process shall not be released, vacated or fully bonded within 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 CPI, or after the lapse of any grace period that may have been granted to CPI by the Bureau of Internal Revenue or any other Philippine tax body or authority.

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 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.

If any one or more of the Events of Default shall have occurred and be continuing 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 Bonds (the *"Majority Bondholders"*), shall, by notice in writing delivered to CPI, with a copy furnished the Paying Agent, Receiving Bank, and Registrar, declare the principal of the 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 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 CPI.

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 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 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 consecutive days, further indicating in the published notice that the Bondholders or their duly authorized representatives may obtain an important notice regarding the Bonds at the principal office of the Trustee upon presentment of sufficient and acceptable identification.

13. Penalty Interest

In case any amount payable by CPI under the Bonds, whether for principal, interest, fees due to Trustee or Registrar or otherwise, is not paid on due date, CPI 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% p.a. (the "Penalty Interest") from the time the amount falls due until it is fully paid.

14. Payment in the Event of Default

CPI covenants that upon the occurrence of any Event of Default, CPI shall pay to the Bondholders, through the Paying Agent, the whole amount which shall then have become due and payable on all such outstanding Bonds with interest at the rate borne by the Bonds on the overdue principal and with Penalty Interest as described above, and in addition thereto, CPI 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 gross 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 Bonds for principal, and interest, with Penalty Interest; *fourth,* to the payment of the whole amount then due and unpaid upon the Bonds for principal; and *fifth,* the remainder, if any shall be paid to CPI, 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 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 CPI 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 shall have given 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 Bonds; (ii) the Majority Bondholders shall have decided and made the written request upon the Trustee to institute such action, suit or proceeding in the latter's name; (iii) the Trustee for sixty (60) days after the receipt of such notice and request shall have neglected or refused to institute any such action, suit or proceeding; and (iv) no directions inconsistent with such written request shall have been given under a waiver of default by the Bondholders, 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 whatever 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 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, CPI, 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 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: Metropolitan Bank and Trust Company – Trust Banking Group

Attention: Lalaine C. Sta. Ana, First Vice President

Subject: Cyberzone Properties, Inc. ₱5.0 Billion Unsecured Peso Retail Bonds due 7 January 2023

Address: 17th Floor, GT Tower International, 6813 Ayala Ave., cor. HV Dela Costa St. 1200 Makati City

Facsimile: 858 8010

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 Register 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 Register of Bondholders. The Trustee shall rely on the Register 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.

The publication in a newspaper of general circulation in the Philippines of a press release or news item about a communication or disclosure made by the Issuer to the Securities and Exchange Commission on a matter relating to the Bonds shall be deemed a notice to Bondholders of said matter on the date of the first publication.

(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 CPI and all Bondholders. No liability CPI, 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 CPI with all its representations and warranties, and the observance by CPI 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 CPI.

(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 the Trust 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 CPI and to the Bondholders of such resignation.

(b) Upon receiving such notice of resignation of the Trustee, 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 CPI 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 CPI 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 CPI 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 CPI.

23. Successor Trustee

(a) Any successor trustee appointed shall execute, acknowledge and deliver to CPI 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 CPI 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, CPI 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, CPI shall notify the Bondholders in writing of the succession of such trustee to the trusteeship. If CPI 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 CPI.

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 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 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 ninety (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 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) Registration Statement of the Company with respect to the Bonds

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 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 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 Bonds 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 CPI and to each of the registered Bondholders 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 requested meeting shall be reimbursed by CPI 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 CPI or the holders of at least twenty five percent (25%) of the aggregate outstanding principal amount of the Bonds 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 CPI or the Bondholders 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 CPI or by the Bondholders, in which case CPI 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 without further notice. Any such adjournment may be ordered by persons representing a majority of the aggregate principal amount of the 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 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 (₱10,000.00) 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 CPI 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 CPI 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 Bonds, the appointment of proxies by registered holders of the 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

CPI 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.

CPI and the Trustee may amend the Terms and Conditions of the 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 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 Bond;

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

(d) impair the right of any Bondholder to receive payment of principal of and interest on such Holder's 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 Bond under the Terms and Conditions or change the time at which any Bond may be redeemed;

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

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

(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 of the Terms and Conditions or the Waiver of Default by the Bondholders; or Make any change or waiver of this Condition.

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 Condition becomes effective, CPI 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 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 CPI 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 wilful misconduct.

29. Governing Law

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

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 Issue Managers, Joint Bookrunners and Joint Lead Underwriters. Picazo, Buyco, Fider, Tan & Santos has no direct or indirect interest in CPI. Picazo, Buyco, Fider, Tan & Santos may, from time to time be engaged by CPI 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.

CPI does not possess its own legal division instead sharing with FLI's legal 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 FLI and as such received salary and benefits from FLI.

INDEPENDENT AUDITORS

SGV & Co., independent auditors, audited the Company's financial statements without qualification as of 31 December 2016, 2015 and 2014 and for the years then ended. SGV & Co. has acted as the Company's independent auditors since 2001. There has neither been a termination nor change in the said appointment. The Company has not had any disagreements on accounting and financial disclosures, or auditing scope or procedure, with its current independent 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 independent 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 independent auditors are not in conflict with their functions as independent auditors; and (iii) ensure the compliance of the Company with acceptable auditing and accounting standards and regulations. The following table sets out the audit and audit related fees billed for each of the last two years for professional services rendered by SGV & Co., excluding fees directly related to the Offer.

(In ₱ Thousands)	**2014**	**2015**	**2016**
Audit and Audit-Related Fees:			
Fees for services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements of the Company	141.68	152.53	166.32
Total	**141.68**	**152.53**	**166.32**

Interests of Named Experts

SGV & Co. does not have any direct or indirect interest in the Company. The Company has not contracted SGV & Co. to perform any other professional services such as other assurance services, tax services, and other similar services, and thus has not paid SGV & Co. any fees other than the Audit and Audit-Related Fees disclosed in the previous page.

DESCRIPTION OF BUSINESS

Description and History of the Business

Cyberzone Properties Inc., a 100%-owned subsidiary of Filinvest Land, Inc. ("FLI"). With 276,168 square meters in total GLA of which 239,823 square meters is operational as of end 2016, CPI is one of the largest providers of standard and build-to-suit BPO office spaces in the country.

Identifying an opportunity to penetrate the emerging BPO industry, Filinvest, through FAI, decided to enter the office space leasing industry in 2000 to own and manage office buildings that cater to technology based companies by establishing CPI.In September 2006, FLI acquired all the shares of FAI in CPI making the Company a subsidiary of FLI.

Africa Israel Properties (Philippines), Inc. ("AIPPI"), a subsidiary of Africa Israel Investments Ltd., an international holding and investment company based in Israel which invests in areas such as real estate, construction, infrastructure, manufacturing, tourism and leisure in locations such as Russia, USA, and Europe, invested in CPI by acquiring 40% of the Company as a joint venture partner on 2000. On 08 February 2010, FLI increased its ownership in CPI to 100.0% when AIPPI underwent a series of consolidation in its global business and had to sell back the 40% holdings in CPI to FLI.

When Northgate Cyberzone started operations in 2000, CPI became one of the first BPO office space providers outside central Metro Manila. FLI anticipated that congestion in these usual office locations of Makati, Ortigas, and BGC would push companies to move to other location, and FLI saw opportunity to to put up an IT park catering to BPO companies in the land it had in the Alabang area. It allocated 10 hectares for the planned development and established CPI to operate the property.

In its thrust to further expand its business, CPI started at looking at other locations where it can develop new office buildings to lease to BPO companies. It identified Cebu, which was named one of the 'next wave' cities for BPO companies to locate in, as a potential area to expand to. On March 26, 2012 FLI and the Cebu Province entered into a Build Transfer and Operate Agreement on a parcel of land owned by the Cebu province with a total area of 13,105 square meters wherein FLI shall cause the design, development, construction and completion of Business Process Outsourcing Complex on the property. Upon completion, FLI shall transfer the ownership of the developed property to the Cebu Province, at the same time of the transfer, Cebu Province shall convey and transfer to FLI the right to operate, manage and administer the premises for the entire term of the agreement of 25 years, with option to extend for another 25 years.

The Company earns almost the entrirety of its income from rental income from its leased office spaces. The Company made ₱1.49 billion in rental income in 2016, ₱1.16 billion in rental income in 2015, and ₱998.41 million in rental income in 2014. It made ₱519.31 million, ₱63.96 million, and ₱10.31 million in other income in 2016, 2015, and 2014 respectively. It made ₱1.35 billion, ₱789.12 million, and ₱644.34 million in net income for 2016, 2015, and 2014 respectively.

Parent Company

Filinvest Land, Inc. ("FLI") is one of the Philippines' leading real estate developers, providing a wide range of real estate products to customers, namely: socialized, affordable, middle-income and high-end residential lots and housing units, medium-rise and high-rise residential buildings, condotel, industrial parks, leisure development such as farm estates, residential resort development and private membership clubs. Historically, FLI's business has focused on the development and sale of socialized, affordable and middle-income residential lots and housing units to lower and middle-income markets. In recent years, FLI has begun to develop and sell residential subdivisions and housing units across all income segments in the Philippines. FLI has also begun to develop themed residential projects with a leisure component, such as farm estates and developments anchored by sports and resort clubs. In 2006, FLI acquired three strategic investment properties, specifically, the Festival Supermall, and the PBCom Tower and BPO office buildings through a 60.0% ownership interest in each of Filinvest Asia Corp. and Cyberzone Properties, Inc., respectively. In 2010, FLI was able to increase its ownership in CPI to 100.0% after acquiring the remaining 40.0% from AIPPI. CPI thus became a wholly-owned subsidiary of FLI.

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

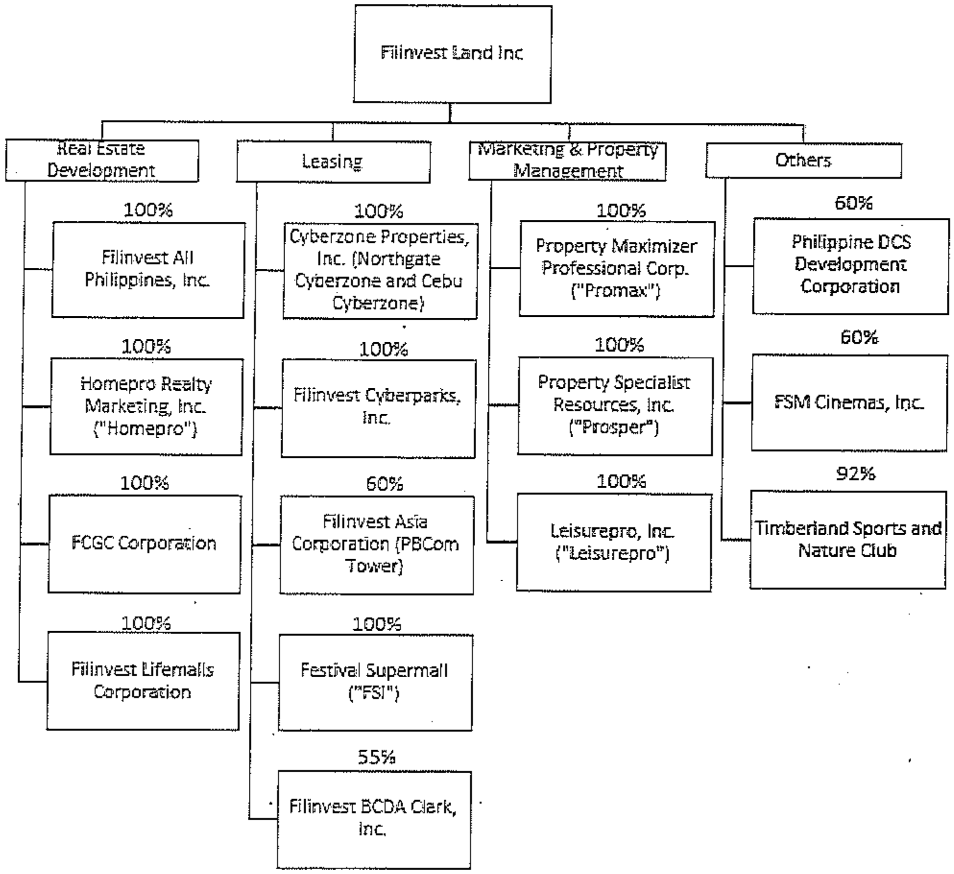
As at 31 December 2016, FDC owns 59.4% of Common Stock and 100.0% of Preferred Stock of FLI. FDC is the holding company for real estate, banking and financial services, power, and other business activities of the Gotianun Family. FDC traces its origin to the consumer finance business established by Mr. Andrew Gotianun Sr., and his family in 1955. The shares of FDC and FLI are both listed in the Philippine Stock Exchange.

