

# COVERSHEET

SEC Registration Number

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COMPANY NAME

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

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d	i	n	g	,		N	o	r	t	h	g	a	t	e		C	y	b	e	r	z	o	n	e	,		F	i	l
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Form Type

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Department requiring the report

S	E	C	
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Secondary License Type, If Applicable

N	/	A	
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### COMPANY INFORMATION

Company's Email Address

N/A
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Company's Telephone Number

846-0278
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Mobile Number

N/A
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No. of Stockholders

8
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Annual Meeting (Month / Day)

5/30
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Fiscal Year (Month / Day)

12/31
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### CONTACT PERSON INFORMATION

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

Name of Contact Person

Ms. Venus A. Mejia
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Email Address

venus.mejia@filinvestgroup.com
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Telephone Number/s

846-0278
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Mobile Number

N/A
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### CONTACT PERSON'S ADDRESS

5 <sup>th</sup> -7 <sup>th</sup> Flr. Vector One Bldg. Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City
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*NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

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



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## **Part 1 – BUSINESS AND GENERAL INFORMATION**

### **Item 1. Business**

#### *1.1 Organization, Brief Description and Recent Developments*

Cyberzone Properties, Inc. (the Parent Company or CPI) was registered with the Securities and Exchange Commission (SEC) on January 14, 2000. Its primary purpose is to acquire by purchase, lease, donate and/or to own, use, improve, develop, subdivide, sell, mortgage, exchange, hold for investment and deal with real estate of all kinds.

The Parent Company is a wholly owned subsidiary of Filinvest Land, Inc. (FLI), a subsidiary of Filinvest Development Corporation (FDC). A.L. Gotianun Inc. (ALG) is the Company's ultimate Parent Company. FLI, FDC and ALG were all incorporated in the Philippines.

CPI began commercial operations on May 1, 2001. CPI is registered with the PEZA as an Economic Zone Facilities Enterprise, which entitles CPI to certain tax benefits and non-fiscal incentives such as paying a 5% tax on its gross income in lieu of payment of national income taxes. CPI is a qualified enterprise for the purpose of VAT zero-rating of its transaction with its local suppliers of goods, properties and services related to its provision of services to PEZA-registered enterprises. The VAT-zero rating shall not apply to CPI's facilities at Filinvest Axis Towers One to Four, Vector Three and Filinvest Cyberzone Cebu Towers 1 to 4. CPI owns and operates the IT buildings in Northgate Cyberzone, located in an 18.7-hectare parcel of land within Filinvest City. CPI also leases a parcel of land measuring 2,831 sq. m. along EDSA on which CPI built a 5-storey BPO building with a total GLA of 7,358 sq. m. It also has a BTO agreement with the Cebu Province for a project named Filinvest Cyberzone Cebu occupying a land area of 12,290 square meters which currently has two operational buildings.

CPI became one of the first companies to operate as a major BPO-centric lease provider outside Makati, Bonifacio Global City, and Ortigas. Anticipating the traffic congestion in these districts, CPI took advantage of developing the land owned by FLI in Alabang, Muntinlupa City and established Northgate Cyberzone, an 18.7-hectare PEZA-registered IT park where CPI constructed its buildings inside the Northgate Cyberzone within the 18.7 hectare land that CPI leases from FLI.

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, who will have easy access to such amenities. The combined competitive advantage of its location and the benefits of its PEZA registration attract BPO companies to lease office spaces in Northgate Cyberzone.

As of end 2019, there are nineteen (19) fully operational office buildings in Northgate Cyberzone as follows:

<b>Existing Buildings</b>				
<b>Building Name</b>	<b>GLA (SQM)</b>	<b>Occupancy Rate as of End 2019</b>	<b>PEZA Registered</b>	<b>LEED Certification</b>
Plaz@ A	10,860.03	100%	Yes	N.A.
Plaz@ B	6,488.07	100%	Yes	N.A.
Plaz@ C	6,539.83	100%	Yes	N.A.
Plaz@ D	10,860.03	100%	Yes	N.A.
Plaz@ E	14,859.47	100%	Yes	N.A.
IT School	2,593.88	100%	Yes	N.A.
Concentrix CVG Building	6,399.10	100%	Yes	N.A.
Capital One Building	18,000	100%	Yes	N.A.
5132 Building	9,408.80	100%	Yes	N.A.
iHub 1	9,480.49	100%	Yes	N.A.
iHub 2	14,180.58	100%	Yes	N.A.
Vector One	17,764.25	100%	Yes	N.A.
Vector Two	17,888.78	100%	Yes	N.A.
Vector Three	36,344.79	100%	Yes	LEED Gold
Filinvest One	19,636.62	100%	Yes	N.A.
Filinvest Two	23,784.45	100%	Yes	N.A.
Filinvest Three	23,784.45	100%	Yes	N.A.
Axis Tower One	40,855.25	89%	Yes	LEED Gold
<b>Newly Completed in 2019</b>				
<b>Building Name</b>	<b>GLA</b>	<b>Occupancy Rate as of End 2019</b>	<b>PEZA Registered</b>	<b>LEED Certification</b>
Axis Tower Two	40,855.25	32%	Yes	LEED Gold

In the pipeline are two (2) more office buildings:

<b>Building Name</b>	<b>GLA</b>	<b>Estimated Completion</b>	<b>PEZA Registered</b>	<b>LEED Certification</b>
Axis Tower Four	40,855.25	1Q2021	Yes	Pursuing LEED Gold
Axis Tower Three	40,855.25	3Q2021	Yes	Pursuing LEED Gold

Each Axis tower has an approximate GLA of 1,514.80 square meters of retail spaces located at the ground floor.



CPI also developed and operates the Filinvest Cyberzone Cebu located in Lahug, Cebu City, Cebu, which currently has two (2) fully operational office buildings:

<b>Building Name</b>	<b>GLA (SQM)</b>	<b>Occupancy Rate as of End 2019</b>	<b>PEZA Registered</b>
Cebu Tower 1	21,411.05	100%	No
Cebu Tower 2	28,295.64	44%	No

Currently under construction are Cebu Towers 3 and 4:

<b>Building Name</b>	<b>GLA (SQM)</b>	<b>Estimated Completion</b>	<b>PEZA Registered</b>
Cebu Tower 3	18,368	4Q2021	No
Cebu Tower 4	20,350	3Q2022	No

Filinvest Cyberzone Cebu complex has a retail component at ground and common podium with GLA of 5,472 square meters.

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 within the Filinvest City. In Cyberzone Cebu, the Parent Company is still slated to complete the other two towers, Towers 3 and 4 over the next two years. The Parent 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.

### 1.2 Equity investment

CPI has 15,000,000 common shares or 60% ownership over ProOffice Work Services, Inc. (PWSI).

### 1.3 Target Market & Revenue Contribution

CPI's office space leasing business has primarily targeted multinational Business Process Outsourcing (BPO) companies locating their operations in the Philippines. However, a new type of tenant has emerged starting 2017, the Philippine Offshore Gaming Operators or POGOs licensed and regulated by PAGCOR which provide technical and back office support to online gaming companies which are mostly based in China .

#### *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 service providers perform certain "non-core" business processes such as accounting, customer service and IT services for multinational global enterprises. BPOs are usually categorized into back office outsourcing, which involves internal business functions such as human resources, IT, 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 use of different technology platforms which allows these service providers to be based offshore.

The rationale for BPO services has always been the flexibility it offers to their client companies and the cost savings it generates from locating in the Philippines specifically from lower employee wages and tax incentives given by Philippine government through PEZA. 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.

