

NOTICE OF ANNUAL STOCKHOLDERS' MEETING**TO ALL STOCKHOLDERS:**

NOTICE IS HEREBY GIVEN that the Annual Stockholders' Meeting of **FILINVEST REIT CORP.** ("FILRT", the "Company", or the "Corporation") will be conducted virtually on **April 17, 2024 (Wednesday)**¹ at **9:00 AM** at which meeting the following matters shall be taken up:

- I. Call to Order
- II. Proof of Notice of Meeting
- III. Certification of Quorum
- IV. Approval of the Minutes of Annual Stockholders' Meeting held on April 19, 2023
- V. Presentation of the Management Report
- VI. Ratification of the Audited Financial Statements for the year ended December 31, 2023
- VII. General Ratification of the Acts, Resolutions and Proceedings of the Board of Directors, Board Committees and Management up to April 17, 2024
- VIII. Election of the Members of the Board of Directors, including three (3) Independent Directors, to serve for 2024-2025
- IX. Appointment of the External Auditor
- X. Other Matters
- XI. Adjournment

Pursuant to the provisions of the Company's By-Laws, the Board of Directors during its meeting held on February 26, 2024 resolved that the Annual Stockholders' Meeting be held in a virtual format. As such, the stockholders may attend the said meeting only by remote communication, by voting in absentia or through proxy.

Only Stockholders of Record as of 5:00 PM of March 12, 2024 shall be entitled to vote at this meeting. Votes cast remotely or *in absentia* should be received by the Corporation on or before April 10, 2024.

Stockholders who wish to vote by proxy shall submit the same on or before April 10, 2024 to the Office of the Corporate Secretary, located at Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City 1550, Metro Manila on or by email to FILRTASM@filinvestreit.com.

A proxy submitted by a corporation should be accompanied by a Corporate Secretary's certificate quoting the board resolution designating a corporate officer to execute the proxy. In addition to the above requirement for corporations, a proxy form given by a broker or custodian

¹ Should the date of Annual Stockholders' Meeting be declared a legal holiday, the ASM will be held on the next succeeding business day, at the same time (9:00a.m.)

bank in respect of shares of stock carried by such broker or custodian bank for the account of the beneficial owner must be accompanied by a certification under oath stating that the broker or custodian bank has obtained the written consent of the account holder.

PLEASE NOTE THAT THE CORPORATION IS NOT SOLICITING PROXIES.

The Corporation's Information Statement, Management Report, and 2023 Audited Financial Statements will be made available in the Company's website at <https://www.filinvestreit.com/> and in the Philippine Stock Exchange EDGE disclosure system no later than March 21, 2024.

Please be guided accordingly.



KATRINA O. CLEMENTE-LUA
Corporate Secretary

EXPLANATION OF AGENDA ITEMS FOR STOCKHOLDERS' APPROVAL AND/OR RATIFICATION

Call to Order

The Chairperson will formally commence the meeting at approximately 9:00 a.m. on April 17, 2024.

Proof of Notice and Certification of Quorum

The Corporate Secretary will certify that notice of the meeting was duly sent to the stockholders and that a quorum exists for the valid transaction of business.

Pursuant to Sections 23 and 57 of the Revised Corporation Code and SEC Memorandum Circular No. 6, Series of 2020 which provide for remote attendance and voting *in absentia* in stockholders' meetings, the Company has set up a system and process to allow stockholders to register and vote *in absentia* on the matters in the agenda. Only stockholders who successfully registered in the stockholder registration system, together with those who voted *in absentia* or by proxy, will be included in determining the existence of a quorum.

The following are the procedures for the meeting:

- Stockholders who wish to appoint the Chairperson as proxy may submit the same on or before April 10, 2024 to the Office of the Corporate Secretary, located at Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City 1550, Metro Manila, or by email to FILRTASM@filinvestreit.com.
- Stockholders who wish to attend the meeting via remote communication and/or vote *in absentia* must register at the following web address: https://shareholders.filinvest.com.ph/FILRT_SHAREHOLDERSYSTEM. After validation, the stockholders will receive an email with instructions on how to access the voting ballot and the meeting. The details of the process are provided in the Information Statement.
- The votes will be tabulated by the Office of the Corporate Secretary and the stock transfer agent. The results will be reported in the meeting.
- Any comments and questions on the agenda should be emailed to FILRTASM@filinvestreit.com on or before April 10, 2024. The Board of Directors and/or officers will endeavor to answer these questions during the meeting. Due to time constraints, any questions that will not be addressed during the meeting may be answered by email.
- There will be an audio and visual recording of the meeting.

Approval of the Minutes of the Annual Stockholders' Meeting held on April 19, 2023

The minutes of the meeting held on April 19, 2023 can be viewed at the Company's website, https://www.filinvestreit.com/sites/default/files/202304/filrt_minutes_2023_asm_2023.4.19.pdf. A copy of the minutes is also attached as Annex "E" of the Information Statement.

Presentation of the Management Report

The President, Ms. Maricel Brion-Lirio, will report on the Company's 2023 performance and the outlook for this year.

Ratification of the Audited Financial Statements for the year ended December 31, 2023

The Audited Financial Statements refer to the financial operations, balance sheet and income statement of FILRT as of and for the year ended December 31, 2023. The Company's Audited Financial Statements for 2023 is attached as **Annex "C"** of the Information Statement and will be made available on the Company's website.

Ratification of the Acts and Resolutions of the Board of Directors, Board Committees and Management from the Date of the Last Annual Stockholders' Meeting up to April 17, 2024

The acts of the Board of Directors and its committees, officers and management of the Company that are subject for ratification are those that were adopted since the last annual meeting up to April 17, 2024, as duly recorded in the corporate books. These acts include the approval of contracts and agreements, application for government permits and licenses, appointment of officers, designation of authorized representatives, and other transactions in the general conduct of business. The summary of the major resolutions approved and adopted by the Board and the Board Committees are discussed in the Information Statement.

Election of the Members of the Board of Directors, including three (3) Independent Directors, to serve for 2024-2025

In accordance with the Company's Revised Manual on Corporate Governance and By-Laws, the stockholders must elect the members of the Board of Directors of the Company comprised of seven (7) directors, including three (3) independent directors, who shall hold office for a term of one (1) year, or until their successors shall have been duly elected and qualified. There will be an election of the members of the Board during the Annual Stockholders' Meeting to serve for the year 2024 to 2025.

On 13 March 2024, the Corporate Governance Committee, convened as the Nominations Committee, evaluated the nominees to the Board, including the three (3) nominees for independent directors, and determined whether they have all the qualifications and none of the disqualifications to serve in the Board. The Final List of Candidates for election as directors, including independent directors, during the Annual Stockholders' Meeting on April 17, 2024 are as follows:

1. Joseph M. Yap
2. Rhoda A. Huang
3. Maricel Brion-Lirio
3. Tristaneil D. Las Marias
5. Val Antonio B. Suarez (Independent Director)
6. Virginia T. Obcena (Independent Director)
7. Ramon Pancratio D. Dizon (Independent Director)

The profiles of each of the above-named nominees are discussed on pages 7 to 8 and pages 13 to 14 of the Definitive Information Statement.

Appointment of the External Auditor

The Audit and Risk Management Oversight Committee and the Board endorsed to the stockholders the re-appointment of SGV & Co. as the external auditor for the ensuing year. The details of the external auditor are provided in the Information Statement.

Consideration of Other Matters as may be properly submitted

The Chairperson will open the floor for comments and questions by the stockholders, as may have been submitted on or before April 10, 2024.

PROXY

The undersigned stockholder of **FILINVEST REIT CORP.** (the “Company”) hereby appoints _____, or in his/her absence, the Chairman of the meeting as attorney-in-fact and proxy, to represent and vote all shares registered in his/her/its name at the annual meeting of stockholders of the Company on April 17, 2024, and at any of the adjournments thereof for the purpose of acting on the following matters:

- | | |
|--|---|
| <p>1. Approval of minutes of previous meeting
<input type="checkbox"/> For <input type="checkbox"/> Against <input type="checkbox"/> Abstain</p> <p>2. Ratification of the 2023 Audited Financial Statements
<input type="checkbox"/> For <input type="checkbox"/> Against <input type="checkbox"/> Abstain</p> <p>3. Ratification of the acts and resolutions of the Board of Directors, board committees and management
<input type="checkbox"/> For <input type="checkbox"/> Against <input type="checkbox"/> Abstain</p> | <p>5. Appointment of SyCip Gorres Velayo & Co. as External Auditor
<input type="checkbox"/> For <input type="checkbox"/> Against <input type="checkbox"/> Abstain</p> <p>6. At his/her discretion, the proxy named above is authorized to vote upon such other matters as may properly come before the meeting
<input type="checkbox"/> Yes <input type="checkbox"/> No</p> |
|--|---|

4. Election of Directors
- Distribute all my votes equally among the seven (7) nominees
- Abstain
- Allocate my votes for each nominee as follows:

Nominee	Number of Votes
Joseph M. Yap	_____
Maricel Brion-Lirio	_____
Tristaneil D. Las Marias	_____
Rhoda A. Huang	_____
<i>Independent Directors:</i>	
Val Antonio B. Suarez	_____
Virginia T. Obcena	_____
Ramon Pancratio D. Diaz	_____

PRINTED NAME OF STOCKHOLDER

SIGNATURE OF STOCKHOLDER/
AUTHORIZED SIGNATORY

DATE

A scanned copy of this proxy should be received by the Corporate Secretary at FILRTASM@filinvestreit.com on or before April 10, 2024, the deadline for submission of proxies. For corporate stockholders, please attach to this proxy form the Secretary’s Certificate on the authority of the signatory to appoint the proxy and sign this form.

This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted “Yes” for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the information statement and/or as recommended by Management or the Board of Directors of the Company. A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder registers on the voting in absentia system.

Stockholders participating by remote communication will not be able to vote unless they register at https://shareholders.filinvest.com.ph/FILRT_SHAREHOLDERSYSTEM or authorize the Chairman to vote as proxy, on or before April 10, 2024.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

**INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:
 Preliminary Information Statement
 Definitive Information Statement
2. Name of Registrant as specified in its charter: **FILINVEST REIT CORP.**
3. Province, country or other jurisdiction of incorporation or organization:
Philippines
4. SEC Identification Number: **A200000652**
5. BIR Tax Identification Code: **204-863-416**
6. Address of principal office: **5th to 7th Floors, Vector One Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City, Metro Manila**
Postal Code: **1781**
7. Registrant's telephone number, including area code: **(02) 8846 0278**
8. Date, time and place of the meeting of security holders:
Date: **April 17, 2024 (Wednesday)¹**
Time: **9:00 a.m.**
Place: **To be conducted virtually**

Online web address for registration for remote participation and voting:
https://shareholders.filinvest.com.ph/FILRT_SHAREHOLDERSYSTEM
9. Approximate date on which the Information Statement is first to be sent or given to security holders:
On or before March 21, 2024
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Common Shares of Stock Outstanding	Amount of Debt Outstanding
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¹ Should the date of annual stockholders' meeting (ASM) be declared a legal holiday, the ASM will be held on the next succeeding business day, at the same time (9:00a.m.).

Common **4,892,777,994**

11. Are any or all of registrant's securities listed in a Stock Exchange? **Yes**

Name of such Stock Exchange and the class of securities listed therein:

The Philippine Stock Exchange, Inc. - common shares

**WE ARE NOT ASKING FOR A PROXY AND YOU ARE REQUESTED
NOT TO SEND US A PROXY**

PART I INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Annual Meeting of Stockholders

- (a) The Annual Stockholders' Meeting of **FILINVEST REIT CORP.** (the "Company" or "FILRT") is scheduled to be held on **April 17, 2024** at **9:00 a.m.** through virtual meeting. The presiding officer shall call and prescribe the stockholders' meeting at the principal office of the corporation or, if not practicable, in the city or municipality where the principal office of the corporation is located.