FLI currently has fifteen (15) subsidiaries and equity investments of which ten (10) are wholly owned. These subsidiaries are engaged in real estate development, marketing and sales, property management, and leasing. Details of these Subsidiaries are as follows:

Subsidiaries	Nature of Business	2016	2015	2014
Filinvest All Philippines, Inc. ("FAPI")	Real estate developer	100%	100%	100%
Cyberzone Properties, Inc. ("CPI")	Leasing	100%	100%	100%
Filinvest Cyberparks, Inc. ("FCI")	Leasing	100%	100%	-
Filinvest Asia Corporation ("FAC")	Leasing	60%	60%	60%
Homepro Realty Marketing, Inc. ("Homepro")	Real estate developer	100%	100%	100%
Property Maximizer Professional Corp. ("Promax")	Marketing	100%	100%	100%
Property Specialist Resources, Inc. ("Prosper")	Property management	100%	100%	100%
Leisurepro, Inc. ("Leisurepro")	Marketing	100%	100%	100%
Festival Supermall, Inc. ("FSI")	Property management	100%	100%	-
FSM Cinemas, Inc. ("FSM Cinemas")	Theater Operator	60%	60%	-
Philippine DCS Development Corporation ("PDDC")	District cooling systems operator	60%	60%	-
Filinvest BCDA Clark, Inc. ("FBCI")	Leasing	55%	-	-
FCGC Corp. ("FCGC")	Real estate developer	100%	-	-
Filinvest Lifemalls Corp. ("FLC")	Real estate developer	100%	-	-
Timberland Sports and Nature Club ("TSNC")	Recreational Sports and Nature Club	92%	92%	92%

**Homepro previously serves as marketing arm of the Group. Currently, it is now engaged in the development of mixed-use project.*
**FSM Cinemas is owned indirectly through FSI.*
**FBCI is owned indirectly through FCGC.*
**TSNC is consolidated in compliance with PIC Q&A 2016-02.*

The organizational structure of FLI and its Subsidiaries are as follows:



Target Market

CPI's office space leasing business has primarily targeted multinational Business Process Outsourcing (BPO) companies locating their operations in the the Philippines.

The Business Processing Outsourcing Industry

Business Process Outsourcing (BPO) is the contracting of the operations and performance of certain business processes to a third-party service provider. The third-party servicefor the performance of certain "non-core" business processes such as accounting, customer service, and IT services. BPO's are usually categorized into back office outsourcing, which involves internal business functions such as human resources, IT, and accounting, and front office outsourcing, which involves customer-related services such as contact center services. The industry is divided further into sub-segments such as Knowledge Processing Outsourcing (KPO) and Legal Process Outsourcing (LPO) based on the functions they do or the industries they serve. The processes that are transferred to these third-party service providers are often information-technology based and are done through the internet which allows these service providers to be based offshore.

The rationale for BPO services has always been the flexibility it offers client companies and the cost savings it incurs. The transfer of 'non-core' functions such as accounting, IT, and HR allows companies to focus on its 'core' revenue-generating functions while ensuring that these support functions still reach a certain level of quality required by the client company through service level agreements (SLAs) with these third-party service providers. Client companies also benefit from best practices and economies of scale that BPO companies are able to harness from their broad experience and focus in performing these functions for clients from different industries which is able to reduce bottlenecks usually associated with the outsourced functions. However, the headline benefit and continuing driver for the BPO industry is still the significant cost savings it offers client companies. Studies have shown that by moving outsourcing support functions companies can save between 30-50% in operational costs. With most BPO companies charging on a fee-for-service setup, client companies are able to turn what would have been fixed costs into variable costs which can adjust to the specific needs of the business.

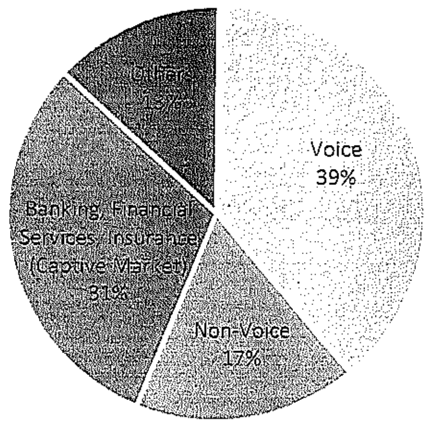
The BPO Industry in the Philippines started as early as 1992 when the Accenture Group created the first contact centre in the country. In 1995, Philippine Congress passed the Special Economic Zone Act which lowered area requirements for development and offering tax incentives to attract more foreign investors with the BPO/IT industry one of those targeted in the law. In 2000, the BPO industry just accounted for 0.075% of the country's GDP. However, soon after, the Philippines started to attract some of the larger players in the BPO industry with PeopleSupport, a US-Based outsourcing center, moving their operations and 8,400 jobs to the Philippines, and Convergys Corporation opening two call centres and naming the country as part of the Convergys' global expansion plan. By 2012, the Philippines together with India has been named as one of the BPO capitals of the world with the industry growing at a rate of about 46% per year since 2006 and comprising 5.4% of the country's GDP, making it one of 2nd largest contributor to GDP next to OFW remmittances. The BPO sector is also one of the largest employers in the country, directly employing around 1.3 million Filipinos in 2016.

The growth trend of the BPO industry is widely expected to continue in the coming years despite uncertainties due to political events both in the Philippines and the US. The possibility of a more protectionist US economy is still a threat to the Philippine BPO industry where about 70% of customers still come from North America. Nevertheless, the industry has an expected CAGR of 17% over the next 3 years. The BPO workforce is also likewise expected to increase by more than 100,000 jobs per year. BPOs are also seen to continue to diversify from voice services to more specialized and higher-skilled processes such as healthcare outsourcing, legal outsourcing, and animation which will make it more resilient from a slow down in growth. According to the 2022 Roadmap outlined by the IT & Business Processing Association of the Philippines (IBPAP), they expect mid-skilled and high-skilled IT-BPO tasks to comprise 75% of the total BPO workforce by 2022, growing at a CAGR of 12% and 19% respectively. This is compared to low-skilled IT-BPO jobs which are only expected to grow at a CAGR of 4%.

Cyberzone Properties' Current Tenants

CPI counts some of the largest BPO companies in the Philippines as its current tenants. In recent years, to reduce its concentration risk, CPI has worked to diversify the types of BPO companies leasing its office spaces. CPI's tenant profile as of March 2017 is the following:

Percentage of Office Space Leased



The tables below list the Company's top tenants for the years 2016, 2015, and 2014 based on total space leased.

2016		
Client Name	**Total Space Leased (in square meters)**	**Location/s**
HSBC Electronic Data Processing (Phils.), Inc.	18,000.00	HSBC Building
SYNCHRONY GLOBAL SERVICES CORP	10,341.30	Filinvest Three Building
HSBC Electronic Data Processing (Phils.), Inc.	9,965.50	Filinvest One Building
CAPITAL ONE	20,337.35	Filinvest Two Building
Genpact Services LLC - Philippine Branch	9,408.80	5132 Building
ANTHEM SOLUTIONS INC.	7,357.63	Filinvest Edsa Building
Unitedhealth Group Global Services Inc.	7,974.88	Cebu- Offices
CONVERGYS PHILIPPINES SERVICES, CORP	8,174.00	Vector 1 Building (iHub 3)
CONVERGYS PHILIPPINES SERVICES CORP.	6,328.04	iHub 2 Building
CONVERGYS PHILIPPINES SERVICES CORPORATION	6,399.10	Convergys Building

2015		
Client Name	**Total Space Leased (in square meters)**	**Location/s**
HSBC Electronic Data Processing (Phils.), Inc.	18,000.00	HSBC Building
HSBC Electronic Data Processing (Phils.), Inc.	9,965.50	Filinvest One Building
ANTHEM SOLUTIONS INC.	7,357.63	Filinvest Edsa Building
Genpact Services LLC - Philippine Branch	9,408.80	5132 Building
CONVERGYS PHILIPPINES SERVICES, CORP	8,174.00	Vector 1 Building (iHub 3)
INTEGRA BUSINESS PROCESSING SOLUTIONS, INC.	6,274.22	iHub 2 Building
FLUOR DANIEL, INC. - PHILS.	4,904.40	Vector 2 Building (iHub 4)

RMH TELESERVICES ASIA PACIFIC, INC. (APAC)	6,539.83	Plaza C
FIRSTSOURCE SOLUTIONS	5,476.32	Plaza D
ARVATO CORP.	4,546.73	Plaza E

2014		
Client Name	**Total Space Leased (in square meters)**	**Location/s**
HSBC Electronic Data Processing (Phils.), Inc.	18,000.00	HSBC Building
HSBC Electronic Data Processing (Phils.), Inc.	9,965.50	Filinvest One Building
ANTHEM SOLUTIONS INC.	7,357.63	Filinvest Edsa Building
Genpact Services LLC - Philippine Branch	9,408.80	5132 Building
CONVERGYS PHILIPPINES SERVICES, CORP	8,174.00	Vector 1 Building (iHub 3)
INTEGRA BUSINESS PROCESSING SOLUTIONS, INC.	6,274.22	iHub 2 Building
RMH TELESERVICES ASIA PACIFIC, INC. (APAC)	6,539.83	Plaza C
FIRSTSOURCE SOLUTIONS	5,476.32	Plaza D
VERIZON COMMUNICATIONS INC.	5,383.71	Plaza D
FLUOR DANIEL, INC. - PHILS.	4,904.40	Vector 2 Building (iHub 4)

The Company believes that its tenant base is committed to continue doing business in the Philippines in the forseeable future. The Company is not dependent to single tenant, and no one tenant would account for at least 20% of the Company's revenues. The Company is also continually looking to diversify its tenant base even further to prevent reliance on any one tenant.

Marketing and Sales

CPI primarily makes use of in-house sales and marketing team to attract lessees for its Northgate Cyberzone and Cebu Cyberzone properties. This in-house sales and marketing team has been sufficient due to the fact that many of the Company's new buildings has been leased out to existing lessees. CPI's practice is to approach its existing lessees in the property if they are interested in leasing out office space in the Company's new projects.

To attract new lessees, CPI employs various professional, multinational commercial real estate leasing agents (including, but not limited to Jones Lang LaSalle, CB Richard Ellis, Santos Night Frank, and Colliers) which are accredited to find tenants for Northgate Cyberzone and Cebu Cyberzone office spaces. These brokers work on a non-exclusive basis and earn commissions based on the term of the lease.

The Company's procedure in marketing and selling new properties is that when the project is substantially completed or nearing completion CPI's in-house sales and marketing team approaches existing lessees to gauge interest for space in the new property. If any of the existing lessees are interested then they would sign a letter of intent on the amount of space they want to lease in the new building. Only when there are still available office spaces for lease after getting interest from existing lessees does CPI turn to their commercial real estate leasing agents to market and sell the property to new potential lessees.

Leasing

CPI offers two types of leasing: standard office spaces and build-to-suit office spaces. Standard office spaces refer to the standard properties designed, developed, and constructed by CPI to cater to the general needs of any BPO company. These properties would have the basic features and amenities that CPI has determined that. Build-to-suit office spaces are properties designed with the cooperation of the tenant and built to their specifications. Majority of the Company's business is from leasing out its standard office spaces with build-to-suit projects accounting for only about 1% of CPI's total leasing business.

The Company has a standard set of terms and conditions that are the basis of contracts signed with potential tenants. Some of these terms are:

- A minimum lease term of 3 years for leasing of standard office spaces and 10 years for build-to-suit office spaces. The Company's current lease contracts have an average term of 5 years.
- 5% escalation in lease rates starting on the 3rd year for a 5-year lease term and 5% escalation in lease rates starting on the 2nd on a 3-year lease term.
- The tenant must put up a security deposit worth 3 months of rent. This security deposit will be forfeited in case the tenant preterminates the contract without prior notice or before the pretermination option, or if there are issues encountered such as non-payment of rent.
- When the lease agreement is signed, the tenant must pay advance rent for 3 months.
- Pretermination option after the 3rd year with 6 months prior written notice from the tenant to CPI.
- The tenant is subject to rental penalties if unable to pay rent for 3 consecutive months.

These terms and conditions are still subject to change through negotiations on the final leasing contract, and upon agreement by both CPI and the potential tenant. The Company does not currently have any issues with any of its existing tenants.

Capital Expenditures

The Company incurred capital expenditures of ₱2.33 billion, ₱1.01 billion, and ₱2.23 billion in 2014, 2015, and 2016 respectively. The capital expenditures were related to construction and development of both new and existing properties in Northgate and Cebu Cyberzone.

The Company plans to spend more than ₱6 billion for 2017 and ₱4.63 billion for 2018 in capital expenditures relating to construction and development of its properties.

Suppliers

The major raw materials used by the Company for the development and construction of its projects are cement and steel bars as well as the finishing materials. These materials are sourced from local suppliers.