Oxford Business Group predicts that the global business process outsourcing (BPO) industry will be worth \$250 billion by the year 2020. Business process outsourcing in the Philippines accounts for 10 to 15 percent of the global BPO market, where the local BPO sector has grown at a compound annual rate of 10 percent over the past decade. The Philippines has also consistently ranked among the top five outsourcing destinations in the world.

The IT-BPM industry has delivered a multitude of direct and indirect benefits to the Philippines. It is the single largest sector which employs over 1.2 million people as of end 2019. In 2018 and 2019, the service sector has contributed around 60% of the Philippines' overall economic growth. Within the service subsectors, the compound average annual growth rate (CAGR) of the IT-BPO industry is seen to be at 9.2% from 2016 to 2022.

*\*Sources: IT and Business Process Association Philippines (IBPAP) Website  
<https://currandaly.com/2020-for-bpo-and-shared-services-industry/>*

The Philippines' steady growth trajectory continues to attract many investors from abroad to establish or expand their operations here.

The BPO workforce is also 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 slowdown 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 Compound Annual Growth Rate (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%.

According to Leechiu Property Consultants' Real Estate Market Insights for full year 2019, Philippine office supply will grow by 4.8 square meters (+34%) in the next 5 years. The unprecedented level of developments outside Metro Manila is expected to add 1.43 M square meters to its current supply of 1.98 M square meters. For 2019, Cebu is back as the largest producer of office space outside of Metro Manila adding 706,000 square meters in the next 5 years. For Metro Manila, there was an increase in demand for office space by 14% or 1.37M sqm compared to last year's 1.2M sqm, a seen shift in the demand drivers, mostly by POGOs which demand grew by 11 times in just four (4) years.

*\*Source: Leechiu Property Consultants, 2019 Real Estate Market Insights Report*

#### *Philippine Offshore Gaming Operators (POGO)*

Offshore gaming refers to the offering by a licensee of PAGCOR – authorized online games of chance via the internet using a network and software program – exclusively to offshore authorized players excluding Filipinos abroad, who have registered and established an online gaming account with the licensee.

One sector that is clearly benefiting from the Philippine Offshore Gaming Operator (POGO) landscape introduced by the Philippine Amusement and Gaming Corp. (Pagcor) is property business because of the growing demand for office space.

While strong demand for office space in Metro Manila is still largely driven by Information Technology and Business Process Management (IT-BPM) companies, offshore gaming companies is fast emerging as a driver of growth in the office property market as they need space for their back office, customer support operations, IT and technical support.

CPI is one of the lessors who is leasing to this new and growing segment. As of to date, CPI has leased 40,972.73 square meters of office space to six (6) POGO companies.

#### *Cyberzone Properties' Tenancy profile*

CPI has the following profile of tenants in Northgate Cyberzone, Cyberzone Cebu and EDSA Wackwack Building as of end 2019:

2019	No. of tenants	GLA sqm	%
BPO	29	269,882.26	80%
Offshore gaming services	6	40,972.73	12%
Traditional office and others	26	27,633.08	8%
Total Area leased		338,488.07	88%
Total GLA		387,648.44	100%

CPI has the largest BPO companies in the Philippines as its current tenants. Some of its major tenants are Capital One, Genpact, Concentrix CVG, HSBC, Infosys, Alorica, Synchrony, Paypal and Optum Global Solutions Inc. In recent years, to reduce its concentration risk, CPI has worked to diversify the types of BPO companies leasing its office spaces. Some of the new tenants are Accenture which expanded its Philippine portfolio in Northgate Cyberzone and Paypal, which located its first Philippine site in Northgate Cyberzone.

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

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 prospective tenant. These properties would have the basic features and amenities that CPI has determined. Build-to-suit office spaces are properties designed and built according to the clients' specifications. Majority of the Parent 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 Parent 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 Parent 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.
- For POGO, six (6) months security deposits and three (3) months advance rent based on rate of last year of lease term but payable upfront.
- When the Contract of Lease is signed, the tenant must pay advance rent for 3 months.
- Pretermination option after the 3<sup>rd</sup> year with 6 months prior written notice from the tenant and subject to three (3) months penalties payable 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 Parent Company does not currently have any issues with any of its existing tenants.



#### 1.4 Lease Marketing

CPI primarily makes use of in-house leasing and marketing team to attract lessees CPI's regular practice is to approach its existing lessees in the property if they are interested in leasing additional office spaces in the Parent Company's new projects for their expansion.

Another approach being used by CPI to attract new lessees is through the services of professional, multinational commercial real estate leasing agents /brokers (including, but not limited to Jones Lang LaSalle, Santos Knight Frank, Colliers, CB Richard Ellis and Leechiu Property Consultants). These brokers work on a non-exclusive basis and earn commissions based on the term of the lease.

The Parent Company's procedure in leasing new properties is that when the project is substantially completed or nearing completion, CPI's in-house leasing 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. After getting interest from existing lessees, CPI engages the services of external brokers to market the property to new potential lessees.

#### 1.5 Competition

Driven by the demand for office space from BPO companies and POGOs, office inventories are expected to continually increase as real estate companies try to take advantage of the demand.

Furthermore, given the diminishing supply and lack of available PEZA registered buildings in Metro Manila due to the government's Administrative Order No. 18 (AO 18) or Accelerating Rural Progress Through Robust Development of Special Economic Zones in the Countryside, rental rates and renewal rates are expected to peak in the coming years. Rent and renewal rates continue to increase driven by sensational growth in the POGO industry and scarcity of PEZA registered buildings.

While 70% of the total projected IT-BPM workforce will still remain in Metro Manila, the National Government's all inclusive plan will positively impact the expansion of locators in the provinces. Pampanga, Cavite, Cebu and Davao contributes majority of the office space outside Metro Manila with Cebu leading the current supply of office inventory.

Likewise, the government's build build build program has benefited the cities nearby Metro Manila such as Cavite, Laguna and Pampanga as these cities become more accessible, thus, developers have been drawn to build more office buildings in these areas.

The Parent Company believes that one of its major strengths besides its brand and reputation is the cost of space which is generally lower in Alabang as compared to Makati, Ortigas, or BGC.

According to Leechiu's Real Estate Market Insights Report as of December 2019, 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 aim to minimize their costs.

<b>Cost of Office Space</b>		
<b>Location</b>	<b>Monthly rents for offices in Metro Manila in Php/sq.m. for year 2019</b>	<b>Est. Total Supply for 2019 – 2022 (GLA sq. m.)</b>
Makati CBD (Prime and Grade A Buildings)	1,300 - 1,600	612,000
BGC	1,000 – 1,400	380,000
Ortigas, Pasig, Mandaluyong, San Juan	700 - 800	829,000
Quezon City	750 - 850	681,000
Bay City	900 – 1,600	790,000
Alabang	750 - 850	338,000

*\*Source: Leechiu Property Consultants, 2019 Real Estate Market Insights Report*

The Parent 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 Parent 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.

*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.



*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 Cyberbod Corinthian in Ortigas.

*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, and also office leasing.

*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.

*1.6 Intellectual Property and Trademarks*

The Parent 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.