The complete mailing address of the principal office of the Company is at the 5th to 7th Floors, Vector One Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City, Metro Manila.

- (b) This Information Statement shall be sent or given to stockholders no later than **March 21, 2024**.

Item 2. Dissenters' Right of Appraisal

A stockholder of the Company has the right to dissent and demand payment of the fair value of his shares in the following instances: (a) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares or any shares of any class, or of extending or shortening the term of corporate existence; (b) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code of the Philippines (the "Revised Corporation Code"); (c) in case of investment of corporate funds in any other corporation or business or for any purpose other than the Company's primary purpose; and (d) in case of merger or consolidation.

The stockholder concerned must have voted against the proposed corporate action in order to avail himself of the appraisal right. As provided in the Revised Corporation Code, the procedure in the exercise of the appraisal right is as follows:

- a. The dissenting stockholder files a written demand within thirty (30) days after the date on which the vote was taken. Failure to file the demand within the thirty-day period constitutes a waiver of the right. Within ten (10) days from demand, the dissenting stockholder shall submit the stock certificate/s to the Company for notation that such shares are dissenting shares. From the time of the demand until either the abandonment of the corporate action in question or the purchase of the shares by the Company, all rights accruing to the shares shall be suspended, except the stockholder's right to receive payment of the fair value thereof.
- b. If the corporate action is implemented, the Company shall pay the stockholder the fair value of his shares upon surrender of the corresponding certificate/s of stock. Fair value is determined by the value of the shares of the Company on the day prior to the date on which vote is taken on the corporate action, excluding any appreciation or depreciation in value in anticipation of the vote on the corporate action.

- c. If the fair value is not determined within sixty (60) days from the date of the vote, it will be determined by three (3) disinterested persons (one chosen by the Company, another chosen by the stockholder, and the third one chosen jointly by the Company and the stockholder). The findings of the appraisers will be final, and their award will be paid by the Company within thirty (30) days following such award, provided the Company has sufficient unrestricted retained earnings. Upon such payment, the stockholder shall forthwith transfer his shares to the Company. No payment shall be made to the dissenting stockholder unless the Company has unrestricted retained earnings sufficient to cover such payment.
- d. If the stockholder is not paid within thirty (30) days from such award, his voting and dividend rights shall be immediately restored.

There is no matter to be taken up at the Annual Stockholders' Meeting on **April 17, 2024** which would entitle a dissenting stockholder to exercise the right of appraisal.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- (a) No director or executive officer of the Company or nominee for election as such director or officer has any substantial interest, direct or indirect, in any matter to be acted upon at the Annual Stockholders' Meeting, other than election to office (in the case of directors).
- (b) Likewise, none of the directors has informed the Company of his opposition to any matter to be taken up at the Annual Stockholders' Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- (a) As of February 29, 2024, the total number of shares outstanding and entitled to vote in the Annual Stockholders' Meeting is 4,892,777,994 common shares. Each share is entitled to one (1) vote in accordance with the Amended By-Laws of the Company.
- (b) The record date for purposes of determining the stockholders entitled to vote is March 12, 2024.
- (c) Stockholders are entitled to cumulative voting in the election of directors of the Company, as provided for in the Revised Corporation Code. Under Section 23 of the Revised Corporation Code, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit: Provided, That the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the whole number of directors to be elected. There are no conditions precedent to the exercise of the stockholders' cumulative voting right.

(d) Security Ownership of Certain Record and Beneficial Owners

The names, addresses, citizenship, number of shares held, and percentage to total of persons owning more than five percent (5%) of the outstanding voting shares of the Company as of February 29, 2024 are as follows:

Title of Class	Name and Address of Record Owner/ Relationship with Company	Name of Beneficial Owner/ Relationship with Record Owner	Citizenship	No. of Shares Held	% Held
Common	Filinvest Land, Inc. Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City, Metro Manila Majority Owner of the Company	FLI ²	Filipino	3,095,498,345 (D)	63.27%
Common	PCD Nominee Corporation (Filipino) G/F, Philippine Stock Exchange Tower Ayala Avenue, Makati City	Please see footnote 3 below. ³	Filipino	1,562,610,117	31.94%

Except as stated above, the Board of Directors and Management of the Company have no knowledge of any person who, as of the date of this Information Statement, was directly or indirectly the beneficial owner of more than five percent (5%) of the Company's outstanding shares or who has voting power or investment power with respect to shares comprising more than five percent (5%) of the Company's outstanding common stock.

Total number of shares of all record and beneficial owners is 4,892,777,994 common shares representing 100% of the total issued and outstanding common shares.

As of February 29, 2024, 1,679,705,149 common shares or 34.33% of the outstanding common shares of the Corporation are owned by the public.

As of February 29, 2024, 196,647,318 common shares or 4.02% of the outstanding common shares of the Corporation are owned by foreigners.

The names, citizenship, number of shares held and percentage to total outstanding shares, of persons forming part of the Board and Management of the Company as of February 29, 2024 are as follows:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percentage of Ownership
Common	Lourdes Josephine Gotianun Yap	2 (D) 2,294,300 (I)	Filipino	Negligible 0.05%
Common	Maricel Brion-Lirio	2 (D) 6,000 (I)	Filipino	Negligible

² Stockholders are the beneficial owners. Ms. Lourdes Josephine Gotianun Yap is typically appointed by Filinvest Land, Inc. ("FLI") as its representative, with authority to vote FLI's shares in stockholders' meetings of FILRT.

³Based on the report provided to us by the Company's stock transfer agent, no individual holds more than five (5%) of the Company's outstanding shares.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percentage of Ownership
Common	Tristaneil D. Las Marias	2 (D) 0 (I)	Filipino	Negligible
Common	Francis Nathaniel C. Gotianun	2 (D) 414,900 (I)	Filipino	0.01%
Common	Val Antonio B. Suarez	2 (D) 0 (I)	Filipino	Negligible
Common	Virginia T. Obcena	2 (D) 0 (I)	Filipino	Negligible
Common	Gemilo J. San Pedro	2 (D) 0 (I)	Filipino	Negligible
Common	Ana Venus A. Mejia	0 (D) 273,000 (I)	Filipino	Negligible Negligible
Common	Maria Victoria M. Reyes-Beltran	0 (D) 90,000 (I)	Filipino	Negligible
N. A.	Katrina O. Clemente-Lua	0	Filipino	N. A.
Common	Jennifer C. Lee	1,500 (D)	Filipino	Negligible
N. A.	Raymond Wilfred L. Castañeda	0	Filipino	N. A.
N. A.	Patricia Carmen D. Pineda	0	Filipino	N. A.
	TOTAL	1,514 (D) 10,073,043 (I)		Negligible 0.05%

There is no person who holds more than five percent (5%) of the common stock under a voting trust or similar agreement.

No change in control of the Company has occurred since the beginning of its last fiscal year.

Item 5. Directors and Principal Officers

Members of the Board serve for a term of one (1) year and until their successors shall have been duly elected and qualified. The profile of the incumbent directors and officers of the Company are provided below.

The record of attendance of the directors at the meetings of the Board of Directors held in 2023 is as follows:

Directors	No. of Board Meetings Held	No. of Board Meetings Attended	Percent Present
Lourdes Josephine Gotianun Yap	6	6	100%
Maricel Brion-Lirio	6	6	100%
Tristaneil D. Las Marias	6	6	100%
Francis Nathaniel C. Gotianun	6	6	100%
Val Antonio B. Suarez (Independent Director)	6	6	100%
Virginia T. Obcena (Independent Director)	6	6	100%
Gemilo J. San Pedro (Independent Director)	6	5	83%

The following are the current directors and officers of the Company:

<p>Lourdes Josephine Gotianun Yap <i>Chairperson of the Board of Directors</i></p>	<p>Mrs. Yap, 68, Filipino, was elected as Chairperson of the Board of FILRT on February 11, 2021. She has been a director of FILRT since 2001. She is also the Vice-Chairperson of the Board of Filinvest Development Corporation (FDC) and Filinvest Land, Inc. (FLI), and a Director in Eastwest Banking Corporation (EWBC), all publicly-listed companies. She is the Chairperson and Chief Executive Officer of Filinvest Alabang, Inc. (FAI), a director of FDC Utilities, Inc. (FDCUI) and in other companies within the Filinvest Group. She obtained her Master’s Degree in Business Administration from the University of Chicago in 1977.</p>
<p>Maricel Brion-Lirio <i>Director, President and Chief Executive Officer</i></p>	<p>Ms. Lirio, 54, Filipino, was first elected as Director, President and Chief Executive Officer of FILRT on February 11, 2021. Prior to that, she was the Executive Vice-President and Chief Operating Officer of FILRT and Senior Vice President - Offices and Vice President-Project Group Head of FAI. She also previously held the position of Senior Assistant Vice-President and Marketing Director for Philam Properties Corporation, National Sales Manager for Triumph International (Phils.) Inc., Marketing and Leasing Manager of D.C. Realty and Finance Corp., Marketing Services and Customer Relations Manager of Mazda and BMW Philippines and a money market trader of CityTrust Banking Corp., a Citibank N.A. subsidiary. She obtained her Bachelor’s Degree in Mass Communications from Assumption College Makati. She also attended the Business Management Program of Asian Institute of Management and earned units in the Graduate School of Management at the University of San Francisco, California.</p>
<p>Tristaneil D. Las Marias <i>Director</i></p>	<p>Mr. Las Marias, 49, Filipino, was first elected as Director of FILRT on September 30, 2020. He also serves as the President and Chief Executive Officer of FLI. He is also the President of Property Specialists Resources, Inc. and a director in other companies under the Filinvest Group. He started in 1997 as Head of Regional Projects and went on to hold a higher position as Senior Vice-President and Cluster Head for Visayas and Mindanao projects as well as Southwest and Central Luzon of FLI. Prior to joining the Filinvest Group, he was Assistant Vice President and Head of Marketing and Business Development of Landtrade Properties and Marketing Corporation and a Project Officer of Landco Pacific Corporation. He obtained his Bachelor of Arts, Major in Management Economics degree from Ateneo de Manila University. He also obtained his Certificate from the Advanced Management Program of the Harvard Business School in 2022.</p>
<p>Francis Nathaniel C. Gotianun <i>Director</i></p>	<p>Mr. Gotianun, 40, Filipino, was first elected as Director of the Company on September 30, 2020⁴. He is the First Senior Vice-President of Filinvest Hospitality Corporation, a subsidiary of FDC, the primary role</p>

⁴ His appointment as Director of the Company became effective only on July 2, 2021, or upon approval by the Securities and Exchange Commission (“SEC” or the “Commission”) of the Company’s Amended Articles of Incorporation increasing the number of directors from five (5) to seven (7).