The Company has about 150 suppliers, the major ones of which include the following:

MATERIAL SUPPLIED	SUPPLIER COMPANIES
Steel Bars	NIPPON FORMWORKS AND CONTRUCTION CORPORATION
Steel Bars	STEEL ASIA MANUFACTURING CORPORATION, UNIVERSAL STEEL SMELTING CO., INC. CAPITOL STEEL CORPORATION, PAG ASA STEEL WORKS INC.
Tiles	A.D. SABARILLO, INC., ASDEC BUILDERS CORPORATION, ASEC DEVELOPMENT AND CONSTRUCTION CORPORATION, C. E. CONSTRUCTION CORP., CEBU OVERSEA HARDWARE CO. INC., JEMN BUILDERS, LONGRIDGE CONSTRUCTION INC., MULTI RICH HOME DECORS INC., NIPPON FORMWORKS AND CONTRUCTION CORPORATION, POLYCRETE ENTERPRISES,
PVC Pipes	AMICI MERCANTILE, INC., ASDEC BUILDERS CORPORATION, C. E. CONSTRUCTION CORP., GLOBAL HORIZONS DEVT. CORP., JDBEC, INC., JOUBERT CONSTRUCTION, INC., MARCBILT CONSTRUCTION INC., MEGAWIDE CONSTRUCTION CORPORATION, NIPPON FORMWORKS AND CONTRUCTION CORPORATION, RAE ESTATE BUILDERS CORP., RVAB KONSTRUCT, INC., RYAN RUBIO NICOLAS, SWORDSMAN AND CO., INC., SYSTECH INDUSTRIES CORPORATION
Cast Iron Materials	ASEC DEVELOPMENT AND CONSTRUCTION CORPORATION, C. E. CONSTRUCTION CORP., LONGRIDGE CONSTRUCTION INC., MEGAWIDE CONSTRUCTION CORPORATION, NIPPON FORMWORKS AND CONTRUCTION CORPORATION, POLYCRETE ENTERPRISES, SAEI-EEI CONSTRUCTION CORPORATION

The Company's primary contractors are the following: Longridge Construction, Inc., CE Construction, Megawide Builders, RvabKonstruct Inc., RGL Construction, and Nippon Formworks & Construction Corp.

The company is not dependent to a single supplier or contractor. Purchase orders are issued for all required materials and services at an agreed price and any price escalation and partial deliveries is not allowed without the prior written consent of the Company.

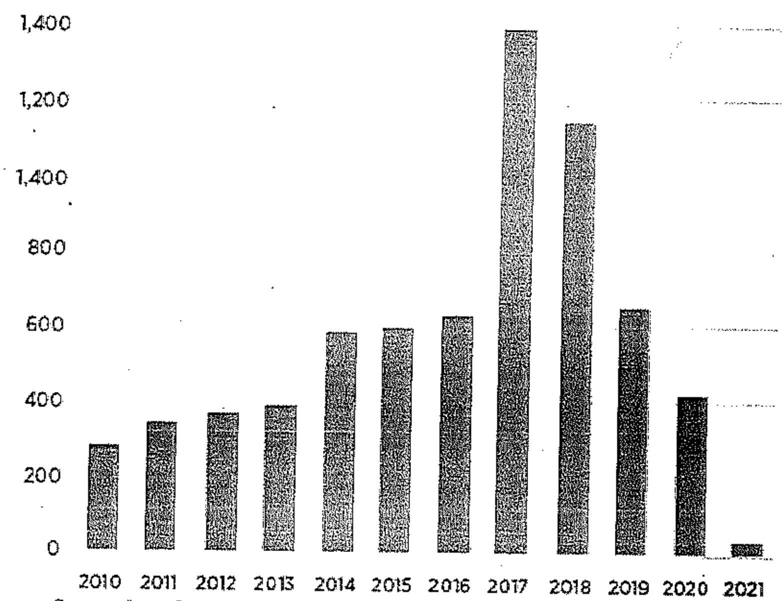
The Company currently has a claim for liquidated damages from a contractor under discussion due to delays in delivery of buildings. The Company has already deducted ₱450 million in retention payables to the said contractor. This amount represents CPI's recovery of lost revenue from prospective tenants which were claimed and applied against the liability to the contractor.

Competition

Driven by the demand for office space from BPO companies, office inventories are expected to increase dramatically as real estate companies try to take advantage of the demand. According to Jones Lang Lasalle, a leading real estate leasing agent, IT-BPO companies accounted for 58% of total demand for office space.

The leasing agent also expects that new office space will more than double to 1.4 million square meters in 2017.

Annual supply of new office space in Metro Manila (in thousand sqm)



Source: Jones Lang Lasalle

The Company believes that one its major strength besides its brand and reputation is the cost of space which is generally lower in Alabang as compared to Makati, Ortigas, or BGC. A study by Jones Lang Lasalle in January 2017 shows that Alabang is still one of the cheapest options for BPOs in terms of the cost of office leasing which makes it an attractive location for BPO companies which usually try to minimize their costs.

Cost of Office Space		
Location	**Monthly rents for offices in Metro Manila in Php/sq.m.**	**Est. GLA (sq. m.)**
Makati CBD	1,200 - 1,500	1,080,863
BGC	850 - 1,300	1,152,313
Ortigas	600 - 750	635,199
Quezon City	550 - 850	463,183
Bay City	500 - 700	326,727
Alabang	500 - 600	311,407

Source: KMC-Savills

The Company is subject to significant competition in its office space leasing business, both from large, diversified, and established real estate companies and specialized, boutique developers focused on office space leasing.

Some of the Company's major competitors include:

Ayala Land, Inc. (ALI)

Ayala Land is real estate arm of the Ayala Group, one of the largest conglomerations in the Philippines. Ayala Land is one of the largest real estate corporations in the country with businesses in residential properties, office space leasing, and shopping malls. ALI has office buildings in most major business districts in Metro Manila and Cebu, and is anchored by its premier properties in the Makati Central Business District, Bonifacio Global City, and Cebu IT Park. ALI believes their strength to be their branding and reputation, quality of support services provided by the property manager, rental rates, and the quality and premier locations of their office buildings.

ALI's office space leasing segment has a total GLA of 836,000 square meters as of 2016. Its office space leasing segment accounted for ₱5.54 billion of revenues and ₱3.58 billion in operating profit as of September 2016. Its EBITDA Margin was at 91%, an Operating Profit Margin of 65%, and and its average occupancy rate also registered at 87%.

Robinson's Land Corporation (RLC)

Robinson's Land Corporation is the real estate arm of the JG Summit Holdings Inc., the holding company of Gokongwei family. RLC is involved in the development and operation of shopping malls and hotels, and the development of mixed-use properties, office and residential buildings, as well as land and residential housing developments, including socialized housing projects located in key cities and other urban areas nationwide. Some of its marquee properties include the Cybergate Towers along EDSA in Mandaluyong and the Robinsons Summit Center in Makati. RLC was also one of the pioneers of setting up office spaces for BPO within their mall developments. RLC believes their strength to be their branding, the quality of their office spaces, and the location of these office spaces being in the heart of Metro Manila.

RLC currently has a total GLA of 386,500 square meters. For 2016, the office space leasing business earned ₱2.91 billion comprising 13% of RLC's revenues and an operating income of ₱2.03 billion. Its Operating Profit Margin for 2016 was 72% and the average occupancy of its office buildings was at 96%.

Eton Properties Philippines, Inc.

Eton Properties is the real estate brand of the Lucio Tan Group which develops residential, commercial, and office buildings. Eton Properties has two major office developments, Eton Centris in Quezon City and Eton Cyperbod Corinthian in Ortigas.

Eton Properties currently has a total GLA of 124,000 square meters. In 2015, Eton's office leasing segment made ₱1.17 billion in revenues and an operating income of ₱946 million. Its Operating Profit Margin for 2015 was 81%.

SM Prime Holdings, Inc.

SM Prime Holdings Inc. is the real estate arm of the Sy family led SM Group which has operations in residential properties, offices, malls, and hotels. It is most well known for operating the SM Malls chain, the largest mall chain in the Philippines.

Its office portfolio, under its Commercial Properties Group, currently has six office buildings with a total GLA of 383,000 square meters in 2016. SM Prime had ₱2.74 billion in revenues and ₱1.75 billion in earnings before taxes. Its profit margin was 64% and its office spaces had an average occupancy rate of 98%.

Megaworld Corporation

Megaworld is the real estate arm of Andrew Tan's Alliance Global Group Inc. It is a diversified real estate company with businesses in residential properties, malls, hotels, and office buildings. Megaworld is the largest provider of BPO office spaces. Most of Megaworld's office properties are located in Bonifacio Global City with a total GLA of 300,000 square meters making them the largest owner of office buildings in that business district. Megaworld office leasing segment also has a significant presence in its Eastwood property in Libis, Quezon City. Megaworld believes that its advantages are their reputation and brand, the quality of their properties, and the optimal location of their properties.

Megaworld currently has a total GLA of 851,000 square meters. For the 9 months ended 30 September 2016, Megaworld's office space leasing business had ₱7.63 billion in revenues and ₱5.70 billion in operating profit. Megaworld's Operating Profit Margin for the same period is 75% and the average occupancy of its office buildings was at 99%.

Intellectual Property and Trademarks

The Company does not own or hold any trademark or intellectual property nor does it have any pending applications with Philippine IPO office. FLI has filed an application with the Philippine IPO office for CPI's mark on 27 July 2016, and the registration for the trademark has been approved as of 16 February 2017 with a term of 10 years.

Insurance

The Company ensures that all its projects and properties are covered by insurance during and after construction. Construction related works are covered by a Contractor All Risk Policy which covers all risks present during the construction of an office building including acts of God. Upon turnover, the Company gets a Commercial All Risk Policy which also includes acts of God, with the amount insured equivalent to the construction cost. The Commercial All Risk Policy still covers the property when it is leased out and includes a Business Interruption Insurance wherein lost revenues due to conditions covered by the Commercial All Risk Insurance can be claimed.

The Company enters into these policies with reputable insurers and none are self-insured. CPI has not had any policies refused and does not have any major claims under any of its insurance policies.

Government and Environmental Regulations

The real estate business and office space leasing business in the Philippines is subject to significant government regulations over among other things, land acquisition, development planning and design, and construction.

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

PEZA Regulations

Republic Act No. 7916 ("R.A. 7916") provided for the creation and management of Special Economic Zones, which are selected areas with highly developed or which have the potential to be developed into agro-industrial, industrial tourist/recreational, commercial, banking, investment, and financial centers.

PEZA is the government agency that is mandated to operate, administer and manage these designated Ecozones. These Ecozones are generally established by a proclamation issued by the President of the Philippines, upon the recommendation of the PEZA.

Enterprises offering IT services (such as call centers, and BPO 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 employed in these 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 in Metro Manila. These PEZA requirements include clearances or certifications issued by the city or municipal legislative council, the DAR, the National Water Resources Board ("NWRB"), and the DENR.

The Company enjoys a preferential tax rate of 5% on 16 of its buildings in Northgate Cyberzone. The BPO/IT companies who lease office space in Northgate or Cebu Cyberzone which are PEZA-registered also enjoy certain tax incentives such as:

- Exemption from the payment of all national internal revenue taxes, such as gross receipts tax, value-added tax, ad valorem tax, excise tax, income tax, documentary stamp tax, percentage taxes, and all other taxes found in the National Internal Revenue Code.
- Exemption from the payment of all local government impost, fees, licenses, or taxes including local business tax, transfer tax on the sale of real property, real estate taxes, community tax, mayor's permit fee, sanitary fee, other regulatory fees and other taxes and fees found in the Local Government Code and particularly in the Tax Ordinance of the local government unit where the economic zone is located.
- In lieu of the exemption from national and local taxes, the ECOZONE enterprise shall pay a 5% final tax on gross income. For an ECOZONE export enterprise, the following are considered to be allowable deductions from net sales:
    - Direct salaries, wages, or labor expenses
    - Service or production supervision salaries
    - Raw materials
    - Goods in process
    - Finished goods
    - Supplies and fuels used in production
    - Depreciation of machinery, equipment and buildings owned and/or constructed
    - Financing charges associated with fixed assets
    - Rent and utility charges for buildings, equipment, and warehouses, or handling goods

- One-half of the value of training exercises incurred in developing skilled or unskilled labor or for managerial or other management development expenses incurred may be deducted from the 5% final tax (chargeable against the share of the national government).
- Exemption from duties and taxes on imported capital equipment, spare parts, raw materials, and supplies.
- Exemption from wharfage dues, export tax, impost, or fee
- For the first five years of operation, additional deduction equivalent to one-half of the wages paid corresponding to the increment in the number of direct labor for skilled and unskilled workers

Environmental Regulations

CPI believes that it has complied with all applicable Philippine environmental laws and regulations. CPI's compliance with environmental laws is dictated by and in accordance with the environmental laws and regulations applicable to specific and individual projects. Compliance with such laws, in CPI's opinion, is not expected to have a material effect on FLI's capital expenditures, earning or competitive position. The cost of such compliance is not significant and FLI does not keep a separate account thereof.

Employees and Labor

As of 31 December 2016, CPI had a total of 22 employees. The permanent, full-time employees consist of 5 executives and managers, 17 rank and file staff.

Management believes that CPI's current relationship with its employees is generally good. The Company has not experienced a work stoppage or any labor related disturbance as a result of labor disagreements. None of CPI's employees belongs to a union. CPI currently does not have an employee stock option plan.

There are no significant arrangements between CPI and its significant employees to assure that these persons will remain with CPI and not compete with it upon their termination. CPI, however, relies on its good relationship with its senior managers and significant employees to ensure loyalty. CPI likewise provides managers, supervisors and general staff the opportunity to participate in both in-house and external training and development programs which are designed to enhance skills, to improve productivity, to develop leadership and to prepare employees for future assignments. These programs range from the orientation of new employees to technical training for engineers and customer service. CPI has also provided a mechanism through which managers and staff are given feedback on their job performance, which CPI believes will help to ensure the continuous development of its employees. CPI 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 the Company compete in the marketplace for quality employees.