*1.7 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 Parent Company's results of operations are expected to continue to be affected by the nature and extent of the regulation of its business, including the relative time and cost involved in procuring approvals for each new project, which can vary 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 Parent Company enjoys a preferential tax rate of 5% on gross income from 16 of its buildings in Northgate Cyberzone, from tenants that are also PEZA registered. In addition, CPI also enjoys the ff incentives. Likewise, the BPO/IT companies who lease office space in Northgate or Cebu Cyberzone which are PEZA-registered also enjoy certain tax incentives as follows:

- 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% preferential tax on gross income, which is split between the City Treasurer of Muntinlupa (2/5) and BIR (3/5) 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
- 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 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 CPI's capital expenditures, earning or competitive position. The cost of such compliance is not significant and CPI does not keep a separate account thereof.

#### *1.8 Employees and Labor*

Management believes that CPI's current relationship with its employees is generally good. The Parent 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 Parent Company compete in the marketplace for quality employees.

#### *1.9 Related Party Transactions*

A summary of the CPI's related party transactions in 2019 and 2018 are shown in the following table:

	2019				
	Amount/ Volume	Outstanding balance	Terms	Conditions	Note
<i>Bank under common control</i>					
Cash and cash equivalents	₱375,902,879	₱375,902,879	0.13% to 4.50%	No impairment	16 (a)
Interest income	8,435,364	-			
	<b>₱384,338,243</b>	<b>₱375,902,879</b>			

2019					
	Amount/ Volume	Outstanding balance	Terms	Conditions	Note
<u>Trade receivables (Note 5)</u>					
<i>Parent Company</i>					
Rental revenue	₱25,195,857	₱6,927,742	Noninterest-bearing; due and demandable	Unsecured	16 (b)
<i>Affiliate</i>					
Rental revenue	₱80,534,865	₱21,962,726	Noninterest-bearing; collectible every 20th day of the month	Unsecured	16 (b)
Service fee income (Note 20)	8,742,636	-	Noninterest-bearing	Unsecured	16 (d)
Commission income (Note 20)	6,440,293	-	Noninterest-bearing	Unsecured	16 (d)
	<b>₱120,913,651</b>	<b>₱28,890,468</b>			

Other Noncurrent Asset

<i>Affiliate</i>					
DCS connection charge (Note 10)	₱300,545,956	₱14,614,829		No impairment	16 (f)
Connection fees (Note 20)	(14,968,651)	-			
	<b>₱285,577,305</b>	<b>₱14,614,829</b>			

Accounts payable and accrued  
expenses (Note 11)

<i>Parent Company</i>					
Rental expense	(₱289,545,398)	(₱25,072,037)	Noninterest-bearing; payable on demand	Unsecured	16 (c)
<i>Affiliate</i>					
Advances	(300,000,000)	(300,000,000)	Interest-bearing at 6.0%, payable on demand		16 (e)
Accrued interest	(5,978,000)	(1,556,049)		Unsecured	
	<b>(305,978,000)</b>	<b>(301,556,049)</b>			
Service and energy fees (Note 20)	(308,630,133)	(20,846,167)	Noninterest-bearing; payable on demand	Unsecured	16 (f)
Rental expense	(3,111,931)	-	Noninterest-bearing	Unsecured	16 (c)
<i>Affiliate</i>					
Service fee	(9,218,381)	-	Noninterest-bearing; payable on demand	Unsecured	16 (d)
Management fee and manpower cost	(11,569,770)	-	Noninterest-bearing; payable on demand	Unsecured	
	<b>(₱28,053,613)</b>	<b>(₱347,474,253)</b>			

Other Noncurrent Liability

<i>Parent Company</i>					
Security deposit	₱6,935,068	₱-	Noninterest-bearing; payable	Unsecured	16 (b)
<i>Affiliate</i>					
Security deposits	22,060,351	2,115,322	Noninterest-bearing; payable	Unsecured	16 (b)
	<b>₱28,995,419</b>	<b>₱2,115,322</b>			

2018					
	Amount/ Volume	Outstanding balance	Terms	Conditions	Note
<u>Bank under common control</u>					
Cash and cash equivalents	₱584,545,991	₱584,545,991	0.50% to 4.50%	No impairment	16 (a)
Interest income	4,621,085	-			
	<b>₱589,167,076</b>	<b>₱584,545,990</b>			
<u>Trade receivables</u>					
<i>Parent Company</i>					
Rental revenue	₱21,773,232	₱17,620,536	Noninterest-bearing; due and demandable	Unsecured	16 (b)
<i>Affiliate</i>					
Rental revenue	₱66,754,145	₱12,882,076	Noninterest-bearing; collectible every 20th day of the month	Unsecured	16 (b)
Service fee income (Note 20)	7,673,436	-	Noninterest-bearing	Unsecured	16 (d)
Commission income (Note 20)	9,386,963	-			
	<b>₱83,814,544</b>	<b>₱12,882,076</b>			



		2018				
		Amount/ Volume	Outstanding balance	Terms	Conditions	Note
<u>Due from Related Parties</u>						
<i>Affiliates</i>						
Advances (Note 5)	₱675,360,000	₱675,360,000		Interest-bearing at 6.0%, payable on demand	Unsecured	16 (e)
Interest income	29,783,425	12,465,600				
	₱705,143,425	₱687,825,600				
<u>Other Noncurrent Asset</u>						
<i>Parent Company</i>						
Security deposit	-	₱1,428,600				
<i>Affiliate</i>						
DCS connection charge (Note 10)	₱248,878,142	₱245,770,285			No impairment	16 (f)
Connection fees (Note 20)	(3,107,857)	-				
	₱245,770,285	₱247,198,885				
<u>Accounts payable and accrued expenses (Note 11)</u>						
<i>Parent Company</i>						
Rental expense	(₱241,114,469)	(₱21,999,961)		Noninterest-bearing; payable on demand	Unsecured	16 (c)
<i>(Forward)</i>						
<i>Affiliate</i>						
Service and energy fee (Note 20)	(432,729,055)	(1,569,166)		Noninterest-bearing; payable on demand	Unsecured	16 (f)
Rental expense	(2,466,821)	(206,019)		Noninterest-bearing	Unsecured	16 (e)
<i>Affiliate</i>						
Service fee				Noninterest-bearing; payable on demand	Unsecured	16 (d)
Management fee and manpower cost	(7,600,003)	-		Noninterest-bearing; payable on demand	Unsecured	
	(4,288,470)	635,360				
	(₱688,198,818)	(₱23,139,786)				
<u>Other Noncurrent Liability</u>						
<i>Parent Company</i>						
Security deposit	₱-	₱6,608,326		Noninterest-bearing; due and demandable	Unsecured	16 (b)
<i>Affiliate</i>						
Security deposits	₱-	₱6,246,912		Noninterest-bearing; payable	Unsecured	16 (b)
	₱-	₱12,855,238				

Significant related party transactions are as follows. Outstanding balances at year-end are unsecured, interest-free and settlement occurs generally in cash.

- a) The Group maintains savings accounts and short-term deposits with East West Banking Corporation (EW), an affiliated bank. Cash and cash equivalents earn interest at the prevailing short-term investment rates.
- b) *Lease agreements with related parties - Group as lessor*
  - The Parent Company, as a lessor, entered into a space rental agreement with FLI, for the office space in one of the Parent Company's buildings. Lease period is from October 16, 2016 to October 15, 2021.
  - The Parent 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 Parent Company's buildings. Lease period is from April 1, 2016 to March 31, 2021.