	<p>of which is to evaluate, plan, develop and optimize potential and current hospitality investments of the Filinvest Group. He serves as a director of Filinvest Mimosa, Inc. and as the President and CEO of The Palms Country Club Inc. and Chairman of ProOffice Work Services, Inc. and Pro-Excel Property Managers, Inc. He is also a director of FLI and FDC, both publicly-listed companies. He obtained his Bachelor's Degree in Commerce from the University of Virginia in 2005 and his Master's in Business Administration degree in IESE Business School – University of Navarra in 2010.</p>
<p>Val Antonio B. Suarez <i>Independent Director</i></p>	<p>Mr. Suarez, 65, Filipino, is an independent director of FILRT, having been first elected on April 6, 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, Inc. Mr. Suarez is also an independent director of FDC, FLI and Lepanto Consolidated Mining Company, all publicly listed companies, and a member of the Integrated Bar of the Philippines (Makati Chapter) and the New York Bar. He obtained his Bachelor of Laws degree from the Ateneo de Manila University Law School and a Master of Laws degree from Georgetown University Law Center.</p>
<p>Virginia T. Obcena <i>Independent Director</i></p>	<p>Ms. Obcena, 76, Filipino, was first elected as an independent director of FILRT on July 17, 2019. She is also an independent director of FDC, a publicly-listed company. She is a member of the Friends of the Philippine General Hospital (FPGH), a non-stock, non-profit organization. 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 & Co.). 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.</p>
<p>Gemilo J. San Pedro <i>Independent Director</i></p>	<p>Mr. San Pedro, 69, Filipino, was first elected as Director of the Company on September 30, 2020⁵. He has 38 years of experience in public accounting and business advisory services. Prior to his retirement on 30 June 2015, he served various leadership roles at SGV & Co. He was a partner in SGV & Co. from 1991 to 2015 and Professional Practice Director and Quality and Risk Management Leader from 2004 to 2015. He is also an independent director of FLI, a publicly-listed company. He finished his Bachelor of Science in Commerce-Major in Accounting degree at Rizal Memorial Colleges, Davao City, in 1976. He obtained his Master of Business Administration, Concentration in Finance and International Business, at the Graduate School of Business, New York University, (now Stern Graduate School) USA, in 1983.</p>

⁵ His appointment as Director of the Company became effective only on July 2, 2021, or upon approval by the Securities and Exchange Commission ("SEC" or the "Commission") of the Company's Amended Articles of Incorporation increasing the number of directors from five (5) to seven (7).

<p>Ana Venus A. Mejia <i>Treasurer and Chief Finance Officer</i></p>	<p>Ms. Mejia, 58, Filipino, is the Treasurer and Chief Finance Officer of FILRT. She also serves as the Executive Vice-President, Treasurer and Chief Finance Officer of FLI. She also serves as director in various entities within the Filinvest Group. Prior to joining Filinvest, she worked with Shoemart and SGV & Co. She is a Certified Public Accountant and a <i>magna cum laude</i> 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.</p>
<p>Maria Victoria M. Reyes-Beltran <i>Compliance Officer</i></p>	<p>Ms. Reyes-Beltran, 57, Filipino was appointed as Compliance Officer of FILRT on November 18, 2021. She also serves as Senior Vice-President – General Counsel and Compliance Officer of FLI. Prior to joining FLI, she served as Director of the Office of Internal Legal Counsel of R.G. Manabat & Co., a professional partnership firm affiliated with KPMG International. She also served as General Counsel of the Corporate Legal Unit of JG Summit Holdings, Inc. and Universal Robina Corporation, its subsidiaries, and regional operations in Southeast Asia as well as Corporate Secretary of the printed media unit of the group. She obtained her Bachelor of Arts degree major in Philosophy from the University of the Philippines and her Bachelor of Laws degree from San Beda College of Law. She completed her Master of Laws in International Commercial Law at the Ateneo School of Law, and a Course on Structuring International Joint Venture at the University of California, Davis Campus.</p>
<p>Katrina O. Clemente-Lua <i>Corporate Secretary and Corporate Information Officer</i></p>	<p>Ms. Clemente-Lua, 40, Filipino, was appointed as FILRT's Corporate Secretary on March 21, 2023 and Corporate Information Officer on March 15, 2022. Ms. Lua was previously appointed as FILRT's Assistant Corporate Secretary on February 15, 2022. She joined the Corporate and Tax Advisory Division of the Legal Department of FLI in October 2018. Prior to joining FLI, she served as the Legal Counsel of Philippine Stratbase Consultancy, Inc. and Executive Director of Stratbase ADR Institute. She was previously an associate of Carag Jamora Somera & Villareal Law Offices as well as Senior Corporate Affairs Officer of Anchor Land Holdings. She obtained her Bachelor of Arts degree in Legal Management from De La Salle University and her Juris Doctor degree from Ateneo de Manila University.</p>
<p>Jennifer C. Lee <i>Assistant Corporate Secretary</i></p>	<p>Ms. Lee, 39, Filipino, was appointed as FILRT's Assistant Corporate Secretary on March 21, 2023. She joined the Corporate and Tax Advisory Division of the Legal Department of FLI in July 2021. Prior to joining FLI, she was previously an associate in Quasha Law and in Migallos & Luna Offices. She obtained her Juris Doctor degree in University of the Philippines – Diliman and her Bachelor of Science in Commerce, Major in Legal Management in De La Salle University – Manila.</p>
<p>Raymond Wilfred L. Castañeda</p>	<p>Mr. Castañeda, 47, Filipino, is the Data Privacy Officer of FILRT. He concurrently serves as President and Chief Operations Officer of</p>

<i>Data Protection Officer</i>	Corporate Technologies Incorporated. He has twenty-two (22) years combined experience in different areas covering sales and marketing, information technology, strategy and general management. He was previously the Chief Information Officer and Head of IT for Petron Corporation. Prior to his experience in the Oil and Gas industry, he was with the fast-moving consumer goods business where he was involved in the digital transformation of the multinational companies such as Unilever, Johnson and Johnson and SC Johnson. He graduated from the Ateneo de Manila University, with a degree in BS Management Information Systems in 1999.
Patricia Carmen D. Pineda <i>Investor Relations Officer</i>	Ms. Pineda, 51, Filipino, is the Investor Relations Officer of FILRT. She also serves as the Senior Assistant Vice-President and Group Investor Relations Head of FDC. She was previously the Head of Investor Relations for Metropolitan Bank & Trust Company. She also served as the Head of Investor Relations Concurrent Head of Controllershship and Analysis for Manila Water Company, Inc. and Investor Relations Manager for Ayala Land, Inc. She holds a Bachelor of Science degree, major in Economics from the University of the Philippines, and a Master of Science degree in Finance from the same university.

A Certification on the nature of government involvement of the above-named directors and officers is attached hereto as **Annex “A”**.

Board Evaluation and Assessment

To ensure board effectiveness and optimal performance, the Board shall conduct annual performance evaluations of the Board of Directors, its individual members and board committees. Through the self-assessment and evaluation process, directors identify areas for improvement, such as:

1. Diversity of the board composition;
2. The frequency and conduct of meetings;
3. The timeliness and completeness of materials and information provided to them;
4. Directors’ access to Management;
5. Orientation for new directors and continuing education and training for existing directors.

The criteria for Board self-assessment are:

1. Collective Board Rating
 - a) Board Composition
 - b) Board Meetings and Participation
2. Individual Self-Assessment
 - a) Individual Performance
 - b) Attendance of Board and Committee Meetings
3. Board Committees Rating
 - a) Corporate Governance Committee
 - b) Audit and Risk Management Oversight Committee
 - c) Compensation Committee

d) Related-Party Transaction Committee
 4. Comments and Suggestions

The members of the board committees, pursuant to appointments made during the organizational meeting of the Board of Directors of the Company on April 19, 2023 are as follows:

Committees	Members
Executive Committee	Lourdes Josephine Gotianun Yap (Chairperson), Maricel Brion-Lirio, Tristaneil D. Las Marias, and Francis Nathaniel C. Gotianun
Audit & Risk Management Oversight Committee	Virginia T. Obcena (Chairperson and Independent Director), Val Antonio B. Suarez (Independent Director), and Gemilo J. San Pedro (Independent Director)
Compensation Committee	Val Antonio B. Suarez (Chairman and Independent Director), Lourdes Josephine Gotianun-Yap, and Virginia T. Obcena (Independent Director)
Corporate Governance Committee	Val Antonio B. Suarez (Chairman and Independent Director), Virginia T. Obcena (Independent Director), and Gemilo J. San Pedro (Independent Director)
Related-Party Transaction Committee	Gemilo J. San Pedro (Chairperson and Independent Director), Val Antonio B. Suarez (Independent Director), and Virginia T. Obcena (Independent Director)

The directors of the Company are elected at the Annual Stockholders' Meeting to hold office for one (1) year or until their respective successors shall have been duly elected and qualified. Officers are appointed by the Board of Directors typically at its first meeting following the Annual Stockholders' Meeting, each to hold office until his successor shall have been duly appointed and qualified.

There will be an election of the members of the Board during the Annual Stockholders' Meeting. The stockholders of the Company were given the opportunity to nominate individuals to be members of the Board of Directors. The deadline for submission of nominees was on March 11, 2024.

The Corporate Governance Committee, which convened as the Nominations Committee, received the nominations for directors as submitted by the stockholders. After the deadline for the submission thereof, the Corporate Governance Committee met to consider the qualifications as well as grounds for disqualification, if any, of the nominees based on the criteria set forth in the Company's Revised Manual, Securities Regulation Code, and SEC Memorandum Circular No. 09, Series of 2011 as amended by SEC Memorandum Circular No. 04, Series of 2017. The Corporate Governance Committee then prepared the Final List of Candidates enumerating the nominees who passed the screening based on the following:

Qualifications

- (1) He is a holder of at least one (1) share of stock of the Company;
- (2) He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
- (3) He shall be at least twenty-one (21) years old;

- (4) He shall have proven to possess integrity and probity; and
- (5) He shall be assiduous.

Permanent Disqualifications

The following shall be permanently disqualified for election as director:

- (1) Within five (5) years prior to the election or appointment, the director, trustee, or officer was convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years;
- (2) Within the tenure, the director, trustee, or officer was convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years;
- (3) Within five (5) years prior to the election or appointment, the director, trustee, or officer was convicted by final judgment for violating the Revised Corporation Code;
- (4) Within the tenure, the director, trustee, or officer was convicted by final judgment for violating the Revised Corporation Code;
- (5) Within five (5) years prior to the election or appointment, the director, trustee, or officer was convicted by final judgment for violating the Securities Regulation Code;
- (6) Within the tenure, the director, trustee, or officer was convicted by final judgment for violating the Securities Regulation Code;
- (7) Within five (5) years prior to the election or appointment, the director, trustee, or officer was found administratively liable, by final judgment, for any offense involving fraudulent acts punishable under the Revised Corporation Code, the Securities Regulation Code, and other laws, rules or regulations enforced or implemented by the Commission;
- (8) Within the tenure, the director, trustee, or officer was found administratively liable, by final judgment, for any offense involving fraudulent acts punishable under the Revised Corporation Code, the Securities Regulation Code, and other laws, rules or regulations enforced or implemented by the Commission;
- (9) Within five (5) years prior to the election or appointment, the director, trustee, or officer was convicted or found administratively liable by a foreign court or equivalent foreign regulatory authority for acts, violations or misconduct similar to those enumerated in paragraphs (a) and (b) of Section 26 of the Revised Corporation Code;
- (10) Within the tenure, the director, trustee, or officer was convicted or found administratively liable by a foreign court or equivalent foreign regulatory authority for acts, violations or misconduct similar to those enumerated in paragraphs (a) and (b) of Section 26 of the Revised Corporation Code; or
- (11) Within five (5) years prior to the election or appointment, or within the tenure, the director, trustee or officer was found administratively liable, by final judgment, for refusal to allow the inspection and/or reproduction of corporate records.

Temporary Disqualifications

The following shall be grounds for the temporary disqualification of a director:

- (1) Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists;
- (2) Absence or non-participation for whatever reason/s at more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12)-month period during the said incumbency, unless the absence is due to illness,

- death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election;
- (3) Dismissal or termination for cause as director of any Corporation as provided for in the Company's Revised Manual. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;
 - (4) Being under preventive suspension by the Corporation;
 - (5) If the beneficial equity ownership of an independent director in the Corporation or its subsidiaries and affiliates exceed two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with;
 - (6) If an independent director becomes an officer or employee of the Corporation;
 - (7) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

Nominated Directors for 2024-2025

The Corporate Governance Committee, which convened as the Nominations Committee, has determined that the following individuals possess all the qualifications and none of the disqualifications for directorship set out in the Company's Revised Manual on Corporate Governance. The list of the nominees for directors as determined by the Corporate Governance Committee shall be final and no other nominations shall be entertained or allowed thereafter the final list of nominees is prepared.