CPI does not anticipate any substantial increase in the number of its employees for the remainder of 2017.

Research and Development

Although the Company engages in research and development activities focusing on the types of construction materials used for its projects, construction methodology, value-engineering for its projects and quality assurance, trends in its industry and target market, the expenses incurred by the Company in connection with these activities are not material.

Legal Proceedings

The Company is not currently involved or is a party to any legal proceedings.

Related-Party Transactions

The Company is a subsidiary of Filinvest Land Inc., a member of the Filinvest Group. The Company, in their ordinary course of business, engage in transactions with FLI and FDC and its subsidiaries.

The Company's major related-party transactions include:

- The Company, as a lessor, entered into a space rental agreement with Filinvest Alabang, Inc. (FAI), an entity under common control, for the office space in one of the Company's buildings. Lease period is from April 1, 2016 to March 31, 2021.

  In addition, the Company, as a lessee, entered into a land lease agreement with the same affiliate on the location of the parking currently leased out to third parties. Rental is based on a certain percentage of income earned from the parking space.

- The Company, as a lessee, entered into a land lease agreement with FLI on the location of the buildings currently leased to third parties and on those still under construction. Rental expense is based on certain percentages of the Company's gross rental income.

- The Company entered into a management agreement with FAI whereby the Company shall pay management fees for general management services rendered by the latter for the operations of the Company.

  Key management personnel of the Company are employees of FAI. The compensation of the said employees is paid by FAI and as such, the necessary disclosure required under PAS 24, Related Party Disclosures, are included in FAI's consolidated financial statements.

- The Company entered into a management agreement with Pro-Excel Property Management, Inc. (PPMI), an entity under common control, whereby the latter shall render management services on the buildings and the Company shall pay monthly fee.

- The Company maintains savings accounts and short term deposits with East West Banking Corporation (EWBC), an affiliated bank. Cash and cash equivalents earn interest at the prevailing short-term investment rates.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

There was no transaction during the last two years or any proposed transaction, to which CPI was or is to be a party, in which any director or officers of CPI, any nominee for election as a director, any security holder or any member of the immediate family of any of the persons mentioned in the foregoing had or is to have direct or indirect material interest.

The amounts and the balances arising from the foregoing significant related party transactions are as follows:

	2016			
	Amount/ Volume	**Outstanding balance**	**Terms**	**Conditions**
Trade receivables				
Affiliate				
a) Rental income	₱48,675,788	₱342,458	Payable every 15th day of the month; non-interest bearing	Unsecured
Rental expense	(3,799,049)	–	Non interest-bearing; payable on demand	Unsecured
	₱44,876,739	₱342,458		
Accounts payable and accrued expenses				
Parent				
b) Rental expense	₱ 172,944,084	₱ (18,531,421)	Non interest-bearing; payable on demand	Unsecured
Affiliates				
c) Service and Management fee	₱ 7,300,000	₱–	Non interest-bearing; payable on demand	Unsecured
d) Management fee and manpower cost	4,777,579	–	Non interest-bearing; payable on demand	Unsecured
	₱12,077,579	₱–		
Cash in bank				
Affiliate				
a) Cash and cash equivalents	₱ 65,468,635	₱ 65,468,635	Payable every 15th day of the month; non-interest bearing	No impairment
Interest income	1,544,587			
	₱67,013,222	₱65,468,635		

	2015			
	Amount/ Volume	Outstanding balance	Terms	Conditions
Trade receivables				
Affiliate				
a) Rental income	₱23,577,552	₱–	Payable every 15th day of the month; non-interest bearing	Unsecured
Rental expense	(322,544)	–	Non interest-bearing; payable on demand	Unsecured
	₱23,255,008	₱–		
Accounts payable and accrued expenses				
Parent				
b) Rental expense	₱134,652,331	(₱9,816,079)	Non interest-bearing; payable on demand	Unsecured

Affiliates					
c)	Service and Management fee	₱ 6,222,908	₱–	Non interest-bearing; payable on demand	Unsecured
d)	Management fee and manpower cost	3,996,008	–	Non interest-bearing; payable on demand	Unsecured
		₱10,218,916	₱–		
Cash in bank					
Affiliate					
e)	Cash and cash equivalents	₱445,906,006	₱445,906,006	Payable every 15th day of the month; non-interest bearing	No impairment
	Interest income	2,516,190			
		₱448,422,196	₱445,906,006		

DESCRIPTION OF PROPERTIES

Land Bank

Currently, the Company does not possess its own landbank preferring instead to either lease the land or taking on partners that will provide the land to be used for the development. The Company expects to follow the same setup for future projects. However, the Company is not prohibited from acquiring any land if there are opportunities in the future with good project potential.

Northgate Cyberzone

CPI has a land lease agreement with FLI for the land on which Northgate Cyberzone is located. FLI is the owner of the parcels of land while FAI is acting as the developer/operator of Northgate Cyberzone. CPI initially entered a land lease agreement with FLI in 2000 for two parcels of land consisting of a 7,691 square meter parcel and a 21,795 square meter parcel. Some of the key terms of the agreement included:

- The term of the lease is for twenty (20) years.
- CPI shall pay twenty percent (20%) of its monthly gross lease to FLI on or before the 7th of each calendar month.
- The leased area shall be devoted to IT and IT related and allied uses only. CPI shall not use the leased areas for other purposes without prior written consent of FLI and FAI. FAI shall ensure that all rules and regulations issued in relation to the Northgate Cyberzone property be complied with by CPI.

In 2004, CPI entered into a second lease agreement with FLI and FAI for two more parcels of land with a size of 61,458 square meters and 11,135 square meters. Some of the key terms of the agreement included:

- The term of the lease is for fifteen (15) years to commence on the date CPI completes construction of the buildings for lease or on the lease commencement date indicated in the corresponding contract of lease of CPI with the third party involved, whichever comes later or is applicable.
- The rent shall be paid to FLI on or before the 7th of each calendar month.
- The leased area shall be devoted to IT and IT related and allied uses only. CPI shall not use the leased areas for other purposes without prior written consent of FLI and FAI. FAI shall ensure that all rules and regulations issued in relation to the Northgate Cyberzone property be complied with by CPI.

In 2005, CPI, FLI, and FAI, amended the terms of the lease agreements entered in 2000 and 2004. The amended lease covered all buildings and leases with third parties established after the signing of the agreement. The terms amended included:

- Any portion of the leased area which there is neither binding lease or sublease between CPI and third parties nor construction a new building within ten (10) years from the signing of the amendment is deemed automatically withdrawn from the lease.
- The term of the lease is for fifteen (15) years to commence on the date CPI completes construction of the buildings for lease or on the lease commencement date indicated in the corresponding contract of lease of CPI with the third party involved, whichever comes later or is applicable.

- Rent due from CPI will be based on the following rates: (a) fifteen percent (15%) of its monthly gross lease if the building or structure is with Floor To Area ratio of five (5) or below. (b) ten percent (10%) of its monthly gross lease if the building or structure is with Floor To Area ratio greater than five (5).

Some of the leases are set to expire in 2020 and the Company is currently in negotiations with FLI and FAI to extend the lease. The Company does not expect any issues with the renewal of the leases.

Cebu Cyberzone

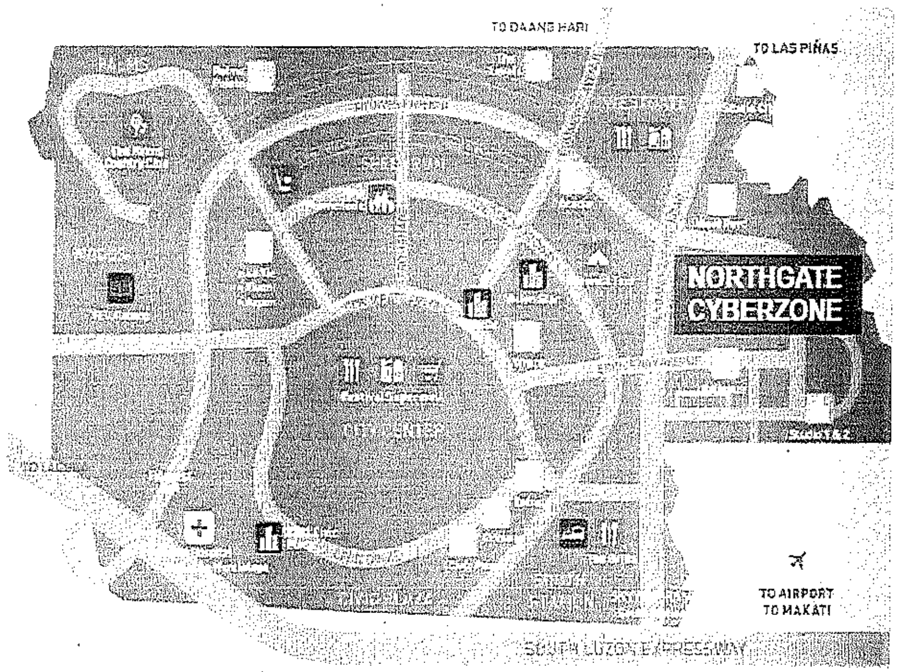
The Company has a land lease agreement for the Cebu Cyberzone property as part of the BTO concession between FLI and Cebu Provincial Government. The lease was for two parcels of land, the first lot with a size of 11,475 square meters and the second lot with a size of 815 square meters for a total of 12,290 square meters. The BTO agreement was entered into by FLI and the Cebu Provincial Government on 26 March 2012. CPI's role was to design, construct, and operate the property whose ownership was transferred to the Cebu Provincial Government on 08 May 2013. Some of the key terms of the BTO agreement are the following:

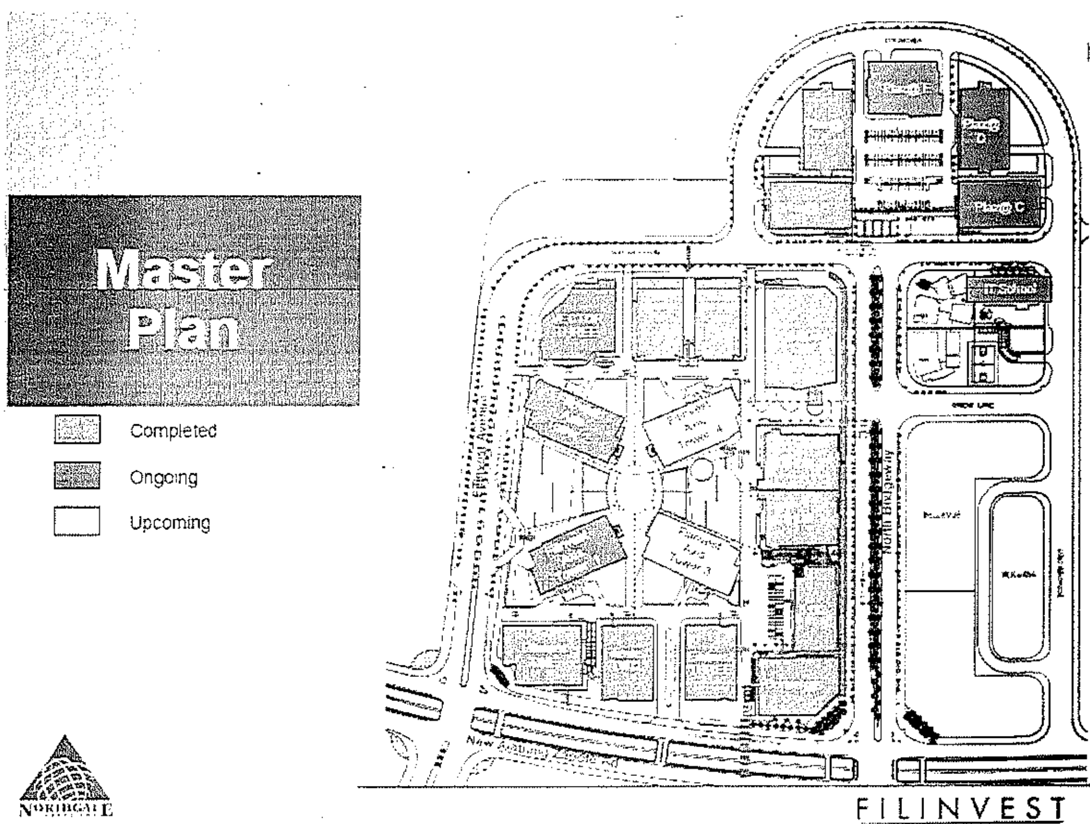
- The lease has a period of twenty-five (25) years from start of operations. After a lapse of twenty-five (25) years, FLI has an option to extend the lease for another twenty-five (25) years upon the parties' mutual agreement.
- Rent for the property will be ₱ 50 per square meter per month payable on the 7th day of every month with an escalation rate of five percent (5%) per year starting on the sixth year and every year thereafter.
- The Cebu Provincial Government is also entitled to sales percentage share of two percent (2%) every month of Gross Revenue or equivalent to ₱ 500,000.00 whichever is higher. Payment of the sales percentage shall commence on the 15th day of the month succeeding the start of full operation of the Project and every 15th of the month thereafter. Furthermore, if the actual Gross Revenue is below ninety percent (90%) of projected revenue for the said period as submitted by the Company, the percentage share of two percent (2%) shall be based on ninety percent (90%) of the amount of projected revenue.