- The Parent Company, as a lessor, entered into a space rental agreement with Pro-Excel, an affiliate, for the office space in one of the Parent Company's buildings. Lease period is from July 15, 2017 to July 14, 2020.
- The Parent Company, as a lessor, entered into a space rental agreement with Dreambuilders Pro, Inc. (DPI), a fellow subsidiary under FLI, for the office space in one of the Parent Company's buildings. Lease period is from August 10, 2017 to October 9, 2022.

c) *Lease agreements with related parties - Company as lessee*

- The Parent 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 Parent Company's gross rental income.
- In addition, the Parent Company, as a lessee, entered into a land lease agreement with FAI 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 Parent Company, as a lessee, also entered into an agreement with its subsidiary, Parking Pro, Inc., for its non-pay parking facilities. Rental expense is based on a fixed rate per slot.

d) *Service agreements with related parties*

- The Parent Company entered into a service agreement with FAI whereby the Parent Company shall pay service fees for general management services rendered by the latter for the operations of the Parent Company.
- The Parent Company entered into a service agreement with Filinvest Cyberparks, Inc. (FCI), Filinvest Asia Corp. (FAC), and ProOffice Work Services, Inc., entities under common control, whereby the Parent Company shall lease out a portion of its office space and perform accounting and administrative services to the latter for a fee.

- e) On October 12, 2018, FCI paid the advances for capital expenditures amounting to ₱ 631.2 million, net of ₱7.8 million withholding tax to the Parent Company for advances for capital expenditures amounting to ₱600.0 million, and subject to fixed interest of 6% per annum. Related interest earned in 2019, 2018 and 2017 amounted to nil and ₱27.2 million and ₱11.8 million, respectively.

On August 30, 2018, Filinvest Cyberzone Mimosa, Inc. (FCMI) paid the advances amounting to ₱75.2 million to the Parent Company for advances for capital expenditures amounting to ₱72.0 million, subject to interest of 6% per annum. Related interest earned in 2019, 2018, and 2017 amounted to nil, ₱2.5 million and ₱ 0.7 million, respectively.



On February 27, 2019, the Parent Company availed advances from FCI amounting ₱ 300.0 million. Related interest amounting 6.0 million was incurred by the Parent Company.

On August 30, 2018, Filinvest Cyberzone Mimosa, Inc. (FCMI) paid the advances amounting to ₱75.2 million to the Parent Company for advances for capital expenditures amounting to ₱72.0 million, subject to interest of 6% per annum. Related interest earned in 2019, 2018, and 2017 amounted to nil, ₱2.5 million and ₱ 0.7 million, respectively.

f) *BOT Agreement*

In accordance with the terms of Build Operate and Transfer (BOT) agreement between the Parent Company and Philippine DCS Development Corporation (PDDC), the Parent Company paid prepaid DCS connection charges to PDDC amounting to ₱ 248.9 million, to be consumed by existing and future buildings within Northgate Cyberzone in Muntinlupa City over the service period of 20 years.

On December 14, 2018, the Parent Company paid additional prepaid connection charge for connecting the equipment to Filinvest Axis Tower 2 amounting ₱65.79 million (see Note 10).

Amortized portion of DCS connection charge pertaining to existing buildings amounted to ₱15.0 million and ₱12.6 million in 2019 and 2018, respectively. These amounts were recognized as part of reimbursable expense to tenants (Note 20). Connection and service charges incurred for these buildings in 2019 and 2018 aggregated to ₱323.6 million and ₱289.0 million, respectively (see Note 20).

Key management personnel of the Parent Company are employees of Filinvest Alabang Inc (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 financial statements.

1.10 Major Risk Factors

*Risks Relating to the Group and the Industry*

The performance of the Group 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 Group 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 Parent Company is subject to and relies on a number of government regulations and initiatives covers both the BPO industry and office space leasing segment. The Parent 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 Parent 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 Parent 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 repercussions.

The Parent Company exists in a highly competitive industry with many players which may be larger and have more resources. Therefore, it is imperative that the Parent 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 Parent Company's margins. The Parent 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 Parent 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 Parent Company's construction costs, and therefore its pricing and margins. Any increase in prices resulting from higher construction costs could adversely affect the Parent Company's margins and ability to maintain its competitive pricing. Further, the failure by the Parent Company to complete construction of its projects to its planned specifications or schedule may result in contractual liabilities to lessees and lower returns.

#### *Artificial intelligence*

In the 2022 road map of the ITBPAP, it was identified that the low level, first tier skilled work force is being trained to level up to mid and high level skills to augment to the growing demand of a more personalized, more complicated calls. Thus, the industry is training and even hiring more to suit this growing client needs that AI cannot process. Note that AI is handling some of the very basic calls only that needs no human



personalized approach but simple cases of change of address, copy of statements and the like.

#### *Associated risks with POGOs*

While POGOs are recognized as one of the current demand drivers for office spaces, there are also risks associated with its operations such as Chinese government's crackdown on some POGOs operating in the country due to alleged illegal activities connected with offshore gaming operations, immigration issues on illegally recruited and undocumented Chinese workers and tax evasion cases. Such risks expose POGOs to possible business closure resulting to pre-termination of their leases and consequently will impact lessors by having high vacancy rate.

However, CPI's policy is to award only to duly registered POGO operators that have secured licenses from PAGCOR .

## **Item 2. Properties, Business Development and project line up**

### 2.1 Land Bank

Currently, the Parent Company, together with FLI and FAI (collectively known as the Filinvest Consortium), owned a 19.20 hectare lot in Cebu's South Road Properties (SRP). The Parent Company also leases land or takes on partners that will provide the land to be used for the development. The Parent Company is not prohibited from acquiring any land if there are opportunities in the future with good project potential.

### 2.2 Northgate Cyberzone

The Northgate Cyberzone, a PEZA-registered IT park with multinational tenants located on an 18.7-hectare property which is approximately 15 kilometers south of the Makati City central business district, a 30 minute to one 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 districts of the Metro where BPOs have primarily located their offices. Given the accessibility of 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 where Northgate Cyberzone is located is owned partially by Filinvest Land Inc., and was developed and operated by Filinvest Alabang Inc. 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 nineteen (19) fully completed and operational office buildings enumerated in Table 4 below, with a total GLA of 327,555 square meters as of end of 2019.

Future Project Developments in Northgate Cyberzone includes:

- *Filinvest Axis Tower Three*: This is a 25-storey building with total GLA of 39,340 Sq.m. Building construction started November 2018 and is expected to be completed by the 3rd quarter of 2021.
- *Filinvest Axis Tower Four*: This is a 25-storey building with total GLA of 39,340 Sq.m. Building construction started May 2018 and is expected to be completed by the 1<sup>st</sup> Quarter of 2021.

### 2.3 Filinvest Cyberzone Cebu (FCC)

CPI's other major location is the Filinvest Cyberzone Cebu, which is a 1.2-hectare joint project with the Provincial Government of Cebu operating under a 25-year Build Transfer Operate (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 Filinvest Cyberzone Cebu. The project is located adjacent to the Cebu IT Park in Salinas Lahug, Cebu City. of

Currently, CPI has two completed buildings on the property,

- *Filinvest Cyberzone Cebu Tower 1* : which has a total GLA of 19,937.20 square meters and is currently 100% occupied and
- *Filinvest Cyberzone Cebu Tower 2* : which has a total GLA of 28,296 square meters which is currently 44% occupied.

The other two (2) towers on the property, Towers 3 and 4 are expected to be completed by 4<sup>th</sup> quarter of 2021 and 3<sup>rd</sup> quarter of 2022 respectively.