Below is the final list of candidates prepared by the Corporate Governance Committee and the following individuals have been nominated for election as directors, including independent directors at the Annual Stockholders' Meeting on 17 April 2024:

1. Joseph M. Yap
2. Rhoda A. Huang
3. Maricel Brion-Lirio
3. Tristaneil D. Las Marias
5. Val Antonio B. Suarez (Independent Director)
6. Virginia T. Obcena (Independent Director)
7. Ramon Pancratio D. Dizon (Independent Director)

Except for Joseph M. Yap; Rhoda A. Huang; and Ramon Pancratio D. Dizon, whose qualifications are provided below, the qualifications of the above-named nominees for the Board are discussed in pages 7 to 9 of this Information Statement.

Joseph M. Yap	Mr. Yap, 73, Filipino, served as the Ambassador of the Philippines to Singapore from January 2018 to June 30, 2022. Prior to his appointment as Ambassador, Mr. Yap was a successful business executive with more than forty (40) years of expertise in the private sector. He served as a member of the Board of Directors of FLI from 1997 to May 2015 and was the President and CEO from 2007 to 2012. He served as First Vice-President of Family Bank & Trust Co. in charge of credit collection from 1982 to 1984. Prior to that, he held various financial management positions with Nestle in New York, Switzerland, and Manila from 1976 to 1982. He obtained his degree in Management Engineering from the Ateneo de Manila
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	University and Master's degree in Business Administration from Harvard University.
Rhoda A. Huang	Ms. Huang, 61, Filipino, is currently a Director and the President and CEO of FDC. Prior to joining FDC, she was the President of BPI Capital Corporation. She was also the former Branch Head of Investment Banking for Credit Suisse Philippines and spent nineteen (19) years at JP Morgan Chase and its predecessor institutions. Ms. Huang bring more than thirty (30) years of experience in Philippine corporate, financial and government institutions. She has led various aspects of investment banking, including handling mergers and acquisitions, facilitating equity-linked transactions, managing equity and debt capital markets, overseeing structured products and lending, as well as handling risk management. She completed her Bachelor's degree in Business Administration and Accountancy at the University of the Philippines and is a Certified Public Accountant.
Ramon Pancratio D. Dizon	<p>Mr. Dizon, 63, Filipino, is a retired senior partner of SGV & Co. He has more than forty (40) years of professional experience in advisory and assurance services. He has previously held leadership positions in SGV/EY, as Head of Transaction Advisory Services; Risk Advisory Services; Market Group (specializing in Real Estate, BPO, Telco) and Head of Training & Methodology. Mr. Dizon led the Firm's programs and various initiatives related to service quality and productivity/efficiency. He also spearheaded SGV's first ISO 9001 Certification for the Audit Division. He was also seconded to the Chicago office of an international accounting firm and worked with its Center for Professional Education. Further, he was a member of the Management, Leadership, Appointment and Executive Committees of SGV & Co. for more than ten (10) years.</p> <p>He is an independent director and Audit Committee Chairman of DigiPlus Interactive Inc. (formerly, Leisure & Resorts World Corporation) and MegaLink, Inc.; and Senior Consultant of Monde Nissin Corporation. He is also an independent director of PAL Holdings, Inc. He obtained his Bachelor's degree in Commerce major in Accounting, <i>cum laude</i>, from the Polytechnic University of the Philippines. He then obtained his Master in Business Management from the Asian Institute of Management. He has attended the Advanced Management Program of the Harvard Business School, the Strategic Leadership Programme of INSEAD, and the Journey to the Boardroom Program of the Harvard Business Publishing Corporate Learning.</p>

Independent Directors

The Corporate Governance Committee which convened as the Nominations Committee, named Atty. Val Antonio B. Suarez, Ms. Virginia T. Obcena, and Mr. Ramon Pancratio D. Dizon as nominees for election as independent directors for this year's annual stockholders' meeting, as

nominated by Ms. Jhonna Cañeja. Ms. Cañeja is not related, whether by affinity or consanguinity, to any of these nominees.

The Corporate Governance Committee has determined that these nominees for independent directors possess all the qualifications and have none of the disqualifications for independent directors as set forth in the Company's Revised Manual of Corporate Governance and SEC Memorandum Circular No. 09, Series of 2011, as amended by SEC Memorandum Circular No. 04, Series of 2017.

Copies of the Certifications on the Qualifications of the Nominees for Independent Directors are attached hereto as **Annexes "B", "B-1" and "B-2"**

Before the annual meeting, a stockholder of the Company may nominate individuals to be independent directors, taking into account the following guidelines set forth in the Company's Revised Manual on Corporate Governance:

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

- i. is not a director or officer or substantial stockholder of the Company or of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing);
- ii. is not a relative of any director, officer or substantial stockholder of the Company, any of its related companies or any of its substantial stockholders. For this purpose, "relative" includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
- iii. is not acting as a nominee or representative of a substantial stockholder of the Company, any of its related companies or any of its substantial stockholders;
- iv. has not been employed in any executive capacity by the Company, any of its related companies or by any of its substantial stockholders within the last two (2) years;
- v. is not retained as professional adviser by the Company, any of its related companies or any of its substantial stockholders within the last two (2) years, either personally or through his firm;
- vi. has not engaged and does not engage in any transaction with the Company or with any of its related companies or with any of its substantial stockholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial stockholder, other than transactions which are conducted at arm's length and are immaterial or insignificant.

When used in relation to the Company subject to the requirements above:

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

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

An independent director of the Company shall have the following qualifications:

- i. He shall have at least one (1) share of stock of the Company;
- ii. He shall be at least a college graduate or he shall have been engaged in or exposed to the business of the Company for at least five (5) years;
- iii. He shall possess integrity/probity; and
- iv. He shall be assiduous.

An independent director shall be disqualified during his tenure under the following instances or causes:

- i. He becomes an officer or employee of the Company, or no longer qualifies based on the definition of an “Independent Director” indicated above;
- ii. His beneficial security ownership exceeds ten percent (10%) of the outstanding capital stock of the Company;
- iii. He fails, without any justifiable cause, to attend at least fifty percent (50%) of the total number of board meetings during his incumbency unless such absences are due to grave illness or death of an immediate member of the family;
- iv. Such other disqualifications as the Company’s Revised Manual may provide.

Pursuant to SEC Memorandum Circular No. 09, Series of 2011, as amended by SEC Memorandum Circular No. 04, Series of 2017, the following additional guidelines shall be observed in the qualification of individuals to serve as independent directors:

- i. There shall be no limit in the number of covered companies that a person may be elected as independent director, except in business conglomerates where an independent director can be elected to only five (5) companies of the conglomerate, i.e., parent company, subsidiary or affiliate;
- ii. The independent director shall serve for a maximum cumulative term of nine (9) years;
- iii. After which, the independent director shall be perpetually barred from re-election as such in the same company, but may continue to qualify as non-independent director;
- iv. In the instance that a company wants to retain an independent director who has served for nine (9) years, the Board should provide meritorious justification/s and seek shareholders’ approval during the annual shareholders’ meeting; and
- v. The reckoning of the cumulative nine-year term is from 2012.

Only nominees whose names appear on the Final List of Candidates shall be eligible for election as directors. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the Annual Stockholders’ Meeting.

The conduct of the election of directors shall be in accordance with the provisions of the Company’s Revised Manual and the Amended By-laws consistent with provisions of the Securities Regulation Code.

It shall be the responsibility of the Chairperson of the meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure that independent directors are elected during the Annual Stockholders' Meeting. Specific slots for independent directors shall not be filled up by unqualified nominees. In case of failure of election for independent directors, the Chairperson of the meeting shall call a separate election during the same meeting to fill up the vacancy.

Other Significant Employees

FILRT has no significant employees other than those directors and officers already mentioned above.

Family Relationships

Mr. Francis Nathaniel C. Gotianun is the nephew of Mrs. Lourdes Josephine Gotianun Yap. Other than the foregoing, there are no other family relationships, either by consanguinity or affinity among the Company's executives and directors known to the Company.

Involvement in Certain Legal Proceedings

There are no material pending legal proceedings to which the Company or any of its affiliates is a party or of which any of their property is the subject.

To the best of the Company's knowledge and belief and after due inquiry, none of the Directors, or executive officers of the Company have, in the five-year period prior to the date of this Information Statement, been:

- a) Subject to 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 (2) years prior to that time;
- b) Subject to any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- c) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, 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 Commission 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 judgment has not been reversed, suspended, or vacated.

There is a pending complaint against certain Directors of the Company, which is described below.

Manila Paper Mills International, Inc. Complaint

On February 24, 2016, a complaint for syndicated estafa was filed by Manila Paper Mills International, Inc. ("MPMII") with the Office of the City Prosecutor of Dasmariñas, Cavite against certain directors and an officer of FLI, in their capacity as such, including Lourdes

Josephine Gotianun Yap and Val Antonio B. Suarez. The allegations in the complaint relate to the ownership and sale by FLI of portions of one of its projects – The Glens at Parkspring Phases 2, 3 and 4 located at San Pedro, Laguna. Complainant claims to be the owner of such portions. The respondents were sued in their capacities as majority stockholders/members of the Board of Directors of FLI. The complaint was dismissed by the Office of the City Prosecutor of Dasmariñas, Cavite on November 16, 2016, and MPMII has filed for a petition for review with the Philippine Secretary of Justice on February 16, 2017, which is pending as of the date of this Information Statement.

Item 6. Compensation of Directors and Executive Officers

The table below sets forth the compensation of the CEO and top four (4) highest compensated officers of the Company for the years indicated:

Name and Principal Position	Year	Salary (₱ million)	Bonus (₱ million)	Other Annual Compensation (₱ million)	Total (₱ million)
CEO and top four (4) highest compensated officers					
Maricel Brion-Lirio (President/CEO) Ana Venus Mejia (Treasurer/CFO) Raymond Castañeda (Data Privacy Officer)	2024 Estimated	-	-	-	-
Maricel Brion-Lirio (President/CEO) Ana Venus Mejia (Treasurer/CFO) Raymond Castañeda (Data Privacy Officer)	2023	-	-	-	-
Maricel Brion-Lirio (President/CEO) Ana Venus Mejia (Treasurer/CFO) Raymond Castañeda (Data Privacy Officer)	2022	-	-	-	-
All officers and directors as a group unnamed	2024 Estimated	-	-	-	-
	2023	-	-	-	-
	2022	-	-	-	-

The officers of the Company do not receive compensation from the Company and as such, the officers are paid by the other entities within the Filinvest Group.

Except for a per diem of Php50,000.00 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 of the Company in their capacity as such.

There are no actions to be taken at the Annual Stockholders' Meeting on April 17, 2024 with respect to any bonus, profit sharing or other compensation plan, contract or arrangement, and pension or retirement plan, in which any director, nominee for election as a director, or executive officer of the Company will participate. Neither are there any proposed grants or extensions to any such persons of any option, warrant or right to purchase any securities of the Company which are subject to the approval by the stockholders at the Annual Stockholders' Meeting.

There are no Employment Contracts between the Company and the named Executive Officers. There are no compensatory plan or arrangement with respect to a named executive officer. There are no outstanding warrants or options held by the Company's CEO, the named executive officers, and all officers and directors as a group. There are no stock warrants or options previously awarded to any of the officers and directors.

Certain Relationships and Related Transactions

In the normal course of business, the Company and the other members of the Filinvest Group of Companies (the "Group") enter into certain related-party transactions. The Company has entered into various transactions with related parties. 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 (referred to as "Affiliates"). Related parties may be individuals or corporate entities.

The transactions with related parties for the year ended December 31, 2023 are discussed in the Company's 2023 Audited Financial Statements attached as Annex "C" to this Information Statement. Please see Note 13, pages 24 to 28 of the Notes to the Financial Statements accompanying the Company's 2023 Audited Financial Statements where the (a) business purpose of the arrangement; (b) identification of the related parties transacting business with the Company and nature of the relationship; and (c) any ongoing contractual or other commitments as a result of the arrangement, are stated. The transaction price for Related Party Transactions ("RPT") are as negotiated and on an arm's length basis. All material RPT with a transaction value that reaches ten percent (10%) of the Company's total assets are subject to the review and approved for fairness by the RPT Committee.