Existing Properties

Northgate Cyberzone

Northgate Cyberzone is a PEZA-registered IT park with multinational tenants located on an 10-hectare property which is designed, master planned, and built around the specific needs of BPO companies. When CPI was formed, it set to out to develop Northgate Cyberzone as the Company's response to the increasing congestion and traffic in central Metro Manila. With its accesibility and convenience, the Company saw the potential in the Alabang area to service the requirements of BPO companies and become an alternative to the 'traditional' business districts such as Makati, Bonifacio Global City, or Ortigas. The IT Park also forms an integral part of FLI's Filinvest City property, an integrated district comprising of residential, industrial and commercial real estate developments. The property is currently comprised of 16 buildings with a total GLA of 248,872 square meters of which 212,528 square meters is operational.


TO DAANG HARI
TO LAS PIÑAS
NORTHGATE CYBERZONE
TO AIRPORT
TO MAKATI
SOUTH LUZON EXPRESSWAY


Master Plan
Completed
Ongoing
Upcoming
North Bridgeway
FILINVEST

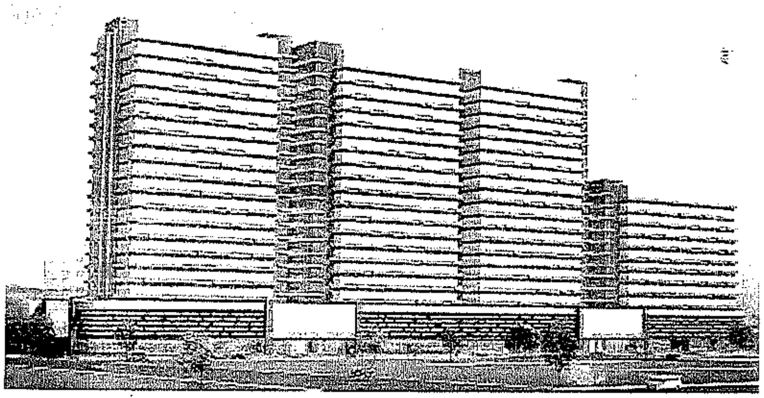
Building	GLA (in sq. meters)	2016 Occupancy Rate
Plaz@ A	10,860	100%
Plaz@ B	6,487	99%
Plaz@ C	6,540	100%
Plaz@ D	10,860	100%
Plaz@ E	14,859	100%
IT School	2,594	94%
Convergys	6,399	100%
Capital One Building (HSBC)	18,000	100%
5132 Building	9,409	100%
i-Hub 1	9,480	85%
i-Hub 2	14,181	100%
Vector One	17,764	100%
Vector Two	17,889	86%
Vector Three (for turnover)	36,345	25%
Filinvest One (AZ Building)	19,637	100%
Filinvest Two (new)	23,784	79%
Filinvest Three (new)	23,784	44%

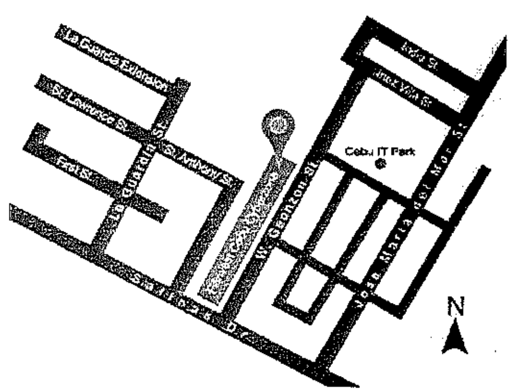
- Plaza A: This is a six-storey building with an approximate GFA of 11,575 sq.m. and an approximate GLA of 10,860 sq.m. Plaza A was completed in June 2006.
- *Plaza B and Plaza C:* Plaza B and Plaza C are four-story buildings, each with an approximate GFA of 7,150 sq. m. and an approximate GLA of 6,540 each for a total combined GLA of 13,080 sq.m. Both were completed in 2001.
- Plaza D: This is a six-storey building with the same specifications as Plaza A and has an approximate GFA of 11,575 sq.m. and an approximate GLA of 10,860 sq.m. The building was completed in 2007.
- Plaza E: This is a twelve-storey building, situated between Plaza A and Plaza D, with approximate GFA of 16,281 sq.m. and an approximate GLA of 14,859 sq.m. The building was completed in December 2012.
- *Convergys Building:* This is a three-story building with an approximate GFA of 6,466 sq.m. and an approximate GLA of 6,399 sq. m. Completed in 2004, it was one of the first buildings completed in the Northgate Cyberzone and was "built-to-suit" to meet the requirements of Convergys.
- *Capital One Building:* This is another building that was constructed on a BTS basis to meet requirements of its previous tenant, HSBC. Completed in 2005, the building has an approximate GLA of 18,000 sq.m. The building is currently occupied by Capital One.
- IT School: This is a three-storey building with an approximate GFA of 3,297 sq.m. and an approximate GLA of 2,594 sq.m. It was completed in 2002.
- *Building 5132:* This is a six-story building with an approximate GFA of 10,560 sq. m. and GLA of 9,409 sq. m. It was completed in 2007.

- *iHub I and iHub II:* This a two-tower complex (one with six storeys and the other with nine storeys). iHub I has an approximate GLA of 9,474 sq. m. and was completed in 2007. iHub II has an approximate GLA of 14,180 sq.m. and was completed in 2008.
- *Vector One:* This is an 11-story building with an approximate GFA of 19,545 sq.m. and an approximate GLA of 17,951 sq.m. It was completed in 2010. Filinvest Alabang, Inc. ("FAI") was its first tenant, occupying the fifth to seventh floors for its corporate headquarters.
- *Vector Two:* This building has the same configuration as with Vector One. It is also 11 storeys high with an approximate GLA of 17,889. It was completed in October 2011.
- *Vector Three:* This is a 22-story building with an approximate GFA of 39,853 sq.m. and an approximate GLA of 36,345 sq.m. It was completed in 2016 and is slated for turnover in 2017.
- *Filinvest One (formerly AZ Building)*: This is a 10-storey building with a GLA of 19,637Sq.m. Tenants of the building include HSBC, Ford Philippines, Denso Phil., AMEC Services and PHL Center.
- *Filinvest Two and Filinvest Three*: Filinvest Two and Three are 16-storey buildings with a GLA of 23,784 Sq.m each for a total of 47,568 Sq.m. Both buildings were completed in December 2015.
- *Mobile Generator Set Service*: CPI has a mobile generator set on a trailer truck which it offers its lessees as a backup power source in case the building losses power and the building's backup generators are not sufficient or are unavailable.

Cebu Cyberzone

The Cebu Cyberzone is a 1.2-hectare property that is a joint project of the Company with the Provincial Government of Cebu operating under a 30-year BTO scheme. With the Company's thrust to expand to areas beyond its flagship Northgate Cyberzone property, the Company identified Cebu as the location where it will develop its next major project. Cebu Cyberzone is its entry into the office leasing business in Cebu. The project is located in central Metro Cebu and adjacent to the Cebu IT Park, a prime business district development of Cebu Property Development Corporation which already houses most of the BPO office buildings in Cebu. This gives the area the advantage of being in an area already occupied and favored by most BPO companies and contains many of the amenities that these BPO companies and their employees look for. CPI plans to construct 4 BPO towers in the property, the Filinvest Cebu Cyberzone Towers, which would add 80,884 square meters to the Company's total GLA.





Building	GLA (in sq. meters)	2016 Occupancy Rate
Filinvest Cebu Cyberzone Tower 1	19,937	59%

- *Filinvest Cebu Cyberzone Tower 1*: This is a 12-storey building with a GLA of 19,937 Sq.m. It was completed in December 2015.

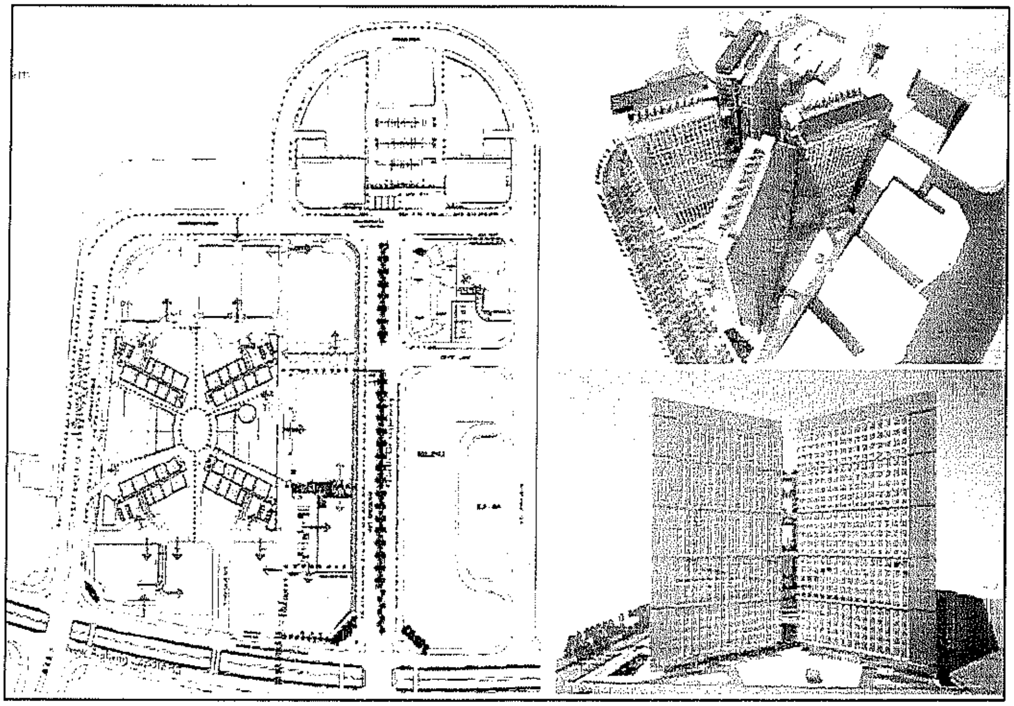
EDSA Transcom Building

This is a five-storey BPO building that is located along EDSA in Mandaluyong City and has approximately 7,358 sq.m. of GLA. This is FLI's first BPO office building outside Northgate Cyberzone. The building is fully occupied and leased by Transcom, a BPO company offering contact centre services.

Current and Future Development Projects

Northgate Cyberzone

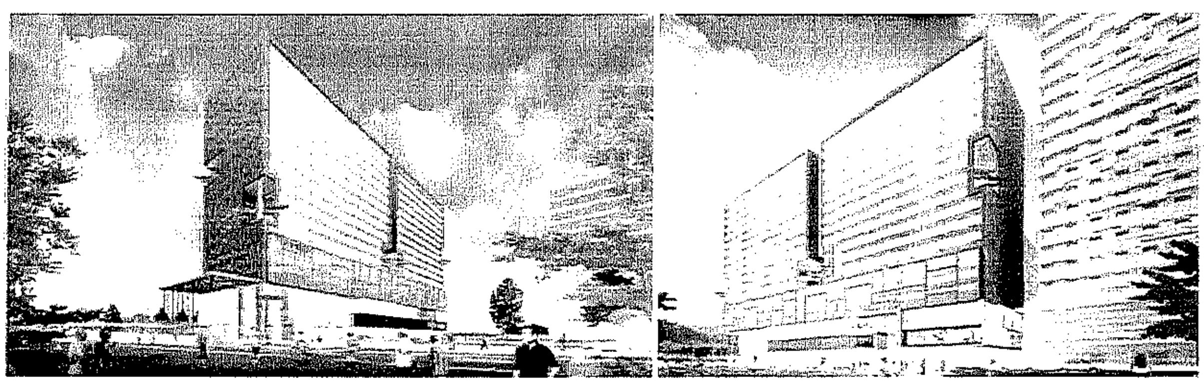
- *Filinvest Axis Tower 1*: This is a 27-storey building with a GLA of 38,899 Sq.m. Construction for the building started in July 2014 and is expected to be completed in June 2017.
- *Filinvest Axis Tower 2*: This is a 27-storey building with a GLA of 38,899 Sq.m. Construction for the building started in October 2016 and is expected to be completed in December 2018.
- *Filinvest Axis Tower 3*: This is a 27-storey building with a GLA of 38,899 Sq.m. Construction for the building started in January 2017 and is expected to be completed December 2019.
- *Filinvest Axis Tower 4*: This is a 27-storey building with a GLA of 38,899 Sq.m. Construction for the building is slated to start in February 2018 and is expected to be completed 3rd Quarter 2020.
- *District Cooling System:* This is a system where the air conditioning of the buildings within Northgate Cyberzone will be centralized to a single plant. This would increase the efficiency and sustainability of the buildings in the property leading to lower operational costs involved with air conditioning. These buildings will retain their independent air conditioning systems as backups. The system is currently under construction.