- *Filinvest Cyberzone Cebu Tower 3*: 22-storey building with estimated GLA of 2,376 square meter retail and GLA of 18,368 square meter of office space. Building construction started August and is expected to be completed by the 4<sup>th</sup> quarter of 2021.
- *Filinvest Cyberzone Cebu Tower 4*: 22-storey building with estimated GLA of 2,736 square meter retail and GLA of 20,350 square meters of office space. Building construction started August 2018 and is expected to be completed by the 3<sup>rd</sup> quarter of 2022.

FCC, when completed will feature four (4) BPO towers with a total GLA of 86,951.20 square meters expected to house around 100,000 BPO employees.

CPI also owns and operates the Filinvest EDSA Wack Wack Building, a 7,358 square meter office building located along EDSA in Mandaluyong City. The building is currently leased and solely occupied by a technical support company. The land on which the building is located is being leased from a third party for a period of twenty-five (25) years and six (6) months.

Moving forward, CPI will continue to focus on its core business of leasing office spaces catering to BPO, IT and traditional companies in Metro Manila as well as in the provinces. CPI also aims to increase recurring income through lease management and business development and 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.



CPI has begun planning for the last biggest and consolidated remaining undeveloped parcel of land within Northgate Cyberzone, Bloc 50. The total land area for this project is estimated to be around 19,760 sqm with an allowable Floor to Area Ratio of 6. A total of 101,754 GLA square meters can be accommodated by said area, which is proposed to be distributed into two towers. Tower One has an estimated GLA of 39,600 sqm. while Tower Two has an estimated GLA of 62,154 sqm. In terms of target delivery schedule, Tower One is projected to be finished by 2nd Quarter 2023 while Tower Two is projected to be finished by 1st Quarter 2024.

### **Item 3. Legal Proceedings**

The Parent Company or any of its subsidiaries is not a party to, and its properties are not the subject of, any material pending legal proceeding that could be expected to have a material adverse effect on the Parent Company or its results of operations.

### **Item 4. Submission of Matters to a Vote of Security Holders**

There were no matters submitted to a vote of CPI's shareholders, through the solicitation of proxies or otherwise, in 2019.

## **Part II – OPERATIONAL AND FINANCIAL INFORMATION**

### **Item 5. Market for Issuer's Common Equity and Related Stockholder Matters**

The Parent Company's common equity is not traded in the PSE.

The following are the Parent Company's stockholder as of December 31, 2019:

<b>Stockholder Name</b>	<b>Total Common Shares</b>	<b>% to total</b>
Filinvest Land Inc.	1,163,426,661	99.9%
Gotianun, Jonathan T.	1	NIL
Yap, Josephine G.	1	NIL
Bona, Nelson M.	1	NIL
Reyes, Efren M.	1	NIL
Gotianun, Andrew Jr.	1	NIL
Suarez, Val Antonio B.	1	NIL
Obcena, Virginia T.	1	NIL

The Parent Company declared cash dividends amounting to ₱348.3 million out of its unappropriated retained earnings in 2019.

### **Item 6. Bonds Issuance**

On July 7, 2017, the Parent Company issued fixed rate bonds with aggregate principal amount of ₱6.0 billion and term of five and a half (5.5) years from the issue date. The

fixed rate is 5.05% per annum, payable quarterly in arrears starting October 7, 2017. As of December 31, 2019 and 2018, the outstanding balance of bonds payable amounted to ₱ 5,961.6 million and ₱5,948.9 million, respectively.

The bonds are redeemable at 100% of face value on maturity date, which is January 7, 2023, unless the Parent Company exercises its early redemption option. Interest expense which was capitalized relating to bonds payable amounted to ₱212.1 million and ₱251.2 million in 2019 and 2018, respectively.

Total interest expense charged to the statements of comprehensive income amounted to ₱95.2 million, ₱46.9 million and nil in 2019, 2018, and 2017, respectively.

Unamortized debt issuance cost on bonds payable amounted ₱38.4 million and ₱51.1 million as of December 31, 2019 and 2018, respectively. Amortization of transaction costs included under “Interest and other financing charges” in the Parent company statement of comprehensive income amounted to ₱12.7 million in 2019 and 2018, and ₱ 6.4 million 2017.

The bonds require the Parent Company to maintain a maximum debt-to-equity ratio of 2.33x; and minimum debt service coverage ratio of 1.1x. As of December 31, 2019 and 2018, the Parent Company is not in breach of any of these debt covenants.

## **Item 7. Management's Discussion and Analysis or Plan of Operation**

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

#### ***Revenues***

Revenues increased by 23.20%. This is due to increase of rent income and parking income by ₱474M and increase in other income by ₱72M. Rental income from new tenants which include (Axis Tower 1: Accenture, Paypal; and SLK Global Philippines, Inc.; Axis Tower 2: Optum Global Solutions, Inc., and Grace Global Operations Center (Philippines), Inc.; Vector 2: Optum Global Solutions, Inc.; Edsa Wack Wack: Fusion IT Development Corp.; and Cebu Tower 2: VCustomer Philippines (Cebu), and Accenture).

Other income is composed of tenant reimbursements and other miscellaneous income from rental facilities, which includes parking income. The increase in parking income is attributable to the start of parking operations of Filinvest Axis Phase 1.

#### ***Costs and Expenses***

Costs and expenses increased by 16.77% or ₱105 million, from ₱630 million in 2018 to ₱735 million in 2019. This is due to the following: (a) Increase in rental expense due to higher rental income as the expense is computed as a percentage of income; (b) increase in taxes from higher real property tax; and (c) increase in parking expenses. Parking operations expense is composed of maintenance services i.e., janitorial and security, salaries and wages, and property management expenses.

Provision for income tax increased by 50% or ₱103 million, from ₱206 million in 2018 to ₱309 million in 2019 due to higher taxable income.



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

As of December 31, 2019, CPI's total assets is valued at ₱22,193 million, higher by 15.09% or by ₱2,910 million than the ₱19,283 million total assets as of December 31, 2018. The following are the material changes in account balances:

**29.08% Decrease in Cash and Cash Equivalents**

Cash as of December 31, 2019 is lower due to cash outflow for capex and operational costs.

**47.14% Increase in Receivables**

Increase was caused by charges to new tenants for rentals and utilities which are normally collectible within 20 days from the billing date.

**25.83% Increase in Other Current Assets**

Increase is attributable to prepayments and recognition of Input VAT on various purchases of goods and services on projects not subject to VAT zero rating. the Company believes that all input VAT are recoverable at its full amount in the future when all of its buildings become fully operational.

**15% Increase in Investment Properties**

The increase is mainly due to the completion Filinvest Axis Tower 2 and and construction costs incurred for unfinished projects.

**38.6% Increase in Property and equipment**

Increase was caused by purchases made during the year for machineries and equipment such as replacement of air conditioners, elevator improvements and CCTV upgrade.

**Right of use asset**

During the year, the Company adopted PFRS 16, new standard superseding PAS 17, Leases. With the new standard, the Company recognized Right-of-use assets amounting to P174 million which will be amortized throughout its lease term.

**7.86% Increase in Intangible and Other Noncurrent Assets**

Movement is mainly due to recognition of project costs on buildings under the Build Transfer Operate (BTO) Agreement with PDDC and Build Operate Transfer (BOT) agreement with the Province of Cebu.

**9.46% Increase in Accounts Payable and Accrued Expenses**

Increase in the account is due to increase in accrued loan interest expense and other various expenses and increase in outstanding rent payable to parent.

**61.51% Increase in current portion of Long term debt**

This is due to loan amortizations falling due within 12 months.

**3.00% Increase in Long term debt**

The movement is mainly due to availment of new loans to finance the capital expenditure of the Parent Company and amortization of bonds.