Item 7. Independent Public Accountants

The auditing firm of SyCip, Gorres, Velayo & Co. ("SGV & Co.") is the current independent auditor of the Company. The Company has not had any disagreement with SGV & Co. on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

The Company, in compliance with SRC Rule 68 Part I(3)(B)(ix) relative to the seven-year rotation requirement of its external auditors, has designated Ms. Wanessa Salvador as its engagement partner starting CY 2019. Ms. Salvador is thus qualified to act as such until the year 2025.

The Audit and Risk Management Oversight Committee recommended the re-appointment of SGV & Co. as the Company's external auditor for the year 2024. The said recommendation was approved by the Board of Directors and will be presented for approval and ratification at the scheduled Annual Stockholders' Meeting. The representatives of SGV & Co. shall be present at the Annual Stockholders' Meeting where they will have the opportunity to make a statement if they desire to do so. They are expected to be available to respond to appropriate questions at the meeting.

Item 8. Compensation Plan

There is no action to be taken at the Annual Stockholders' Meeting with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed which will require stockholders' approval.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities other than for Exchange

No action will be taken at the Annual Stockholders' Meeting with respect to authorization or issuance of securities other than for exchange.

Item 10. Modification or Exchange of Securities

There are no matters or actions to be taken up at the Annual Stockholders' Meeting with respect to the modification of the Company's securities or the issuance or authorization for issuance of one class of the Company's securities in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

(1) Financial Statements

The Company's Audited Financial Statements for the year ended December 31, 2023 is attached herewith as **Annex "C"** to form an integral part hereof.

(2) Management's Discussion and Analysis, or Plan of Operation

The Management's Discussion and Analysis, or Plan of Operation is attached herewith as **Annex "D"** to form an integral part hereof.

(3) Legal Proceedings

As of the date of this Information Statement, the Company is not subject to any lawsuit or legal action.

Item 12. No Action to be Taken on Mergers, Consolidations, Acquisitions and Similar Matters

No action will be taken at the Annual Stockholders' Meeting with respect to any merger or consolidation involving FILRT, the acquisition by FILRT of another entity, going business or of all of the assets thereof, the sale or other transfer of all or any substantial part of the assets of FILRT, or the liquidation or dissolution of FILRT.

Item 13. No Action to be Taken on Acquisition or Disposition of Property

No action will be taken at the Annual Stockholders' Meeting with respect to any acquisition or disposition of property by FILRT requiring the approval of the stockholders.

Item 14. No Action to be Taken on Restatement of Accounts

No action will be taken at the Annual Stockholders' Meeting with respect to any restatement of any asset, capital or surplus account of FILRT.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

- (1) Approval of the minutes of the last Annual Stockholders' Meeting held on April 19, 2023 attached hereto as **Annex "E"**;

Rationale: To allow the stockholders to confirm that the proceedings during the last Annual Stockholders' Meeting were recorded accurately and truthfully.

The minutes of the meeting held on April 19, 2023 can be viewed at the Company's website,

https://www.filininvestreit.com/sites/default/files/202304/filrt_minutes_2023_asm_2023_4.19.pdf. A copy of the minutes is also attached as **Annex "E"** of this Information Statement.

- (2) Presentation of the Management Report;

Rationale: To present to the stockholders the Company's operating performance, financial condition and outlook.

The President, Ms. Maricel Brion-Lirio, will report on the Company's 2023 performance and the outlook for 2024.

- (3) Ratification of the Audited Financial Statements for the year ended December 31, 2023;

Rationale: To apprise the stockholders of the financial results of the Company's operations in 2023.

The Audited Financial Statements refer to the financial operations, balance sheet and income statement of FILRT as of and for the year ended December 31, 2023. The Company's Audited Financial Statements for 2023 is attached herewith as **Annex "C"** to form an integral part hereof and will be made available on the Company's website.

All the above items are part of the agenda of the Annual Stockholders' Meeting of the Company to be held on April 17, 2024 and are subject to the approval by the stockholders.

Item 16. Action to be Taken on Matters Not Required to be Submitted

There is no action to be taken at the annual stockholders' meeting with respect to any matter which is not required to be submitted to a vote of the stockholders.

Item 17. Amendment of Charter, By-laws or Other Documents

There is no action to be taken at the annual stockholders' meeting with respect to any amendment of the Company's Amended Articles of Incorporation or By-Laws.

Item 18. Other Proposed Actions

- (1) General ratification of the acts, resolutions, and proceedings of the Board of Directors, the Board Committees and the Management from the date of the last annual stockholders' meeting up to the date of the upcoming meeting.

Rationale: To ratify the actions and resolutions of the Board of Directors, Board Committees and Management.

The major acts of the Board of Directors, Board Committees and Management include:

- (a) Appointment of the members of the board committees
 - (b) Appointment of officers
 - (c) Declaration of cash dividends
 - (d) Authority to apply for the registration of the Corporation with government agencies and systems
 - (e) Authority to apply for permits/clearances with various government agencies and designation of authorized representatives
 - (f) Authority to update registration with government agencies and designation of authorized representatives
 - (g) Approval of the date of annual stockholders' meeting, record date, agenda of the meeting, and guidelines for the conduct of the Annual Stockholders' Meeting
 - (h) Approval of the audited financial statements
 - (i) Appointment of external auditor
 - (j) Authority to transact and enter into contracts/agreements relating to the Company's transactions, including purchase or disposition of real property
 - (k) Authority to submit reportorial requirements to various government agencies and designation of authorized representatives
 - (l) Appointment of authorized representatives and signatories for various corporate transactions
- (2) Election of the members of the Board of Directors, including three (3) Independent Directors, to serve for the year 2024-2025; and

Rationale: To allow stockholders to elect the Company's Board of Directors for the ensuing year.

In accordance with the Company's Revised Manual on Corporate Governance and Amended By-Laws, the stockholders must elect the members of the Board of Directors of the Company comprised of seven (7) directors, including three (3) independent directors, who shall hold office for a term of one (1) year, or until their successors shall have been duly elected and qualified. There will be an election of the members of the Board during the Annual Stockholders' Meeting to serve for the year 2024 to 2025.

The Corporate Governance Committee, acting as the Nominations Committee, will evaluate the qualifications of the nominees to the Board, including three (3) nominees for independent directors.

- (3) Appointment of External Auditor.

Rationale: To appoint an auditing firm to provide assurance on the integrity, objectivity and independence in the preparation of the Company's financial statements.

Item 19. Voting Procedures

(a) *Vote required for approval.*

The approval of the minutes of the annual stockholders' meeting held on April 19, 2023, the audited financial statements for the year ended 2023, the ratification of corporate acts, and the appointment of external auditors for 2024 shall be decided by the majority vote of the stockholders present in person or by proxy and entitled to vote thereat, a quorum being present. A stockholder voting electronically *in absentia* shall be deemed present for purposes of quorum.

In the election of the members of the Board of Directors, the candidates garnering the seven (7) highest number of votes shall be declared elected as directors of the Company to serve as such for the year 2024-2025.

(b) *Method by which votes will be counted.*

A stockholder may vote by appointing the Company's Chairman as proxy or electronically in absentia by registering at the online web address https://shareholders.filinvest.com.ph/FILRT_SHAREHOLDERSYSTEM. After validation, the stockholder will receive an email with instructions to access the ballot. The ballots submitted shall then be counted by the Corporate Secretary, with the assistance of representatives of the Company's stock transfer agent, Stock Transfer Service, Inc., which is an independent party. The results of the voting shall be announced after each agenda item is taken up during such meeting.

Item 20. Participation of Stockholders by Remote Communication

In compliance with SEC Memorandum Circular No. 6, series of 2020, the Company will dispense with physical attendance of stockholders at the meeting and will allow attendance only by remote communication.

In order for the Company to properly conduct validation procedures, stockholders who wish to participate in the meeting via remote communication and/or vote *in absentia* must register at https://shareholders.filinvest.com.ph/FILRT_SHAREHOLDERSYSTEM on or before April 8, 2024.

Details of the requirements and process are provided in **Annex "F"**.

UNDERTAKING: The Company will provide without charge copies of its Annual Report or SEC Form 17-A to its stockholders upon receipt of written request addressed to: The Office of the Corporate Secretary, 79 EDSA, Highway Hills, Mandaluyong City 1550, Metro Manila.

PART II

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Mandaluyong on the 19th day of March 2024.

FILINVEST REIT CORP.

By:



KATRINA O. CLEMENTE-LUA
Corporate Secretary

FILINVEST REIT CORP.

SECRETARY'S CERTIFICATE

I, **KATRINA O. CLEMENTE-LUA**, Filipino, of legal age, and with office address at the Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City, Metro Manila, after having been duly sworn in accordance with law, hereby certify:

1. I am the Corporate Secretary of **FILINVEST REIT CORP.** (the "Corporation"), a corporation duly organized and existing under the laws of the Republic of the Philippines, with principal office address at the 5th to 7th Floors, Vector One Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City, Metro Manila.

2. Based on the records of the Corporation, none of its incumbent directors and executive officers named in the Corporation's Information Statement (SEC Form 20-IS) for the Annual Stockholders' Meeting to be held on 17 April 2024 is connected with and/or working in the government.

3. This Certification is being issued as an Annex to the Information Statement (SEC Form 20-IS) of the Corporation in connection with its Annual Stockholders' Meeting for the year 2024.

IN WITNESS WHEREOF, I have hereunto set my hand this 4th day of March 2024 in Mandaluyong City, Metro Manila.


KATRINA O. CLEMENTE-LUA
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this 4th day of March 2024 in Mandaluyong City, Metro Manila, affiant exhibiting to me her Philippine Passport No. _____, bearing her photograph and signature, issued by Department of Foreign Affairs - NCR - South, and valid until _____

Doc. No. 297 ;
Page No. 61 ;
Book No. 10 ;
Series of 2024.

File No. 1.19.3
FILRT_Certification_2024 IS/Ryan/DAL

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-23 UNTIL DECEMBER 31, 2024
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
ROLL NO. 53970
PTR NO. 5420812; 1-3-24; MANDALUYONG
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025
UG03 CITYLAND SHAW TOWER,
SHAW BLVD. MANDALUYONG CITY

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **VAL ANTONIO B. SUAREZ**, Filipino, of legal age, with postal office address at _____, after having been duly sworn in accordance with the law do hereby declare that:

1. I am a nominee for Independent Director of Filinvest REIT Corp. and have been an independent director thereof since 06 April 2017.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
Suarez & Reyes Law Offices	Managing Partner	2000 to Present
Filinvest Development Corporation	Independent Director; Member, Audit & Risk Management Oversight Committee; Chairman, Compensation Committee; Chairman, Corporate Governance Committee; Chairman, Related-Party Transaction Committee	2014 to Present
Filinvest Land, Inc.	Lead Independent Director; Member, Audit & Risk Management Oversight Committee; Chairman, Compensation Committee; Chairman, Corporate Governance Committee; Chairman, Related-Party Transaction Committee	2015 to Present
Lepanto Consolidated Mining Company	Independent Director, Executive Committee	2011 to Present
Tayabas Resources Ventures Corporation	Director and Corporate Secretary	2003 to Present
Southeast Cable TV Corporation	Director and Corporate Secretary	2003 to Present
Asian Vision Cable Holdings Group of Companies	Corporate Secretary	2003 to Present
Ambassador Suarez Development Corporation	Chairman and President	2003 to Present
Five Karats Property Holdings, Inc.	Director and Treasurer	2003 to Present
Gendrugs, Inc.	Director and Treasurer	2008 to Present
Amun Ini Resort and Spa, Inc.	Director and Corporate Secretary	2010 to Present
Carmen's Best Dairy Products, Inc.	Director and Corporate Secretary	2011 to Present