Filinvest Axis Towers

Cebu Cyberzone

- *Filinvest Cebu Cyberzone Tower 2*: This is a 22-storey building with a GLA of 27,574 Sq.m. Construction for the building started in October 2015 and is expected to be completed 1st Quarter 2018.
- *Filinvest Cebu Cyberzone Tower 3*: This is a 16-storey building with a GLA of 17,190 Sq.m. Construction for the building is slated to start in October 2017 and is expected to be completed 1st Quarter 2021.
- *Filinvest Cebu Cyberzone Tower 4*: This is a 16-storey building with a GLA of 17,190 Sq.m. Construction for the building is slated to start in October 2017 and is expected to be completed 1st Quarter 2021.



Filinvest Cebu Cyberzone Tower 3 and 4

Investment in foreign securities

The Company does not have any investment in foreign securities.

Rental and Others

The Company does not intend to rent properties for the next 12 months except as needed in the ordinary course of business.

CERTAIN LEGAL PROCEEDINGS

CPI may be subject to lawsuits and legal actions in the ordinary course of its office space leasing business and other allied activities. The Company is not currently involved in any legal proceedings.

Currently, CPI, its directors, executive officers, underwriters, or control persons are not involved in:

a) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

b) any conviction by final judgement in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreing, excluding traffic violations and other minor offenses;

c) being subject to any order, judgement, or decree, not subsequently reversed, suspended, or vacated, of any court of competent jurisdication, domestic or foreign, permanently, or temporarily enjoining, barring, suspending, or otherwise limiting his involvement in any type of business, securities, commodities, or banking activities; and

d) being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commision or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation and the judgement has not been reversed, suspended, or vacated.

DIVIDENDS ON CPI'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

As at December 31, 2016 and 2015, the Company has authorized capital stock of 2,000,000,000 common shares at ₱1 par value, out of which 1,163,426,668 shares are issued and outstanding. The Company's common equity is not listed or traded in a public trading market.

The top Stockholders (preferred and common shares) as at 31 December 2016:

Common Shares

	Name	No. of Shares	% to Total
1.	Filinvest Land Inc.	1,163,426,663	99.99%
2.	Jonathan T. Gotianun	1	Negligible
3.	Josephine G. Yap	1	Negligible
4.	Joseph M. Yap	1	Negligible
5.	Efren M. Reyes	1	Negligible
6.	Andrew T. Gotianun	1	Negligible
	Total	**1,163,426,668**	**100.00%**

No securities were sold within the past three years.

Dividends

The Company pays dividends to FLI for its common equity out of its unrestricted retained earnings. CPI paid ₱593.3 million, ₱193.2 million, and ₱162.9 million to FLI in dividends in 2016, 2015, and 2014, respectively.

There are no restrictions that would limit the Company to pay dividends on common shares, except for a standard loan covenant that would prohibit the Company to pay dividends when it is in default.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

PLAN OF OPERATIONS FOR 2017

CPI's business strategy has placed emphasis on the construction of office buildings in Alabang, Mandaluyong and Cebu areas. CPI expects to remain focused on expanding its BPO office building portfolio to increase recurring revenues.

CPI has set more than ₱6 billion worth of CAPEX for 2017, about 126% more than the amount spent in 2016. The bulk is earmarked for the construction of the Company's various projects in Northgate and Cebu Cyberzone. The Company expects that it will continue to have significant CAPEX in the next 3 years beyond as it seeks to develop new offices on its Northgate and Cebu Cyberzone properties. Its projected CAPEX is ₱4.63 billion, ₱2.47 billion, and ₱2.18 billion in 2018, 2019, and 2020 respectively. For a description of the Company's capital expenditure commitments please see the Use of Proceeds on page 47 of this Prospectus.

Having just completed Vector Three, CPI aims to sell and market the building to its clients to garner intent to lease from BPO companies. The Company also aims to increase the leased-out space in its Filinvest Three and Filinvest Cebu Cyberzone 1 buildings.

Four (4) new BPO office projects are currently ongoing construction, specifically: Filinvest Axis Towers One, Two and Three, which will give approximately 38,899 sq.m. each, and Filinvest Cebu Cyberzone Tower 2, the second building in its Cebu Cyberzone property, which will have a total of 27,574 sq.m. in leasable area. The construction of its District Cooling System in Northgate Cyberzone is also underway.

In 2017, the Company expects to start construction on Filinvest Cebu Cyberzone Tower 3 and 4 which would be the final two buildings on the Cebu Cyberzone property.

Statements of Comprehensive Income

(Amounts in ₱ thousands, except per share figures)	For the Years Ended 31 December (Audited) 2016	2015	2014
INCOME			
Rental Income	1,490,431.18	1,155,921.33	998,411.08
Other Income	519,306.25*	63,961.60	10,310.06
	2,009,737.44	1,219,882.93	1,008,721.14
COSTS AND EXPENSES			
Rental Expense	202,268.66	167,440.69	147,044.58
Depreciation and Amortization	156,732.33	132,643.18	119,226.73
Advertising and Marketing	51,816.70	22,791.73	21,616.26
Taxes and Licenses	10,791.69	17,773.94	14,329.00
Manpower Cost	7,483.56	11,573.08	3,487.67
Service and Management Fees	7,300.00	6,222.91	6,509.00
Pension Expense	205.79	384.28	265.98
Doubtful Accounts Expense	122.67	162.59	3,480.31
Others	3,770.85	3,025.64	2,755.38
	440,492.26	362,018.05	318,714.89
FINANCE INCOME (CHARGES)			
Interest Income	2,656.89	6,082.01	8,499.12
Interest Expenses	(101,153.70)	-	-
Unrealized Foreign Exchange Gain (Loss)	-	13.09	(2.15)
Other Financing Charges	(57.68)	(8.64)	(3.59)
	(98,554.49)	6,086.46	8,493.38
INCOME BEFORE INCOME TAX	1,470,690.68	863,951.35	698,499.64
PROVISION FOR INCOME TAX			
Current	59,174.88	73,968.48	40,469.90
Deferred	63,839.04	865.04	13,690.92
	123,013.93	74,833.51	54,160.82
NET INCOME	**1,347,676.76**	**789,117.83**	**644,338.82**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss:			
Remeasurement Gains on Retirement Plan, Net of Deferred Income Tax	1,076.23	-	165.39
TOTAL COMPREHENSIVE INCOME	1,348,752.99	789,117.83	644,173.43
Basic/Diluted Earnings Per Share	1.16	0.68	0.55

**Other Income includes* ₱450 million related to a claim for liquidated damages from a contractor due to delays in delivery of buildings.

Statements of Financial Position

	As of 31 December (Audited)		
(Amounts in ₱ thousands)	2016	2015	2014
ASSETS			
Current Assets			
Cash and Cash Equivalents	88,269.92	674,992.74	283,180.42
Receivables	266,228.14	134,735.25	199,158.93
Advances to Contractors	422,644.34	573,912.78	583,559.72
Other Current Assets	495,109.40	271,124.86	92,830.20
Total Current Assets	1,272,251.80	1,654,765.62	1,158,729.27
Noncurrent Assets			
Investment Properties	10,392,125.31	8,281,980.40	6,510,078.85
Property and Equipment	38,679.58	37,683.32	36,860.74
Intangible and Other Noncurrent Assets	1,821,404.84	1,454,433.75	1,258,997.12
Total Noncurrent Assets	12,252,209.73	9,774,097.47	7,805,936.71
	13,524,461.53	11,428,863.09	8,964,665.98
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts Payable and Accrued Expenses	1,018,751.95	1,096,391.64	740,509.93
Long-term Debt – Current Portion	653,159.09	335,848.49	165,125.00
Income Tax Payable	11,085.73	36,500.42	4,818.24
Other Current Liabilities	353,804.55	144,427.97	77,963.69
Total Current Liabilities	2,036,801.32	1,613,168.52	988,416.85
Noncurrent Liabilities			
Long-term Debt – Net of Current Portion	6,236,367.42	5,139,526.52	4,205,375.00
Retirement Liability	693.45	2,025.13	1,640.84
Deferred Tax Liability – Net	76,342.09	12,041.80	11,176.76
Other Noncurrent Liabilities	352,261.48	595,510.73	287,338.79
Total Noncurrent Liabilities	6,665,664.44	5,749,104.18	4,505,531.40
	8,702,465.75	7,362,272.70	5,493,948.25
Equity			
Capital Stock	1,163,426.67	1,163,426.67	1,163,426.67
Additional paid-in capital	102,900.67	102,900.67	102,900.67
Appropriated Retained Earnings	2,500,000.00	-	-
Unappropriated Retained Earnings	1,054,757.60	2,800,428.44	2,204,555.78
Remeasurement Gains (Losses) on Retirement Plan – Net of Tax	910.85	(165.39)	(165.39)
Total Equity	4,821,995.78	4,066,590.39	3,470,717.73
	13,524,461.53	11,428,863.09	8,964,665.98

FINANCIAL SOUNDNESS INDICATORS

The following table summarizes financial ratios as of and for the years ended 31 December 2016, 2015 and 2014:

	For the Years Ended 31 December (Audited)		
	2016	2015	2014
Long-term Debt to Equity Ratio (1)	1.43	1.35	1.26
Debt to Equity Ratio (2)	1.80	1.81	1.58
Debt Ratio (3)	0.64	0.64	0.61
EBITDA to total interest paid (4)	6.43x	4.18x	4.94x
Solvency Ratio (5)	0.17	0.13	0.14
Net Profit Margin (6)	0.67	0.65	0.64
Return on Equity (7)	0.28	0.19	0.19

These indicators were derived using the methods below using figures from CPI's Financial Statements.

(1) Long-term Debt to Equity Ratio is computed as long-term debt (both current and non-current portion) divided by total equity.
(2) Debt to Equity Ratio is computed as total liabilities divided by total equity.
(3) Debt Ratio is computed as total liabilities divided by total assets.
(8) EBITDA to total interest paid is computed as EBITDA divided by payments of interest and transaction costs. EBITDA is defined as the Earnings Before Interest, Taxes, Depreciation, and Amortization. Total Interest Paid is calculated as the sum of interest expense and capitalized interest for the given year as provided in the Company's financial statements.
(4) Solvency Ratio is computed as the sum of net income and depreciation and amortization divided by total liabiliites.
(5) Net Profit Margin is computed as net income divided by total revenues and other income.
(6) Return on Equity is computed as net income divided by total equity.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE FULL YEAR ENDED 31 DECEMBER 2016 COMPARED TO THE FULL YEAR ENDED 31 DECEMBER 2015

Results of operations for the 12-month period ended 31 December 2016 compared to 12-month period ended 31 December 2015

For the year ended December 31, 2016, CPI's operating regular net income registered a year on year growth of 70.78% or ₱558.56 million from ₱789.12 million in 2015 to ₱1,347.68 million in 2016.

Revenues

Total revenues went up by 64.75% to ₱2,009.74 million in 2016 from ₱1,219.88 million in 2015. The increase resulted from the continued robust rental revenue of ₱1,490.43 million (higher by ₱334.51 million or 28.94%). The increase in rental revenues in office spaces was brought about mainly by higher rental revenues generated from Northgate Cyberzone and Cebu buildings resulting from higher renewal rental rates of existing tenants and higher take up rate of new buildings "Filinvest Two", "Filinvest Three", "Cebu Tower 1". CPI currently operates 19 buildings and is completing construction of three more office buildings, "Vector Three", "Filinvest Axis Tower 1" at Northgate Cyberzone and Filinvest Cebu Cyberzone Tower 2, which will increase its office portfolio to 342,641 sq.m by year 2017.

Interest income decreased by ₱3.42 million or by 56.32% in 2016 from ₱ 6.08 million in 2015 to ₱2.66 million in 2016. The decrease was due to lower interest income derived from tenants' overdue accounts.

The Company currently has a claim for liquidated damages from a contractor under discussion due to delays in delivery of buildings. The Company has already deducted ₱450 million in retention payables to the said contractor. This amount represents CPI's recovery of lost revenue from prospective tenants which were claimed and applied against the liability to the contractor. This amount was recognized under the Company's other income.

Costs and Expenses

Cost and expenses increased by ₱78.47 million or by 21.68% from ₱362.02 million in 2015 to ₱440.49 million in 2016. The increase was due to higher rental expense, depreciation, commission expense and administrative expenses. This was offset by decrease in taxes and licenses, manpower costs, pension expense and doubtful accounts.

Provision for Income Tax

Provision for income tax increased by 64.38% from ₱74.83 million in 2015 to ₱123.01 million in 2016. Provision for current income tax decreased to ₱59.17 million in 2016 from ₱73.97 million in 2015 or a decrease of ₱14.79 million or by 20% due to lower taxable income subjected to regular 30% tax rate. 5% special tax rate is being applied on taxable income of PEZA registered activities.

Provision for deferred income tax increased by ₱62.97 million from ₱0.87 million in 2015 to ₱63.84 million in 2016 due to capitalized borrowing costs and advances from tenants.