### ***Lease Liability***

The Company recognized Lease Liability during the year as a result of PFRS 16 adoption (accounting for Leases). Lease liability will be amortized during the lease term thru actual payments and computation of interest expense.

### ***45.24% Increase in Deferred tax liability***

The increase is mainly due to the additional capitalized borrowing costs, adoption of PFRS 16 on rentals and other items with timing difference vs actual income tax payable.

### ***326.84% Increase in Other Noncurrent Liabilities***

Movement is due to increase in security deposits and retention payable to contractors and suppliers.

### ***Performance Indicators***

<b>Financial Ratios</b>	<b>Particulars</b>	<b>For the year ended December 31, 2019</b>	<b>For the year ended December 31, 2018</b>
Earnings per Share	$\frac{\text{Net Income}}{\text{Weighted Ave. number of outstanding shares}}$	1.40	1.21
Debt to Equity Ratio	$\frac{\text{Long Term Debt}}{\text{Total Stockholder's Equity}}$	1.28 : 1	1.40 : 1
Current Ratio	$\frac{\text{Current Asset}}{\text{Current Liability}}$	0.56 : 1	0.65 : 1
Debt Ratio	$\frac{\text{Total liabilities}}{\text{Total assets}}$	0.64 : 1	0.65 : 1
EBITDA to total interest paid	$\frac{\text{EBITDA}}{\text{Total interest paid}}$	3.54 : 1	3.51 : 1
Quick asset ratio	$\frac{\text{Current assets} - \text{Inventories}}{\text{Current liabilities}}$	0.56 : 1	0.65 : 1
Solvency ratio	$\frac{\text{Net Income} + \text{Depreciation}}{\text{Total liabilities}}$	0.14 : 1	0.13 : 1
Interest coverage ratio	$\frac{\text{EBIT}}{\text{Interest expense}}$	9.33 : 1	11.84 : 1
Net profit margin	$\frac{\text{Net Income}}{\text{Revenue}}$	0.58 : 1	0.60 : 1
Return on equity	$\frac{\text{Net income}}{\text{Shareholder's Equity}}$	0.21 : 1	0.21 : 1

Earnings per share (EPS) for 2019 increased by 16% compared to the EPS for the year 2018 on account of higher net income.

### **Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

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

SGV has been recommended for election as external auditor for the year 2019. CPI, in compliance with SRC Rule 68(3)(b)(iv) relative to the five-year rotation requirement of



its external auditors, has designated Ms Wanessa Salvador as its engagement partner starting CY 2019. Thus, Ms Salvador is qualified to act as such until year 2023.

There has been no disagreement with the company's independent accountants on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

### Part III – CONTROL AND COMPENSATION INFORMATION

#### Item 9. Directors and Executive Officers of the Issuer

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

<p><b>L. Josephine Gotianun-Yap</b> <i>Chairman of the Board of Directors, President, and Chief Executive Officer</i></p>	<p>Mrs. Yap, 64, Filipino, was elected as Chairman of the Board of CPI on 24 June 2016. She is also a Director, President and Chief Executive Officer of Filinvest Development Corporation (FDC) and FLI, CEO of Filinvest Alabang, Inc. (FAI) and a Director of FDC Utilities, Inc. (FDCUI), East West Banking Corporation (EWBC). She also serves as Director and officer in other subsidiaries and affiliates within the Filinvest Group. She obtained her Master's Degree in Business Administration from the University of Chicago in 1977.</p>
<p><b>Jonathan T. Gotianun</b> <i>Director</i></p>	<p>Mr. Gotianun, 66, Filipino, is a director of CPI. He also serves as Chairman of the Board and Director of FDC, FLI and EWBC. He is the President of Davao Sugar Central Co., Inc. and Cotabato Sugar Central Co., Inc., and a Director and Chairman of the Board of FDCUI and some of its subsidiary power companies. He also serves as Director in other companies within the Filinvest Group. He served as Director and Senior Vice President of Family Bank &amp; Trust Co. ("Family Bank") until 1984. He obtained his Master's Degree in Business Administration from Northwestern University in 1976.</p>
<p><b>Nelson M. Bona</b> <i>Director, Treasurer and Compliance Officer</i></p>	<p>Mr. Bona, 69, Filipino, has been a director of CPI since 2018. He also serves as the Compliance Officer of FLI and Executive Vice President, Treasurer, Chief Finance Officer and Compliance Officer of FDC. He also serves as Director in other companies within the Filinvest Group, including East West Banking Corporation. He was formerly an Executive Vice President of EWBC and Managing Director of Millenia Broadband Communications, Inc. and Filinvest Capital, Inc.</p>
<p><b>Val Antonio B. Suarez</b> <i>Independent Director</i></p>	<p>Mr. Suarez, 61, Filipino, is an independent director of CPI, having been first elected on 06 April 2017. He is the Managing Partner of the Suarez &amp; 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, and a member of the Integrated Bar of the Philippines (Makati Chapter) and New York Bar. He obtained his</p>

	Bachelor of Laws degree from the Ateneo de Manila University Law School and a Master of Laws degree from Georgetown University Law Center.
<b>Virginia T. Obcena</b> <i>Independent Director</i>	Ms. Obcena, 72, Filipino, was first elected as an independent director of CPI on 17 July 2019. Ms. Obcena is also an independent director of FDC, a publicly-listed company. She is a member of the Panel of Conciliators of the International Centre for Settlement of Investment Disputes (ICSID) of the World Bank. She served as independent director and head of the Audit Committee of the Capital Markets Integrity Corporation. She was a former partner, member of the management committee and head of quality and risk management at SyCip Gorres Velayo & Co. (SGV). She obtained her Bachelor of Science in Business Administration degree, Magna cum Laude, at the University of the East and her Master in Business Administration degree at the University of the Philippines. She is a certified public accountant.
<b>Ana Venus A. Mejia</b> <i>Chief Finance Officer</i>	Ms. Mejia, 54, Filipino, has been with the Filinvest Group for 24 years, and has served the Group in various capacities. She is also the First Senior Vice President, CFO, Treasurer and Chief Risk Officer for FLI. She is a Certified Public Accountant and a magna cum laude graduate of Pamantasan ng Lungsod ng Maynila. She obtained her Master's Degree from the Kellogg School of Management of Northwestern University and the School of Business and Management at the Hong Kong University of Science and Technology.
<b>Maricel Brion-Lirio</b> <i>Executive Vice President and Chief Operating Officer</i>	Ms. Brion-Lirio, 49, Filipino, has been with the company for 12 years. She is currently Executive Vice President and Chief Operating Officer. 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.
<b>Sharon P. Pagaling-Refuerzo</b> <i>Corporate Secretary and Corporate Information Officer</i>	Atty. Pagaling-Refuerzo, 40, Filipino, is the Company's Corporate Secretary since 2014. She also serves as a Senior Assistant Vice President, Corporate Secretary and Corporate Information Officer of FDC and FLI. She is also the Corporate Secretary of The Palms Country Club, Inc. (TPCCI) and Timberland Sports and Nature Club, Inc., as well as various other companies of the Filinvest Group. Prior to joining Filinvest, she served as Legal Counsel for Robinsons Land Corporation and Associate Lawyer of Kho Bustos Malcontento Argosino Law Office. Admitted to the Philippine Bar in 2006, she holds an A.B. Philosophy degree, cum laude, from the University of the Philippines and a law degree from San Beda College.
<b>Melissa C. Ortiz</b> <i>Investor Relations Officer</i>	Ms. Ortiz, 49, Filipino, is the Investor Relations Officer of CPI. She is also the Head for Investor Relations for FLI. 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 holds a Bachelor's degree in Business Administration from the University of the Philippines and a Master's degree in Business Administration and Computational Finance from De La Salle University.
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*Family Relationship*

Lourdes Josephine G. Yap, Chairman of the Board and Director Jonathan T. Gotianun are related by consanguinity as siblings. There are no other family relationships by either consanguinity or affinity among the Parent Company's executives and directors other than those already mentioned.