Headland Road Capital, Inc.	Chairman and President	2012 to Present
Camiguin Gendrugs, Inc.	Director and President	2013 to Present
Avocado Broadband Telecoms, Inc.	Director and Corporate Secretary	2015 to Present
Gendrugs Distributors, Inc.	Director and Treasurer	2016 to Present
Cebu Gendrugs, Inc.	Director and Treasurer	2016 to Present
Chocohills Generics, Inc.	Director and Treasurer	2016 to Present
Vertere Global Solutions, Inc.	Chairman	2017 to Present
Vertere Venture Capital, Inc.	Director	2017 to Present
R&S Development Corporation	Director and Treasurer	2017 to Present
Suarez Bridge Ventures, Inc.	Chairman and President	2018 to Present
AB Capital & Investment Corporation	Corporate Secretary	2021 to Present
Zamgen, Inc.	Director and Treasurer	2022 to Present
Skin Adept Clinic and Surgicenter, Inc.	Corporate Secretary	2022 to Present
Financial Executives Institute of the Phils.	Member	2010 to Present
Integrated Bar of the Philippines – Makati Chapter	Member	1986 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Filinvest REIT Corp., as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other Securities and Exchange Commission (SEC) issuances.
4. I am related to the following director/officer/substantial shareholders of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code:

Name of Director/Officer/ Substantial Shareholder	Company	Nature of Relationship
N/A	N/A	N/A

5. I disclose that I (together with the other members of the Board of Directors of Filinvest Land, Inc. (FLI)) am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

Offense Charged/ Investigated	Tribunal or Agency Involved	Status
Complaint for Syndicated Estafa filed by Manila Paper Mills International, Inc. (MPMI) dated April 12, 2016	Department of Justice	Petition for Review pending after Complaint was dismissed by City Prosecutor of Dasmariñas for no probable cause*


* In its Resolution dated November 16, 2016 (“Resolution”), the Office of the City Prosecutor Dasmariñas ruled against MPMII, finding that there was no probable cause to charge the respondents and upholding the validity of FLI’s titles to the property. MPMII then filed with the Secretary of Justice (SOJ) a Petition for Review dated February 21, 2017 questioning the Resolution. On March 21, 2017, the respondents who are directors and

officers of FLI filed their Comment on the Petition. The Petition is still pending resolution by the SOJ.

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the N/A to be an independent director in N/A, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.
7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and Other SEC issuances.
8. I shall inform the Corporate Secretary of Filinvest REIT Corp. of any changes in the above-mentioned information within five days from its occurrence.


MAR 19 2024

Done, this _____ at Makati City.


VAL ANTONIO B. SUAREZ
Affiant
MAR 19 2024

SUBSCRIBED AND SWORN to before me this _____ at
MANDALUYONG CITY, affiant personally appeared before me and exhibited to me his
IBP Lifetime Member No. _____ issued by the IBP Pasig City.

Doc. No. 165 ;
Page No. 14 ;
Book No. 12 ;
Series of 2024.


JOVEN G. SEVILLA
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-23 UNTIL DECEMBER 31, 2024
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
ROLL NO. 53970
PTR NO. 5420812; 1-3-24; MANDALUYONG
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025
UG03 CITYLAND SHAW TOWER,
SHAW BLVD. MANDALUYONG CITY

CERTIFICATION OF INDEPENDENT DIRECTOR

I, VIRGINIA T. OBCENA, of legal age, Filipino, single, with postal address at _____, Metro Manila, after having been duly sworn in accordance with the law do hereby declare that:

1. I am a nominee for Independent Director of Filinvest REIT Corp. and have been an independent director since 17 July 2019.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Filinvest Development Corporation	Lead Independent Director; Chairperson, Audit & Risk Management Oversight Committee; Member, Compensation Committee; Member, Corporate Governance Committee; Member, Related-Party Transaction Committee	April 29, 2016 to Present
International Centre for Settlement of Investment Disputes (ICSID), World Bank	Member, Panel of Conciliators	2015 to June 2019

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Filinvest REIT Corp., as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following directors/officers/substantial shareholders of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code:

Name of Director/Officer/ Substantial Shareholder	Company	Nature of Relationship
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the N/A to be an independent director in N/A, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.
7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and Other SEC issuances.
8. I shall inform the Corporate Secretary of Filinvest REIT Corp. of any changes in the above-mentioned information within five days from its occurrence.

Done, this MAR 19 2024 at MANDALUYONG CITY



VIRGINIA T. OBCENA
Affiant

MAR 19 2024

SUBSCRIBED AND SWORN to before me this _____ at
Mandaluyong City, affiant personally appeared before me and exhibited to me her Passport
No. _____ issued on _____ by the Department of Foreign Affairs - NCR
South.

Doc. No. 163;
Page No. 24;
Book No. 12;
Series of 2024.

JOVEN G. SEVILANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-23 UNTIL DECEMBER 31, 2024
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
ROLL NO. 53970
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MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025
UG03 CITYLAND SHAW TOWER,
SHAW BLVD. MANDALUYONG CITY

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **RAMON P. D. DIZON**, Filipino, of legal age, with postal address at


, after having been duly sworn in accordance with the law do hereby declare that:

1. I am a nominee for Independent Director of Filinvest REIT Corp. for the year 2024-2025.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
DigiPlus Interactive Corp. (formerly Leisure & Resorts World Corporation)	Independent Director and Audit Committee Chairman	2022 to present
PAL Holdings, Inc.	Independent Director	2023 to present
MegaLink, Inc.	Independent Director and Audit Committee Chairman	2022 to present
Monde Nissin Corporation	Senior Consultant	2022 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Filinvest REIT Corp., as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to the following directors/officers/substantial shareholders of Filinvest REIT Corp., its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code:
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and Other SEC issuances.
7. I shall inform the Corporate Secretary of Filinvest REIT Corp. of any changes in the above-mentioned information within five days from its occurrence.

Done, this MAR 19 2024 at MANDALUYONG CITY



RAMON P. D. DIZON
Affiant

MAR 19 2024

SUBSCRIBED AND SWORN to before me this _____ at
Mandaluyong City, affiant personally appeared before me and exhibited to me his Passport
No. _____ issued on _____ by the Department of Foreign Affairs - Manila.

Doc. No. 164 ;
Page No. 71 ;
Book No. 12 ;
Series of 2024.

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-23 UNTIL DECEMBER 31, 2024
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MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025
UG03 CITYLAND SHAW TOWER,
SHAW BLVD. MANDALUYONG CITY

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

F	I	L	I	N	V	E	S	T	R	E	I	T	C	O	R	P	.																					

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

5	t	h	-	7	t	h																																													
F	l	o	o	r	s	,																																													
V	e	c	t	o	r																																														
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M	u	n	t	i	n	l																																													
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Form Type

A	A	F	S		
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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

Company's Telephone Number

8846-0278

Mobile Number

N/A

No. of Stockholders

16,319

Annual Meeting (Month / Day)

May 30

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATIONThe designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Ms. Venus A. Mejia

Email Address

venus.mejia@filinvestgroup.com

Telephone Number/s

8846-0278

Mobile Number

N/A

CONTACT PERSON'S ADDRESS

5th-7th Floors Vector One Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City
--

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

NOTE 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.



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of **Filinvest REIT Corp.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2023, 2022 and 2021 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and making accounting estimates that are reasonable in the circumstances.

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

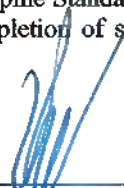
The Board of Director is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders or members before such statements are issued to the regulators, creditors and other users.

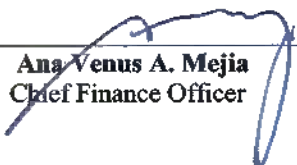
Sycip, Gorres, Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of Filinvest REIT Corp. in accordance with the Philippine Standards on Auditing and has expressed its opinion on the fairness of presentation upon completion of such audit in its report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



Lourdes Josephine Gotianun-Yap
Chairman of the Board



Maricel Brion Lirio
President/CEO



Ana Venus A. Mejia
Chief Finance Officer

MAR 04 2024

SUBSCRIBED AND SWORN to before me this _____ day of _____ affiants exhibits to me their SSS ID and Passport as follows:

L. Josephine G. Yap
Maricel Brion Lirio
Ana Venus A. Mejia

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Page No. 50
Book No. 10
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JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-23 UNTIL DECEMBER 31, 2024
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
ROLL NO. 53970
PTR NO. 5420812; 1-3-24; MANDALUYONG
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025
UG03 CITYLAND SHAW TOWER,
SHAW BLVD. MANDALUYONG CITY

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Filinvest REIT Corp.
5th-7th Floors, Vector One Building
Northgate Cyberzone, Filinvest City
Alabang, Muntinlupa City

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Filinvest REIT Corp. (the Company) which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.



We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Fair value of investment properties and intangible assets

The Company accounts for its investment properties and intangible assets using fair value model. Investment properties consist of 16 mixed-use office buildings located in Luzon and 3 parcels of land located in Boracay Island while intangible assets consist of a right to operate one mixed-use office building located in Cebu. As of December 31, 2023, investment properties and intangible assets represents 90.3% and 5.6% of total assets, respectively. The determination of the fair values of these properties involves significant management judgment and estimations. The valuation also requires the assistance of external appraisers whose calculations also depend on certain assumptions, such as discount rates and growth rates. Thus, we considered the valuation of investment properties and intangible assets as a key audit matter.

The disclosures on the fair value of intangible assets and investment properties are included in Notes 6 and 7 to the financial statements, respectively.

Audit Response

We evaluated the competence, capabilities and qualifications of the external appraiser by considering their qualifications, experience and reporting responsibilities. We involved our internal specialist in the evaluation of the methodology and assumptions used in the valuation of the investment properties and intangible assets. In addition, we assessed whether the discount rates used are within the acceptable range and performed sensitivity analysis. We also assessed the sufficiency of the disclosures in the financial statements.

Other Information

Management is responsible for Other Information. Other Information comprises the information included in SEC Form 20 IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 but does not include the financial statements and our auditor's report thereon. SEC Form 20 IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover Other Information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the Other Information identified above when it becomes available and, in doing so, consider whether such information is materially inconsistent with the financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

The supplementary information required under Revenue Regulations 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of the Filinvest REIT Corp. in a separate schedule. Revenue Regulations 15-2010 requires the information to be presented in the notes to financial statements. Such information is not a required part of the basic financial statements. The information is also not required by Revised Securities Regulation Code Rule 68. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule.

The engagement partner on the audit resulting in this independent auditor's report is Wanessa G. Salvador.

SYCIP GORRES VELAYO & CO.