Financial Condition as of 31 December 2016 compared to as of 31 December 2015

As of December 31, 2016, CPI's total assets stood at ₱13,524.46 million, higher by 18.34% or by ₱2,095.60 million than the ₱11,428.86 million total assets as of December 31, 2015. The following are the material changes in account balances:

86.92% Decrease in Cash and cash equivalents

Cash and cash equivalents decreased due to disbursements for the construction of Cebu Towers, Filinvest Axis Towers and Vector Three.

97.59% Increase in Accounts receivable

Accounts receivable increased due to recognition of straight line income from new tenants.

26.36% Decrease in Advances to Contractors

The decrease was due to application of advances to corresponding contractor billings.

82.61% Increase in other current assets

This account increased mainly due to recognition of input VAT.

25.48% Increase in Investment property

The increase was mainly due to the additional construction costs of Filinvest Two & Three buildings, Filinvest Axis Towers and Cebu Towers.

2.64% Increase in Property & equipment

The increase was mainly due to purchase and upgrade of machineries and equipment.

25.23% Increase in Intangible and Other noncurrent assets

The increase in this account was mainly due to various rental deposits and construction costs of the non-current assets acquired in relation to BTO agreement with the Government of Cebu.

7.08% Decrease in Accounts payable and accrued expenses

The decrease in this account was mainly due to adjustment in retention payable pertaining to the returned amounts to contractors for progress billings, installment payment of land acquired in South Road properties, Cebu City, and decrease in accrued payables recognized for incurred costs yet to be billed to the Company. This decrease however was offset by increase in advances from tenants for rentals.

69.63% Decrease in Income tax payable

The decrease in income tax payable is due to lower current income tax expense in excess of the creditable withholding taxes.

144.97% Increase in Other current liabilities

The increase was due to security deposits from tenants.

21.34% Increase in Noncurrent portion of Long Term Debt

The increase was due to additional borrowings made to finance the various projects of the Company.

65.76% Decrease in Retirement Liabilities

The decrease was due to the actuarial changes arising from experience adjustments and changes in financial assumptions.

533.98% Increase in Deferred Income Tax Liabilities

The increase was mainly due to the additional capitalized borrowing cost on long-term loans.

40.85% Decrease in Other noncurrent liabilities

The decrease was due to application of various tenant reservation and security deposits.

26.94% Increase in Retained Earnings

The increase was due to higher net income offset by higher dividend declaration. The audited financial statements divides Retained Earnings into two accounts: Appropriated Retained Earnings and Unappropriated Retained Earnings. Appropriated Retained Earnings of ₱2.5 billion is set aside for the Company's capital expenditures for a project to be completed by 2020.

Top 5 Key Performance Indicators

KPI	*Particulars*	**Aim**	**2016**	**2015**
Average occupancy	$\frac{Occupancy}{Total\ Leasable\ Area}$	At least 60%	76%	74%
Debt Ratio	$\frac{Total\ Liabilities}{Total\ Assets}$	Maximum of 70%	0.64	0.64
EBITDA to total interest paid	$\frac{EBITDA}{Interest\ Payments}$	Not less than 1	6.43x	4.18x
EBITDA ratio	$\frac{EBITDA}{Gross\ Revenues}$	Should be at least 75%	0.86	0.82
NPAT ratio	$\frac{NPAT}{Gross\ Revenues}$	Should be at least 50%	0.67	0.65

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE FULL YEAR ENDED 31 DECEMBER 2015 COMPARED TO FULL YEAR ENDED 31 DECEMBER 2014

Results of operations for the 12-month period ended 31 December 2015 compared to 12-month period ended 31 December 2014

For the year ended December 31, 2015, CPI's operating regular net income registered a year on year growth of 22.47% or ₱144.78 million from ₱644.34 million in 2014 to ₱789.12 million in 2015.

Revenues

Total revenues went up by 20.93% to ₱1,219.88 million in 2015 from ₱1,008.72 million in 2014. The increase resulted from the continued robust rental revenue of ₱1,155.92 million (higher by ₱157.51 million or 15.78%). The increase in rental revenues in office spaces was brought about mainly by higher rental revenues generated from Northgate Cyberzone buildings resulting from higher take up rate of "Filinvest One","Plaza E", "Filinvest Two", "Filinvest Three", "Cebu Tower 1" in 2015.

Interest income decreased by ₱2.42 million or by 28.44% in 2015 from ₱8.50 million in 2014 to ₱6.08 million in 2015. The increase was due to lower interest income derived from tenants' overdue accounts.

Costs and Expenses

Cost and expenses increased by ₱43.30 million or by 13.60% from ₱318.71 million in 2014 to ₱362.02 million in 2015. The increase was due to higher rental expense, depreciation, pension expense, business taxes and licenses and manpower costs. This was offset by decrease in doubtful accounts and miscellaneous expenses.

Provision for Income Tax

Provision for income tax increased by 38.17% from ₱54.16 million in 2014 to ₱74.83 million in 2015. Provision for current income tax increased to ₱73.97 million in 2015 from ₱40.47 million in 2014 or an increase of ₱33.50 million or by 82.77% due to higher taxable income brought about by higher revenues.

Provision for deferred income tax decreased by ₱12.82 million or by 93.68% from ₱13.69 million in 2014 to ₱0.87 million in 2015 due to higher advances from tenants.

Financial Condition as of 31 December 2015 compared to as of 31 December 2014

As of December 31, 2015, CPI's total assets stood at ₱11,428.86 million, higher by 27.49% or by ₱2,464.20 million than the ₱8,964.67 million total assets as of December 31, 2014. The following are the material changes in account balances:

138.36% Increase in Cash and cash equivalents

Cash and cash equivalents increased due to collection of advances and deposits from new tenants in newly operational buildings Plaza E, Cebu Tower 1 and Filinvest Two and Filinvest Three.

32.35% Decrease in Accounts receivable

Accounts receivable decreased due to better collection.

1.65% Decrease in Advances to Contractors

The decrease was due to application of advances to corresponding contractor billings.

192.07% Increase in other current assets

This account increased mainly due to recognition of input VAT.

27.22% Increase in Investment property

The increase was mainly due to the additional construction costs of Filinvest Two & Three buildings, Megablock, and Cebu Towers.

2.23% Increase in Property & equipment

The increase was mainly due to the modernization of elevator equipment in Vector building and purchase of generator sets.

15.52% Increase in Intangible and Other noncurrent assets

The increase in this account was mainly due to various rental deposits and construction costs of the non-current assets acquired in relation to BTO agreement with the Government of Cebu.

48.06% Increase in Accounts payable and accrued expenses

The increase in this account was mainly due to retention payable account pertaining to the amounts withheld by the Company from contractors' progress billings which will be returned upon completion of the services, advances from tenants, payable to land owner for land acquired in South Road properties, Cebu City, and accrued payables recognized for incurred costs yet to be billed to the Company.

103.39% Increase in Current portion of Long-term debt

The increase was due to additional borrowings made to finance the various projects of the Company.

657.55% Increase in Income tax payable

The increase in income tax payable is due to higher current income tax expense in excess of the creditable withholding taxes.

85.25% Increase in Other current liabilities

The increase was due to various tenant reservation and utilities deposits.

22.21% Increase in Long term portion of Long-term debt

The increase was due to additional borrowings made to finance the various projects of the Company.

23.42% Increase in Retirement Liabilities

The increase was due to the accrual of the liability to the retirement fund for the year.

7.74% Increase in Deferred Income Tax Liabilities

The increase was mainly due to the additional capitalized borrowing cost on long-term loans.

107.25% Increase in Other noncurrent liabilities

The increase was due to various tenant reservation and security deposits.

27.03% Increase in Retained Earnings

The increase was due to higher net income offset by higher dividend declaration.

Top 5 Key Performance Indicators

KPI	***Particulars***	**Aim**	**2015**	**2014**
Average occupancy	$\frac{Occupancy}{Total\ Leasable\ Area}$	At least 60%	74%	94%
Debt Ratio	$\frac{Total\ Liabilities}{Total\ Assets}$	Maximum of 70%	0.64	0.61
EBITDA to total interest paid	$\frac{EBITDA}{Interest\ Payments}$	Not less than 1	4.18x	4.94x
EBITDA ratio	$\frac{EBITDA}{Gross\ Revenues}$	Should be at least 75%	0.82	0.81
NPAT ratio	$\frac{NPAT}{Gross\ Revenues}$	Should be at least 50%	0.65	0.64

Other Disclosures

The information is not necessarily indicative of the results of the future operations. The information set out above should be read in conjunction with, and is qualified in its entirety by reference to the the relevant financial statements of Cyberzone Properties, Inc., including the notes thereto, included in this Prospectus.

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

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

The operating activities of CPI are carried uniformly over the calendar year; other than the ₱450 million gain recorded in liquidated damages due to the delay in delivery of the buildings collected from a contractor, there are no significant elements of income or loss that did not arise from the Company's continuing operations.

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 to the Company with unconsolidated entities or other persons created during the reporting period, except those discussed.

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

DIRECTORS, EXECUTIVE OFFICERS AND CONTROL PERSONS

Set forth below are the directors and officers of the Company and their business experience for the past five (5) years:

Lourdes Josephine G. Yap
Chairman

Mrs. Yap, 62, Filipino, was elected as a Chairman of CPI on 24 June 2016. Mrs. Yap was also appointed Director, President and CEO of FLI on October 31, 2012, is also a Director and the President and CEO of FDC, a publicly-listed company, The Palms Country Club, Inc. ("TPCCI"), Timberland Sports and Nature Club, Inc. ("TSNC") and FAI, and a Director in FDCUI and EWBC, a publicly-listed company. She obtained her Master's Degree in Business Administration from the University of Chicago in 1977.

Joseph M. Yap
President & Chief Executive Officer, Director

Mr. Yap, 67, Filipino, was elected as a member of CPI's Board and appointed Chief Executive Officer on 24 June 2016. He served as First Vice President of Family Bank & Trust Co. in charge of credit and collection from 1982 to 1984. Prior to that, he held financial management positions with Nestle with assignments in New York, Switzerland and Manila from 1976 to 1982. He obtained his Master's Degree in Business Administration from Harvard University in 1976. He is not a Director of any other publicly-listed company.

Jonathan T. Gotianun
Director

Mr. Gotianun, 64, Filipino, was elected as a Director of CPI on 24 June 2016. He also serves as the Chairman of the Board of Directors of FLI, FDC, and EWBC, both publicly-listed companies. He is also the President of Davao Sugar Central Co., Inc. and Cotabato Sugar Central Co., Inc., and Director and Chairman of the Executive Committee of 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.

Lamberto U. Ocampo
Independent Director

Mr. Ocampo, 90, Filipino, was elected as an independent director of CPI on 6 April 2017. He is also an independent director for FLI. He is a Civil Engineer by profession. He served as director of DCCD Engineering Corporation from 1957 to April 2001, as its Chairman of the Board from 1993 to 1995, and President from 1970 to 1992. He is not a Director of any other publicly-listed company. He obtained his Master's Degree in Engineering from the University of California-Berkeley.

Val Antonio B. Suarez
Independent Director

Mr. Suarez, 56, Filipino, is an independent director of CPI, having been elected on 6 April 2017. 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 also an independent director of FDC, FLI, and Lepanto Consolidated Mining Company, a publicly-listed company. He is a member of the Integrated Bar of the Philippines (Makati Chapter) and New York Bar. He obtained his Bachelor of Laws Degree from

Ateneo de Manila University Law School and a Master of Laws from Georgetown University Law Center.

Ana Venus A. Meija
Chief Financial Officer

Ms. Mejia, 51, Filipino, has been with the Filinvest Group for 17 years, joining in January 1996 as Assistant Controller of Filinvest Development Corp and has served the Group in various capacities. She was appointed as Chief Financial Officer of CPI on 24 June 2015. She is also the Deputy CFO and Treasurer for FLI, being appointed as Treasurer in 2012. Prior to joining Filinvest, she worked with Shoemart and Sycip, Gorres, Velayo & Company. She is a Certified Public Accountant and a Magna Cum Laude from Pamantasan ng Lungsod ng Maynila. She obtained her Master's Degree from Kellog School of Management at Northwestern University and School of Business and Management, The Hongkong University of Science and Technology.

Nelson M. Bona
Treasurer

Mr. Bona, 66, Filipino, was appointed as CPI's Treasurer on 24 June 2016. He is also the Chief Financial Officer of FLI since January 2007 He was formerly an Executive Vice President of EWBC and Managing Director of Millenia Broadband Communications, Inc. and Filinvest Capital, Inc.

Maricel Brion-Lirio
Senior Vice President

Ms. Brion-Lirio, 49, Filipino, was appointed as CPI's Vice President – Offices in November 2008 and promoted to Senior Vice President on 24 June 2016. She was formerly a Senior Assistant Vice President and Marketing Director for Philam Properties Corporation. She obtained her Bachelor's Degree in Mass Communications from Assumption College Makati.

Sharon P. Pagaling-Refuerzo
Corporate Secretary

Ms. Pagaling-Refuerzo, 37, Filipino, is CPI's Corporate Secretary since 2014. She is also a Senior Assistant Vice President, Assistant Corporate Secretary, and Corporate Information Officer of FLI since 2012. She was formerly a Legal Counsel for Robinsons Land Corporation. She graduated Cum Laude from the University of the Philippines and obtained her Bachelor of Laws degree from San Beda College of Law.