**Item 10. Executive Compensation**

Except for a per diem of ₱50,000.00 being paid to each of the independent directors for every meeting attended, there are no other arrangements for the payment of compensation or remuneration to the directors in their capacity as such.

As the Parent Company's executives are also executives for FLI, FDC 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 Parent Company instead pays a service and management fee to FLI and FAI for the services rendered by the Parent Company's directors and executives.

CPI incurred ₱13.07 million, ₱11.9 million, and ₱7.5 million in service and management fees in 2019, 2018, and 2017, respectively.

**Item 11. Security Ownership of Certain Beneficial Owners and Management**

The names, addresses, citizenship, number of shares held, and percentage of total of the outstanding voting shares of CPI as at 31 December 2019 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	1,163,426,661	(R)	99.9%
Common	Jonathan T. Gotianun c/o 79 EDSA, Highway Hills, Mandaluyong City	N.A.	Filipino	1	(D)	Negligible
Common	Josephine G. Yap c/o 79 EDSA, Highway Hills, Mandaluyong City	N.A.	Filipino	1	(D)	Negligible

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	Nelson M. Bona c/o 79 EDSA, Highway Hills, Mandaluyong City	N.A.	Filipino	1	(D)	Negligible
Common	Virginia T. Obcena c/o 79 EDSA, Highway Hills, Mandaluyong City	N.A.	Filipino	1	(D)	Negligible
Common	Val Antonio B. Suarez c/o 79 EDSA, Highway Hills, Mandaluyong City	N.A.	Filipino	1	(D)	Negligible
Common	Andrew T. Gotianun Jr. c/o 79 EDSA, Highway Hills, Mandaluyong City	N.A.	Filipino	1	(D)	Negligible
Common	Efren M. Reyes c/o 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 2019.

Total ownership of all directors and officers as a group is negligible as at 31 December 2019. Interests of the above directors/executive officers in the Parent 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 Parent Company.

**Item 12. Certain Relationships and Related Transactions**

There are no transactions with officers, directors, or any principal stockholders that are not in the regular course of business of the Company. In addition, there have been no disputes or conflicts regarding related party transactions of the Company.



## Part IV – CORPORATE GOVERNANCE

### Item 13. Corporate Governance

#### *Compliance with Leading Practices on Corporate Governance*

CPI is in substantial compliance with its Manual for 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 meetings and special meetings, the faithful attendance of the directors at these meetings and their proper discharge of duties and responsibilities as such directors; (d) the submission to the SEC of reports and disclosures required under the Securities 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.

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

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

## Part V – EXHIBITS AND SCHEDULES

### Item 14. Exhibits and Reports on SEC Form 17-C

#### (a) Exhibits

The 2019 Audited Financial Statements of the Company (with the auditors' SGV, name of certifying partner and address) and Statement of Management's Responsibility are attached hereto as **Annex "A"**.

#### (b) Reports on SEC Form 17-C

The Report on each Form 17-C filed during the last 12-month period covered by this report is attached hereto as Annexes. Please see details below.

<b>Report</b>	<b>Report Date</b>	<b>Annex</b>
SEC 17-C_Results of Board of Directors Meeting_Appointment of Mr. Nelson M. Bona as Compliance Officer of CPI	April 10, 2019	<b>Annex "B"</b>
SEC 17-C_Announcement of Death of Mr. Lamberto U. Ocampo (CPI's Independent Director)	May 17, 2019	<b>Annex "C"</b>
SEC 17-C_Postponement of Annual Stockholders Meeting	May 31, 2019	<b>Annex "D"</b>
SEC 17-C_Results of 2019 Annual Stockholders Meeting	July 18, 2019	<b>Annex "E"</b>
SEC 17-C_Results of Organizational Meeting	July 18, 2019	<b>Annex "F"</b>

**Part VI - SIGNATURES**

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

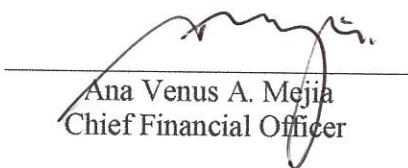
**CYBERZONE PROPERTIES, INC**

By:



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Lourdes Josephine G. Yap  
Chairman of the Board / President / CEO



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Ana Venus A. Mejia  
Chief Financial Officer



**JUN 24 2020** Subscribed and sworn to before me in the City of Muntinlupa this  
\_\_\_\_\_, affiants exhibited to me their Competent Evidence of Identities indicated below  
their respective names.

Names

L. Josephine G. Yap  
Ana Venus A. Mejia

SSS/Passport No.

03-46617474  
EC3796043

Doc. No. 321

Page No. 66

Book No. 254

Series of 2020

**PATRICIO L. BONCAYAO, JR.**  
NOTARY PUBLIC  
2ND FLOOR, KLC (FORMERLY ANCESTRY)  
BLDG., ROTONDA, ALABANG, MUNTINLUPA CITY  
MCLE COMPLIANCE NO. VI-0008192  
ISSUED ON 04-23-18  
VALID UNTIL 4-14-22  
IBP LIFETIME NO. 019651-11-06-1E  
PASAY CITY  
PTR # 3734266-01-02-20  
NC-20-004, MUNTINLUPA CITY  
UNTIL 12-31-21  
TIN 137-734-581  
ROLL # 33795  
TEL NO. 800-70-16



**CYBERZONE PROPERTIES, INC.**

7<sup>th</sup> FLOOR VECTOR ONE BUILDING, NORTHGATE CYBERZONE  
FILINVEST CITY, ALABANG ZAPOTE ROAD,  
ALABANG MUNTINLUPA CITY 1780, PHILIPPINES  
Tel : (632) 846-0278 Fax : (632) 846-0278 loc. 7033 E-mail - [info@northgate-cyberzone.com](mailto:info@northgate-cyberzone.com)  
[www.northgate-cyberzone.com](http://www.northgate-cyberzone.com)

10 April 2019

**SECURITIES AND EXCHANGE COMMISSION**

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

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

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

**PHILIPPINE DEALING & EXCHANGE CORP.**

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

Attention: **ATTY. JOSEPH B. EVANGELISTA**  
*Head, Issuer Compliance and Disclosure Department*

Gentlemen/Ladies:

Please be advised that during its meeting held on 05 April 2019, the Board of Directors of Cyberzone Properties, Inc. (the "Company") appointed Mr. Nelson M. Bona as Chief Compliance Officer of the Company in view of the retirement of Atty. Elma Christine R. Leogardo.

Mr. Bona, 68, Filipino, also serves as the Chief Financial Officer and Compliance Officer of FLI and Treasurer and Chief Financial Officer and Compliance Officer of FDC. He was formerly an Executive Vice President of EWBC and Managing Director of Millenia Broadband Communications, Inc. and Filinvest Capital, Inc.