Wanessa G. Salvador

Partner

CPA Certificate No. 0118546

Tax Identification No. 248-679-852

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-137-2023, January 25, 2023, valid until January 24, 2026

PTR No. 10082009, January 6, 2024, Makati City

February 26, 2024



FILINVEST REIT CORP.
STATEMENTS OF FINANCIAL POSITION

	December 31, 2023	December 31, 2022 (As restated, see Note 2)	January 1, 2022 (As restated, see Note 2)
ASSETS			
Current Assets			
Cash and cash equivalents (Notes 4 and 16)	₱1,301,018,941	₱1,701,935,199	₱2,587,195,631
Receivables (Note 5)	146,541,127	164,480,403	166,693,205
Other current assets (Note 8)	297,335,022	327,750,212	64,054,931
Total Current Assets	1,744,895,090	2,194,165,814	2,817,943,767
Noncurrent Assets			
Investment properties (Note 7)	45,094,555,000	44,531,066,000	45,429,680,000
Intangible assets (Notes 6 and 15)	2,789,180,000	2,885,540,000	3,117,740,000
Other noncurrent assets (Note 8)	317,608,846	247,159,642	263,822,035
Total Noncurrent Assets	48,201,343,846	47,663,765,642	48,811,242,035
Total Assets	₱49,946,238,936	₱49,857,931,456	₱51,629,185,802
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses (Note 9)	₱1,814,798,144	₱1,699,243,336	₱1,222,657,329
Current portion of:			
Security and other deposits (Note 11)	191,930,531	99,558,917	96,987,598
Lease liabilities (Note 15)	2,088,451	1,989,001	1,848,085
Bonds payable (Note 10)	–	6,000,000,000	–
Total Current Liabilities	2,008,817,126	7,800,791,254	1,321,493,012
Noncurrent Liabilities			
Due to related parties - net of current portion (Notes 13 and 16)	–	366,483,600	–
Loans payable (Note 10)	5,985,415,836	–	5,987,044,949
Security and other deposits - net of current portion (Note 11)	566,829,817	661,105,321	654,002,829
Lease liabilities - net of current portion (Note 15)	26,656,853	26,330,764	25,990,097
Total Noncurrent Liabilities	6,578,902,506	1,053,919,685	6,667,037,875
Total Liabilities	8,587,719,632	8,854,710,939	7,988,530,887
Equity (Note 12)			
Capital stock	2,446,388,997	2,446,388,997	2,446,388,997
Additional paid-in capital	2,518,356,922	2,518,356,922	2,518,356,922
Retained earnings	36,393,773,385	36,038,474,598	38,675,908,996
Total Equity	41,358,519,304	41,003,220,517	43,640,654,915
Total Liabilities and Equity	₱49,946,238,936	₱49,857,931,456	₱51,629,185,802

See accompanying Notes to Financial Statements.



FILINVEST REIT CORP.**STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended December 31		
	2023	2022 (As restated, see Note 2)	2021 (As restated, see Note 2)
REVENUES AND INCOME			
Rental revenue (Notes 6, 7, 13 and 15)	₱2,311,083,017	₱2,459,925,389	₱2,519,294,434
Others (Note 16)	678,577,975	779,663,469	922,722,669
	2,989,660,992	3,239,588,858	3,442,017,103
NET FAIR VALUE CHANGE IN INVESTMENT PROPERTIES AND INTANGIBLE ASSETS (Notes 6 and 7)			
Increase (decrease) in fair value	390,393,044	(2,260,210,882)	9,721,676,937
Straight-line adjustments	75,910,884	(36,357,566)	(42,662,844)
Lease commission	(47,171,813)	(82,344,733)	(6,740,397)
	419,132,115	(2,378,913,181)	9,672,273,696
COSTS AND EXPENSES			
Utilities (Note 8)	267,535,648	282,581,257	277,795,323
Rental expense (Notes 13 and 15)	235,583,003	262,962,187	271,083,960
Manpower and service cost	169,623,437	164,422,227	196,147,790
Repairs and maintenance	167,640,981	145,517,112	183,504,663
Taxes and licenses	161,094,307	141,240,655	95,353,896
Service and management fees (Note 13)	181,183,979	212,974,092	103,101,857
Insurance	16,407,520	10,171,490	15,915,467
Others (Notes 5 and 8)	86,097,686	8,077,977	17,850,148
	1,285,166,561	1,227,946,997	1,160,753,104
OTHER INCOME (CHARGES)			
Interest and other financing charges (Notes 10 and 15)	(422,017,876)	(322,514,921)	(348,226,313)
Interest income (Notes 4, 5, 16 and 17)	43,473,559	29,754,402	9,986,396
Gain on derecognition of lease liabilities (Note 15)	–	–	189,183,041
Other income (charges) - net	(234,492)	(720,249)	(1,411,852)
	(378,778,809)	(293,480,768)	(150,468,728)
INCOME (LOSS) BEFORE INCOME TAX	1,744,847,737	(660,752,088)	11,803,068,967
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 14)			
Current	–	–	117,651,935
Deferred	–	–	(269,648,113)
	–	–	(151,996,178)
NET INCOME (LOSS) / TOTAL COMPREHENSIVE INCOME (LOSS)	₱1,744,847,737	(₱660,752,088)	₱11,955,065,145
Basic/Diluted Earnings (Loss) Per Share (Note 18)	₱0.36	(₱0.14)	₱2.44

See accompanying Notes to Financial Statements.



FILINVEST REIT CORP.

STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 12)	Additional Paid-in Capital (Note 12)	Deposit for Future Stock Subscription (Note 12)	Unappropriated Retained Earnings (Note 12)	Remeasurement Gain on Retirement Plan	Total
			For the Year Ended December 31, 2023			
Balance at January 1, 2023, as previously stated	₱2,446,388,997	₱2,518,356,922	₱-	₱347,450,550	₱-	₱5,312,196,469
Restatements (Note 2)	-	-	-	35,691,024,048	-	35,691,024,048
Balances at January 1, 2023, as restated	2,446,388,997	2,518,356,922	-	36,038,474,598	-	41,003,220,517
Total comprehensive income	-	-	-	1,744,847,737	-	1,744,847,737
Cash dividends declared (Note 12)	-	-	-	(1,389,548,950)	-	(1,389,548,950)
Balances at December 31, 2023	₱2,446,388,997	₱2,518,356,922	₱-	₱36,393,773,385	₱-	₱41,358,519,304
			For the Year Ended December 31, 2022			
Balances at January 1, 2022, as previously stated	₱2,446,388,997	₱2,518,356,922	₱-	₱1,018,879,536	₱-	₱5,983,625,455
Restatements (Note 2)	-	-	-	37,657,029,460	-	37,657,029,460
Balances at January 1, 2022, as restated	2,446,388,997	2,518,356,922	-	38,675,908,996	-	43,640,654,915
Total comprehensive income, as previously stated	-	-	-	1,305,253,324	-	1,305,253,324
Restatements (Note 2)	-	-	-	(1,966,005,412)	-	(1,966,005,412)
Total comprehensive income, as restated	-	-	-	(660,752,088)	-	(660,752,088)
Cash dividends declared (Note 12)	-	-	-	(1,976,682,310)	-	(1,976,682,310)
Balances at December 31, 2022	₱2,446,388,997	₱2,518,356,922	₱-	₱36,038,474,598	₱-	₱41,003,220,517
			For the Year Ended December 31, 2021			
Balances at January 1, 2021, as previously stated	₱1,163,426,668	₱102,900,666	₱1,889,583,333	₱1,950,125,348	₱28,845	₱5,106,064,860
Restatements (Note 2)	-	-	-	27,557,098,718	-	27,557,098,718
Balances at January 1, 2021, as restated	1,163,426,668	102,900,666	1,889,583,333	29,507,224,066	28,845	32,663,163,578
Total comprehensive income, as previously stated	-	-	-	1,855,134,403	-	1,855,134,403
Restatements (Note 2)	-	-	-	10,099,930,742	-	10,099,930,742
Total comprehensive income, as restated	-	-	-	11,955,065,145	-	11,955,065,145
Reclassification of remeasurement to retained earnings	-	-	-	28,845	(28,845)	-
Property dividends declared	-	-	-	(1,690,426,790)	-	(1,690,426,790)
Cash dividends declared	-	-	-	(1,095,982,270)	-	(1,095,982,270)
Additional of deposit for future stock subscription and issuance	-	-	1,856,666,667	-	-	1,856,666,667
Application of deposit for future stock subscription and issuance of shares	1,282,962,329	2,463,287,671	(3,746,250,000)	-	-	-
Stock issuance and transaction cost	-	(47,831,415)	-	-	-	(47,831,415)
Balances at December 31, 2021	₱2,446,388,997	₱2,518,356,922	₱-	₱38,675,908,996	₱-	₱43,640,654,915

See accompanying Notes to Financial Statements



FILINVEST REIT CORP.
STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2023	2022 (As restated, see Note 2)	2021 (As restated, see Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱1,744,847,738	(₱660,752,088)	₱11,803,068,967
Adjustments for:			
Fair value change in investment properties and intangible assets, and straight-line adjustments (Notes 6 and 7)	(466,303,928)	2,296,568,448	(9,679,014,093)
Interest expense and other financing changes (Notes 10 and 13)	422,017,876	322,514,921	348,226,313
Interest income (Notes 4, 5, 13 and 16)	(43,473,559)	(29,754,402)	(9,986,396)
Gain on derecognition of lease liabilities (Note 15)	–	–	(189,183,041)
Operating income before changes in operating assets and liabilities	1,657,088,127	1,928,576,879	2,273,111,750
Changes in operating assets and liabilities			
Decrease (increase) in:			
Receivables	93,850,160	(34,144,763)	75,148,821
Other current assets, including creditable withholding taxes	54,837	(263,695,281)	313,848,363
Increase (decrease) in:			
Accounts payable and accrued expenses	5,439,125	79,505,331	(22,599,962)
Security and other deposits	(1,903,890)	9,673,811	(98,083,633)
Other noncurrent liabilities	–	–	(300,385,681)
Net cash generated from operations	1,754,528,359	1,719,915,977	2,241,039,658
Interest received	43,473,559	29,754,402	9,986,396
Income tax paid	–	–	(117,680,780)
Net cash provided by operating activities	1,798,001,918	1,749,670,379	2,133,345,274
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Investment properties (Notes 7 and 22)	(443,215,956)	(362,819,214)	(436,716,237)
Intangible assets (Note 6)	–	(3,013,393)	(152,341,910)
Proceeds from sale and assignment of:			
Investment properties (Note 7)	–	–	615,458,031
Intangible assets (Note 6)	–	–	971,793,929
Decrease (increase) in other noncurrent assets (Note 8)	(40,088,851)	16,662,393	10,592,776
Net cash provided by (used in) investing activities	(483,304,807)	(349,170,214)	1,008,786,589
CASH FLOW FROM FINANCING ACTIVITIES			
(Note 22)			
Proceeds from availments of loans payable (Note 10)	5,955,000,000	–	–
Payments of:			
Cash dividends (Note 12)	(1,389,548,951)	(1,976,682,310)	(1,095,982,270)
Principal portion of lease liability (Note 15)	(1,989,001)	(1,894,287)	(14,397,140)
Interest and transaction cost (Note 10)	(279,075,417)	(307,184,000)	(315,074,354)
Bonds payable (Note 10)	(6,000,000,000)	–	–
Net cash used in financing activities	(1,715,613,369)	(2,285,760,597)	(1,425,453,764)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(400,916,258)	(885,260,432)	1,716,678,099
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,701,935,199	2,587,195,631	870,517,532
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱1,301,018,941	₱1,701,935,199	₱2,587,195,631

See accompanying Notes to Financial Statements.



FILINVEST REIT CORP.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Filinvest REIT Corp. (formerly Cyberzone Properties, Inc.) (the “Company” or “FILRT”) was registered with the Philippine Securities and Exchange Commission (SEC) on January 14, 2000.

On December 4, 2020, the Board of Directors (BOD) approved the amendments of the Company’s articles of incorporation to change the Company’s primary purpose to engage into real estate investment trust, as provided under Republic Act No. 9856 (the Real Estate Investment Trust Act of 2009), including the Revised Implementing Rules and Regulations of Republic Act (RA) No. 9856 (the “REIT Act”), and other applicable laws, which business includes the following: (1) to own, invest in, purchase, acquire, hold, possess, lease, construct, develop, alter, improve, operate, manage, administer, sell, assign, convey, encumber, in whole or in part, or otherwise deal in and dispose of, income-generating real estate, within or outside the Philippines, in accordance with applicable laws and regulations; (2) to invest in, purchase, acquire own, hold, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of (a) real estate and other related assets; and (b) managed funds; (3) to receive, collect, and dispose of the rent, interest, and such other income rising from its property and investments; (4) to guaranty the obligations, debt, or loans of its subsidiaries or affiliates or any entity in which the corporation has lawful interest; and (5) to exercise, carry on or undertake such other powers, acts, activities and transactions as may be deemed necessary, convenient, or incidental to or implied from the purposes herein mentioned.