Melissa Regina C. Ortiz
Head, Investor Relations

Ms. Ortiz, 46, Filipino, is CPI's head for investor relations since 2014. She is also the head for investor relations for Filinvest Land, Inc. She was previously head of investor relations for ABS-CBN Corporation, head of corporate and financial planning for Nutriasia, Inc., and head of financial planning and investor relations for MERALCO. She obtained her Bachelor's Degree in Business Administration from the University of the Philippines and obtained her MBA and MS in Computational Finance from De La Salle University.

Elma Christine R. Leogardo
Compliance Officer

Atty. Leogardo, 58, Filipino, is CPI's Compliance Officer since 8 May 2015. She is also the Corporate Secretary and Compliance Officer for Filinvest Land, Filinvest Development Corporation, and other corporations of the Filinvest Group. She was previously a senior partner in Villaraza Cruz Marcelo & Angnangco Law Offices. She graduated Cum Laude from the University of the Philippines and obtained her Bachelor of Laws degree from the same institution.

The Company has also set a number of board committees to oversee certain aspects of the business, namely audit, nomination, and renumeration/compensation. The membership of the Company's committees are as follows:

Audit Committee

- Val Antonio B. Suarez, Chairman (Independent Director)
- Jonathan T. Gotianun, Member
- Joseph M. Yap, Member
- Josephine G. Yap, Member

Nomination Committee

- Lourdes Josephine G. Yap, Chairman
- Jonathan T. Gotianun, Member
- Lamberto U. Ocampo, Member (Independent Director)

Renumeration/Compensation Committee

- Lourdes Josephine G. Yap, Chairman
- Joseph M. Yap, Member
- Lamberto U. Ocampo, Member (Independent Director)

Significant Employees

The Company does not have any significant non-executive employees that it is highly dependent on in the course of its business.

Family Relationship

Lourdes Josephine G. Yap, Chairman of the Board and Director Jonathan T. Gotianun are related by consanguinity as sibilings. Joseph M. Yap, CEO and Director of the Company, is the spouse of Lourdes Josephine G. Yap and brother-in-law of Jonthan T. Gotianun. There are no other family relationships either by consanguinity or affinity among the Company's executives and directors other than those already mentioned.

EXECUTIVE COMPENSATION

As the Company's directors and executives are also directors and executives for FLI and FAI, CPI does not independently compensate them. The salaries, bonuses, and other compensation received by these persons are paid directly by FLI and/or FAI. The Company instead pays a service and management fee to FLI and FAI for the services rendered by the Company's directors and executives.

CPI incurred ₱7.3 million, ₱6.2 million, and ₱6.5 million in service and management fees in 2016, 2015, and 2014, respectively.

SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN RECORD AND BENEFICIAL OWNERS

The names, addresses, citizenship, number of shares held, and percentage of total of the outstanding voting shares of CPI as at 31 December 2016 are as follows:

Title of Class of Securities	Name/Address of Record Owner and Relationship with FLI	Name of Beneficial Owner/Relationship with Record Owner	Citizenship	No. of shares Held		% of Ownership
Common	Filinvest Land Inc, *79 EDSA, Highway Hills, Mandaluyong City*	N.A.	Filipino	1,163,426,663	(R)	99.99%
Common	Jonathan T. Gotianun *79 EDSA, Highway Hills, Mandaluyong City*	N.A.	Filipino	1	(D)	Negligible
Common	Josephine G. Yap *79 EDSA, Highway Hills, Mandaluyong City*	N.A.	Filipino	1	(D)	Negligible
Common	Joseph M. Yap *79 EDSA, Highway Hills, Mandaluyong City*	N.A.	Filipino	1	(D)	Negligible
Common	Efren M. Reyes *79 EDSA, Highway Hills, Mandaluyong City*	N.A.	Filipino	1	(D)	Negligible
Common	Andrew T. Gotianun *79 EDSA, Highway Hills, Mandaluyong City*	N.A.	Filipino	1	(D)	Negligible

Total number of shares of all record and beneficial owners as a group is 1,163,426,668 common shares representing 100% of the total outstanding common shares as at 31 December 2016.

Total ownership of all directors and officers as a group is negligible as at 31 December 2016. Interests of the above directors/executive officers in the Company's common shares are direct.

a) No person holds more than 5% of the common stock under a voting trust or similar agreement.

b) There has been no change in control of CPI since the beginning of last 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 Company.

DESCRIPTION OF DEBT

Accounts Payable and Accrued Expenses

This account consists of the following (in ₱ thousands):

(In Thousands)	December 31, 2016
Advances from tenants	₱332,733.26
Retention Payable	268,608.00
Payable to land owner – current portion	140,793.76
Accrued expenses	95,512.56
Accrued rent payable	90,549.48
Accrued interest payable	42,806.39
Payable to contractors	37,109.08
Withholding taxes payable	10,639.41
	₱1,018,751.95

"Advances from tenants" are advance payments received for rentals, utilities, and other fees. These are applied against rental obligations of the tenants when they become due.

"Retention payable" includes the amounts withheld by the Company from contractors' progress billings which are returned upon completion of their services or expiry of the contractors' warranty period.

"Payable to land owner" pertains to the unpaid balance on the land acquired in South Road Properties, Cebu City in 2015. As of December 31, 2016, noncurrent portion of the payable to land owner amounted to ₱140.8 million.

"Accrued Expenses" include accruals for utilities, maintenance and other expenses.

"Accrued rent payable" are payables recognized for incurred rental costs for the Company's lease for the land its properties are located on that are yet to be billed to the Company.

Long-Term Debt

This account consists of the following (in ₱ thousands):

	December 31, 2016
Term Loans from a financial institution	6,889,526.52
Total long-term debts	**6,889,526.52**

Description of Debt

Term Loans from a Financial Institution

	Significant Terms	2016	2015
Loan 1	- This is a 5-year loan with a financial institution, obtained on April 6, 2015 and will mature on January 31, 2020 - 50% of the principal is payable in 11 quarterly payments starting June 2017; 50% payable at maturity - 4-year PDST plus spread of 1.0% subject to repricing at the end of the 5th year - Unsecured	**₱800,000,000**	₱800,000,000
Loan 2	- This is a 7-year loan with a financial institution, obtained on July 7, 2014 and will mature on July 7, 2021. - 50% of the principal is payable in 20 quarterly payments starting October 2016; 50% payable at maturity - Interest rate equivalent to PDST-F, payable quarterly - Unsecured	**682,500,000**	700,000,000
Loan 3	- This is a 7-year loan with a financial institution, obtained on December 16, 2013 and will mature on December 16, 2020 - 50% of the principal is payable in 20 quarterly payments starting March 2016; 50% payable at maturity - 7-year PDST plus spread of 1.0% subject to repricing at the end of the 7th year - Unsecured	**612,500,000**	682,500,000
Loan 4	- This is a 5-year loan with a financial institution, obtained on November 7, 2014 and will mature on November 7, 2019. - Payable in lump sum in November 2019 - Interest rate is fixed up to maturity - Unsecured	**500,000,000**	500,000,000
Loan 5	- This is a 5-year loan with a financial institution, obtained on December 28, 2016 and will mature on December 28, 2023 50% of the principal is payable in 13 quarterly payments starting March 2020; 50% payable at maturity - Fixed 7-year inclusive of GRT - Unsecured	**500,000,000**	–
Loan 6	- This is a 5-year loan with a financial institution, obtained on June 28, 2016 and will mature on June 28, 2021 50% of the principal is payable in 11 quarterly payments starting September 2018; 50% payable at maturity - Fixed for 5 or 7 years PDST-R2 - Unsecured	**500,000,000**	–
Loan 7	- This is a 7-year loan with a financial institution, obtained on August 5, 2013 and will mature on August 5, 2020 - 50% of the principal is payable in 20 quarterly payments starting August 2015; 50% payable at maturity - 7-year PDST plus spread of 1.0% subject to repricing at the end of the 7th year - Unsecured	**437,500,000**	487,500,000
Loan 8	- This is a 5-year loan with a financial institution, obtained on March 3, 2014 and will mature on March 3, 2019. - 50% of the principal is payable in 11 quarterly payments starting June 2016; 50% payable at maturity - Interest rate equivalent to PDST-F, payable quarterly - Unsecured	**431,818,182**	500,000,000

(Forward)

Description of Debt

	Significant Terms	2016	2015
Loan 9	- This is a 5-year loan with a financial institution, obtained on August 3,2015 and will mature on August 3, 2020 - Payable in lump sum in August 2020 - Interest rate equivalent to PDST-F plus 1.25% spread - Unsecured	**₱430,000,000**	₱430,000,000
Loan 10	- This is a 5-year loan with a financial institution, obtained on November 9, 2016 and will mature on November 9, 2023 - 50% of the principal is payable in 15 quarterly payments starting February 2020; 50% payable at maturity - P.A. Fixed for 7 years - Unsecured	**400,000,000**	-
Loan 11	- This is a 5-year loan with a financial institution, obtained on July 26, 2016 and will mature on July 27, 2021 - 50% of the principal is payable in 11 quarterly payments starting October 2018; 50% payable at maturity. - Fixed 7-year inclusive of GRT - Unsecured	**350,000,000**	-
Loan 12	- This is a 5-year loan with a financial institution, obtained on May 7, 2015 and will mature on May 7, 2020 - 50% of the principal is payable in 11 quarterly payments starting May 2017; 50% payable at maturity - Interest is fixed for 5 years - Unsecured	**300,000,000**	300,000,000
Loan 13	- This is a 5-year loan with a financial institution, obtained on January 30, 2015 and will mature on January 30, 2020 - 50% of the principal is payable in 11 quarterly payments starting January 2017; 50% payable at maturity - Interest is fixed for three years, repricing at the end of 3rd year - Unsecured	**300,000,000**	300,000,000
Loan 14	- This is a 5-year loan with a financial institution, obtained on - May 14, 2015 and will mature on May 14, 2020 - 50% of the principal is payable in 11 quarterly payments - starting May 2017; 50% payable at maturity - Interest is fixed for 5 years plus GRT - Unsecured	**270,000,000**	270,000,000
Loan 15	- This is a 7-year loan with a financial institution, obtained on - May 17, 2012 and will mature on May 17, 2019. - 50% of the principal is payable in 20 quarterly payments - starting November 2014; 50% payable at maturity, subject to quarterly repricing. - Unsecured	**225,000,000**	255,000,000
Loan 16	- This is a 5-year loan with a financial institution, obtained on May 8, 2013 and will mature on May 8, 2018 - Payable in 12 quarterly payments starting August 2015 - 5-year PDST - Unsecured	**150,000,000**	250,000,000
Loan 17	- This is a 5-year loan with a financial institution, obtained on February 12, 2013 and will mature on February 21, 2018 - Payable in 12 quarterly payments starting May 2015 - Interest rate equivalent to PDST-F plus 0.6% spread subject to quarterly repricing - Unsecured	**208,333**	375,000
		₱6,889,526,515	₱5,475,375,000

The Company's long-term debt are unsecured and no assets are held as collateral for these debts. The agreements covering the abovementioned loans require maintaining certain financial ratios including debt-to-equity ratio, interest coverage ratio, and current ratio.

The agreements also provide for restrictions and requirements with respect to, among others, making substantial change in present management and ownership structure; acquisition of any shares of stock; sale, lease or transfer and disposal of all or a substantial part of its assets, except in the ordinary course of business; and entering into any merger, consolidation or reorganization.

As of December 31, 2016, 2015 and 2014, the Company has not been cited as in default on its outstanding loan obligations.

CORPORATE GOVERNANCE

CPI's Manual on Corporate Governance was approved and adopted on 22 March 2017 in order to monitor and assess the CPI's compliance with leading practices on good corporate governance as specified in its Corporate Governance Manual and Philippine SEC circulars. The Manual on Corporate Governance highlights areas for compliance improvement and sets out actions to be taken by CPI.

CPI is in substantial compliance with its Manual of Corporate Governance as demonstrated by the following: (a) the election of two (2) independent directors to the Board; (b) the appointment of members of the audit, nomination and compensation committees; (c) the conduct of regular quarterly board meeting and special meetings, the faithful attendance of the directors at these meeting and their proper discharge of duties and responsibilities as such directors; (d) the submission to the SEC of reports and disclosures required under the Securities and Regulation Code; (e) CPI's adherence to national and local laws pertaining to its operations; and (f) the observance of applicable accounting standards by CPI.

In order to keep itself abreast with the leading practices of corporate governance, CPI encourages the members of top-level management and the Board to attend and participate at seminars on corporate governance initiated by accredited institutions. Furthermore, CPI has also raised its level of reporting to adopt and implement prescribed International Accounting Standards.

CPI welcomes proposal, especially from institutions and entities such as the SEC and the Institute of Corporate Directors, to improve corporate governance.

There is no known material deviation from CPI's Manual on Corporate Governance.

FINANCIAL INFORMATION

The following pages set forth CPI's audited financial statements as of 31 December 2016, 2015 and 2014 and for the years then ended.