Very truly yours,

  
**SHARON R. PACALING-REFUERZO**  
Corporate Secretary



## SECURITIES AND EXCHANGE COMMISSION

## SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER

1. May 17, 2019  
Date of Report (Date of earliest event reported)
2. SEC Identification Number A2000-00652 3. BIR Tax Identification No. 204-863-416
4. Cyberzone Properties, Inc.  
Exact name of issuer as specified in its charter
5. Philippines Province, country or other jurisdiction of  
incorporation
6.  (SEC Use Only)  
Industry Classification Code:
7. 5th-7th Floors, Vector One Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City 1781  
Address of principal office Postal Code
8. (632) 918-8188 local 6124  
Issuer's telephone number, including area code
9. Not applicable  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Stock Outstanding
<b>Common</b>	<b>1,163,426,668</b>

11. Indicate the item numbers reported herein: Item 4

Please be informed that Cyberzone Properties, Inc. (the "Company") is mourning the untimely demise of its independent director, Mr. Lamberto U. Ocampo on 12 May 2019.

The Company will make the necessary disclosure to the Securities and Exchange Commission ("SEC") upon the election by the Board of Directors of the replacement of Mr. Ocampo.

## SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CYBERZONE PROPERTIES, INC.  
Issuer

Date: May 17, 2019

**SHARON P. PAGALING-REFUERZO**  
Corporate Secretary

## SECURITIES AND EXCHANGE COMMISSION

## SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER

1. May 31, 2019  
Date of Report (Date of earliest event reported)
2. SEC Identification Number A2000-00652 3. BIR Tax Identification No. 204-863-416
4. Cyberzone Properties, Inc.  
Exact name of issuer as specified in its charter
5. Philippines  
Province, country or other jurisdiction of incorporation
6.  (SEC Use Only)  
Industry Classification Code:
7. 5th-7th Floors, Vector One Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City 1781  
Address of principal office Postal Code
8. (632) 918-8188 local 6124  
Issuer's telephone number, including area code
9. Not applicable  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Stock Outstanding
Common	1,163,426,668

11. Indicate the item numbers reported herein: Item 4

Please be advised that the Board of Directors of Cyberzone Properties, Inc. (the "Corporation") decided to hold the annual stockholders' meeting at some other date instead of any day within the month of May as provided in the Corporation's By-Laws. It was noted that due to the conflicting schedules of the members of the Board of Directors, the annual stockholders' meeting of the Corporation for the month of May 2019 will have to be deferred at a later time.

The Corporation shall inform this Honorable Commission as soon as the Board has fixed the exact date of the annual stockholders' meeting, as well as submit the necessary reportorial requirements and other applicable regulatory agencies in due course.

Please find attached notarized letter accompanying this submission.



SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CYBERZONE PROPERTIES, INC.

Issuer

Date: May 31, 2019

  
SHARON P. PAGALING-REFUERZO  
Corporate Secretary



## CYBERZONE PROPERTIES, INC.

7<sup>th</sup> FLOOR VECTOR ONE BUILDING, NORTHGATE CYBERZONE  
FILINVEST CITY, ALABANG ZAPOTE ROAD,  
ALABANG MUNTINLUPA CITY 1780, PHILIPPINES  
Tel : (632) 846-0278 Fax : (632) 846-0278 loc. 7033 E-mail – [info@northgate-cyberzone.com](mailto:info@northgate-cyberzone.com)  
[www.northgate-cyberzone.com](http://www.northgate-cyberzone.com)

31 May 2019

### SECURITIES AND EXCHANGE COMMISSION

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

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

Ladies/Gentlemen:

Please be advised that the Board of Directors of Cyberzone Properties, Inc. (the "Corporation") decided to hold the annual stockholders' meeting at some other date instead of any day within the month of May as provided in the Corporation's By-Laws. It was noted that due to the conflicting schedules of the members of the Board of Directors, the annual stockholders' meeting of the Corporation for the month of May 2019 will have to be deferred at a later time.

The Corporation shall inform this Honorable Commission as soon as the Board has fixed the exact date of the annual stockholders' meeting, as well as submit the necessary reportorial requirements and other applicable regulatory agencies in due course.

Very truly yours,


**CYBERZONE PROPERTIES, INC.**

By:

  
**SHARON P. PAGALING-REFUERZO**  
Corporate Secretary

**SUBSCRIBED AND SWORN** to before me this 31<sup>st</sup> day of May 2019 in Mandaluyong City, Metro Manila, affiant exhibiting to me her Passport No. EC3510951, bearing her photograph and signature, issued by the Department of Foreign Affairs NCR East, issued on 23 February 2015 and valid until 22 February 2020.

Doc. No. 413 ;  
Page No. 84 ;  
Book No. 27 ;  
Series of 2019.

  
**JOVEN G. SEVILLANO**  
NOTARY PUBLIC FOR CITY OF MANDALUYONG  
COMMISSION NO. 0285-19 UNTIL DECEMBER 31, 2020  
ROLL NO. 53970  
IBP LIFETIME NO. 011302; 12-28-12; RIZAL  
PTR NO. 3806762; 1-3-19; MANDALUYONG  
MCLE COMPLIANCE NO. VI 0017960 14 APRIL 2022  
METRO MART COMPLEX, MANDALUYONG CITY



18 July 2019

**SECURITIES AND EXCHANGE COMMISSION**

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

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

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

**PHILIPPINE DEALING & EXCHANGE CORP.**

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

Attention: **ATTY. JOSEPH B. EVANGELISTA**  
*Head - Issuer Compliance and Disclosure Department (ICDD)*

Re: **Results of the Annual Stockholders' Meeting held on 17 July 2019**

---

**Gentlemen/Ladies:**

Please be advised that, at the Annual Stockholders' Meeting of Cyberzone Properties, Inc. ("CPI") held on 17 July 2019, the following matters were taken up and favorably considered:

- a. Approval of the Minutes of the Annual Stockholders' Meeting held on 19 December 2018;
- b. Approval and ratification of the 2018 Audited Financial Statements;
- c. Ratification of all the acts, resolutions and proceedings of the Board of Directors, Board Committees and Management up to 17 July 2019; and
- d. Re-appointment of Sycip Gorres Velayo & Co. as external auditor for the year 2019.

Also, at the said stockholders' meeting, the following were elected as members of the Board of Directors of the Club to serve for the year 2019-2020 and until their successors shall have been duly elected and qualified:

1. Mrs. L. Josephine Gotianun-Yap
2. Mr. Jonathan T. Gotianun
3. Mr. Nelson M. Bona
4. Atty. Val Antonio B. Suarez (Independent Director)
5. Ms. Virginia T. Obcena (Independent Director)

Thank you.

Very truly yours,

**CYBERZONE PROPERTIES, INC.**

By:

  
**SHARON F. PAGALING-REFUERZO**  
Corporate Secretary



<b>Name of Committees</b>	<b>Position/Designation</b>	<b>Name of Person</b>
<b>Audit Committee</b>	Chairman (Independent)	Virginia T. Obcena
	Member	Jonathan T. Gotianun
	Member	L. Josephine Gotianun-Yap
	Member (Independent)	Val Antonio B. Suarez
<b>Compensation Committee</b>	Chairman	L. Josephine Gotianun-Yap
	Member	Nelson M. Bona
	Member (Independent)	Val Antonio B. Suarez
<b>Nominations Committee</b>	Chairman	L. Josephine Gotianun-Yap
	Member	Nelson M. Bona
	Member (Independent)	Val Antonio B. Suarez

Thank you.

Very truly yours,

**CYBERZONE PROPERTIES, INC.**

By:

  
**SHARON P. PAGALING-REFUERZO**  
 Corporate Secretary