The registered office address of the Company is at 5th - 7th Floors, Vector One Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City.

The Company’s parent company is FLI, a subsidiary of Filinvest Development Corporation (FDC). Both FLI and FDC are publicly listed entities. A.L. Gotianun Inc. (ALG) is the Company’s ultimate parent company. FLI, FDC and ALG were all incorporated in the Philippines.

On August 12, 2021, the Company was listed in The Philippine Stock Exchange as a Real Estate Investment Trust (REIT) entity.

Approval of the Financial Statements

The financial statements were approved and authorized for issue by the BOD on February 26, 2024.

2. Material Accounting Policy Information

Basis of Preparation

The financial statements of the Company have been prepared using the historical cost basis. The financial statements are presented in Philippine Peso (₱), which is the functional and presentation currency of the Company, and all amounts are rounded off to the nearest Philippine Peso unless otherwise indicated.

Statement of Compliance

The financial statements of the Company are prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards (PAS) and Interpretations issued by the Philippine Interpretations Committee (PIC).



New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The adoption of these new standards did not have an impact on the financial statements of the Company.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to the Practice Statement provide non-mandatory guidance. Accordingly, the Company amended Note 2 to the financial statements to include material accounting policy only.

- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

Change in Accounting Policy

In 2023, the Company voluntarily changed its accounting policy on investment properties and intangible assets from cost model to fair value model which requires restatement of previous financial statements. The change will provide the users of the financial statements a more relevant information as it reflects the current valuation of the Company as a REIT entity. As a result, the comparative December 31, 2022, audited statement of financial position and comparative statement of comprehensive income and statement of changes in equity for years ended December 31, 2022, and 2021 were restated to reflect the effect of the voluntary change.

Statements of financial position as of December 31, 2022 and 2021

	2022			2021		
	As previously reported	Restatements	As restated	As previously reported	Restatements	As restated
<i>Assets</i>						
Receivables	₱789,140,396	(₱624,659,993)	₱164,480,403	₱754,995,633	(₱588,302,428)	₱166,693,205
Investment properties	10,042,109,848	34,488,956,152	44,531,066,000	9,165,931,034	36,263,748,966	45,429,680,000
Property and equipment	60,001,788	(60,001,788)	–	81,686,898	(81,686,898)	–
Intangible assets	998,810,323	1,886,729,677	2,885,540,000	1,054,470,180	2,063,269,820	3,117,740,000
<i>Liabilities and Equity</i>						
Retained earnings	347,450,550	35,691,024,048	36,038,474,598	1,018,879,536	37,657,029,460	38,675,908,996



Statements of comprehensive income for the years ended of December 31, 2022 and 2021

	2022			2021		
	As previously reported	Restatements	As restated	As previously reported	Restatements	As restated
Net fair value changes in investment properties and intangible assets	₱-	(₱2,378,913,181)	(₱2,378,913,181)	₱-	₱9,672,273,696	₱9,672,273,696
Cost and expenses	412,907,769	(412,907,769)	-	427,657,046	(427,657,046)	-
Income (loss)	1,305,253,324	(1,966,005,412)	(660,752,088)	1,855,134,403	10,099,930,742	11,955,065,145

Statements of cash flows for the years ended of December 31, 2022 and 2021

	2022			2021		
	As previously reported	Restatements	As restated	As previously reported	Restatements	As restated
Cash flows provided by (used in):						
Operating activities	₱1,832,015,112	(₱82,344,733)	₱1,749,670,379	₱2,140,085,670	(₱6,740,396)	₱2,133,345,274
Investing activities	(431,514,947)	82,344,733	(349,170,214)	1,002,046,193	6,740,396	1,008,786,589
Financing activities	(2,285,760,597)	-	(2,285,760,597)	(1,425,453,764)	-	(1,425,453,764)

Below are the details of the impact of the restatements:

- a. Under fair value accounting, investment properties and intangible assets are stated at fair value, which reflects market conditions at the reporting date. The fair values of investment properties and intangible assets are determined by independent real estate valuation experts based on income approach which is based on the discounted future cash flows. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise. Gains and losses arising from the fair value accounting are adjusted to retained earnings as at January 1, 2022.
- b. The net fair value change of investment properties and intangible assets is reduced by the application of the straight-line method of recognizing rental income. Consequently, the Company adjusted its receivables to derecognized accrued rental receivables arising from straight-line rent.
- c. Property and equipment were reclassified to investment properties as these refers to equipment and improvements that were determined to be included in valuation of the investment properties and intangible assets.
- d. Depreciation and amortization expense recognized under cost model recognized as part of cost and expenses were reversed.
- e. Commission expense capitalized as part of investment properties under cost model was reversed and recognized as reduction to fair value changes. Capitalized commission expense previously reported in the statements of cash flows as part of additions to investment properties under investing activities was also reclassified to operating activities consistent with its presentation in the statement of comprehensive income.

Standards, Amendments and Interpretations Issues But Not Yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Company intends to adopt the following pronouncements when they become effective.



Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Material Accounting Policies

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each financial reporting period.



For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset and liability and the level of the fair value hierarchy as explained above.

Financial Instruments

Financial assets and liabilities are recognized in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery or assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

Recognition and Measurement of Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as either subsequently measured at amortized cost, fair value through other comprehensive income (FVTOCI), or at fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or at FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the 'SPPI test' and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets comprise of financial assets at amortized cost.

Subsequent measurement

Financial assets at amortized cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- The asset is held within the Company's business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized costs are subsequently measured at amortized cost using the effective interest method less any impairment in value, with the interest calculated recognized as interest income in the statement of comprehensive income.



The Company classified cash and cash equivalents, receivables and deposits (included under other noncurrent assets) as financial assets at amortized cost (see Notes 4, 5 and 8).

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans and borrowings consist primarily of accounts payable and accrued expenses, bonds payable and loans payable, security and other deposits, and lease liabilities (see Notes 9, 10, 11, and 15).

Subsequent measurement

Loans and borrowings (financial liabilities at amortized cost) is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest. The effective interest amortization is included as finance costs in the statement of comprehensive income.

Impairment of Financial Assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the lessee's deposit held or other credit enhancements that are integral to the contractual terms.

The Company applies a simplified approach in calculating ECLs for financial assets at amortized costs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each financial reporting date. The Company has established a provision matrix for trade receivables that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers receivables in default when contractual payments are sixty (60) days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

For cash and cash equivalents, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from reputable rating agencies to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.



A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets

A financial asset is derecognized when:

- The rights to receive cash flows from the asset have expired;
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass-through’ arrangement; or
- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all risks and rewards of the asset but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of an asset nor transferred control of the asset, the asset is recognized to the extent of the Company’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability expires, is discharged or cancelled. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Value-added Tax (VAT)

Revenues, expenses, assets and liabilities are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable and payable from the taxation authority is included as part of “Other current assets” and “Accounts payable and accrued expenses”, respectively in the statement of financial position.

Investment Properties

Investment properties are measured initially at cost, including transaction costs. The initial cost of investment properties consists of any directly attributable costs of bringing the investment properties to their intended location and working condition, including borrowing costs. Investment properties include land and buildings that are held to earn rentals and are not occupied by the Company.



Investment properties are subsequently measured at fair value, which reflects market conditions at the reporting date. The fair value of investment properties is determined by management and external valuer based on the “income approach”. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise. The fair value reported in the financial statements is reduced by the application of the straight-line method of recognizing rental income and lease commissions.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of comprehensive income the year of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

Transfers between investment property and owner-occupied property do not change the carrying amount of the property transferred and do not change the cost of that property for measurement or disclosure purposes.

Intangible Assets

Intangible assets pertain to build, transfer and operate (BTO) rights and ROU assets. BTO rights are measured on initial recognition based on cost of construction of the office building constructed at a land owned by Cebu Province in accordance with the BTO agreement. For the right-of-use asset related to the BTO rights, these are also classified under intangible assets.

Intangible assets are subsequently measured at fair value. The fair value of investment properties is determined by management and external valuer based on the “income approach”. Gains or losses arising from changes in the fair values of intangible assets are included in the profit or loss in the period in which they arise. The fair value reported in the financial statements is reduced by the application of the straight-line method of recognizing rental income and lease commissions.

Gains or losses arising from derecognition of intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of comprehensive income when the asset is derecognized.

Other Assets

Other current and noncurrent assets are recognized in the statement of financial position when it is probable that the future economic benefits will flow to the Company and the assets have cost or value that can be measured reliably. These assets are regularly evaluated for any impairment in value.

Prepaid District Cooling System (DCS) connection charges

Prepaid DCS connection charges are initially recognized at cost and are subsequently amortized over the term of the supply period (i.e., 20 years) commencing on the date when the related building is connected to the DCS facility. Portion related to the connection of succeeding buildings are amortized over the remaining years of the supply period.

Advances to Suppliers

Advances to suppliers pertain to down-payments made by the Company which are applied against future billings for development and construction contracts. Advances to be applied as property and equipment or investment properties are presented as noncurrent assets.



Impairment of Nonfinancial Assets

The Company assesses at each financial reporting date whether there is an indication that its nonfinancial asset (e.g., advances to contractors and other assets) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Company. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in the statement of comprehensive income.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however, not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is credited to current operations.

Equity

Capital stock and additional paid-in capital

The Company records capital stock at par value and additional paid-in capital for the amount in excess of the total contributions received over the aggregate par value of the equity shares. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Retained earnings

Retained earnings represent accumulated earnings of the Company, less dividends declared and any adjustment arising from application of new accounting standards or changes in accounting policies applied retroactively. Retained earnings are restricted for any appropriation as approved by the Company's BOD.

Dividends are deducted from unappropriated retained earnings when declared and approved by the Company's BOD. Dividends payable are recorded as liability until paid or upon distribution of related property held for distribution. Dividends for the year that are declared and approved after financial reporting date, if any, are dealt with as an event after reporting date and disclosed accordingly.

Earnings per Share (EPS)

Basic EPS is computed by dividing net income applicable to common stock by the weighted average number of common shares outstanding, after considering the retroactive effect for any stock dividends, stock splits or reverse stock splits during the period.

Diluted EPS is computed by dividing net income by the weighted average number of common shares outstanding during the period, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period, and adjusted for the effect of dilutive options.

Where the effect of the assumed conversion of the preferred shares and the exercise of all outstanding options have anti-dilutive effect, basic and diluted EPS are stated at the same amount.



Revenue Recognition

The Company is in the business of leasing its investment property portfolio. The Company's non-lease performance obligations include common area management and administration of utility services.

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company assesses its revenue arrangement against specific criteria in order to determine if it is acting as a principal or an agent.

Rental Revenue

Rental revenue is recognized in the statement of comprehensive income either on a straight-line basis over the lease term or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Leases under contingent rents are recognized as income in the period in which they are earned.

Common usage service area charges

Common usage service area charges are recognized when the related services are rendered. The Company has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, and electricity in its office leasing activities, wherein it is acting as agent. Income from common area and air conditioning dues is computed based on a fixed rate per square meter of the leasable area occupied by the tenant and are presented gross of related cost and expenses.

Interest income

Interest is recognized as it accrues taking into account the effective yield on the underlying asset.

Other income

Other income is recognized when the related services have been rendered and the right to receive payment is established.

Costs and Expense Recognition

These include the Company's costs incurred in leasing properties and expenses related to administering its business. These are generally recognized as incurred and measured at the amount paid or payable.

Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets (included in "Investment properties" account in the statement of financial position). Capitalization ceases when pre-selling of real estate inventories under construction commences. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Company's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross interest incurred on those borrowings less any investment income arising on the temporary investment of those borrowings.



The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

Income Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the report date.

Deferred tax

Deferred tax is provided on all temporary differences at the report date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluation. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be used.

Incentive Under REIT Law

Upon listing as a REIT entity, the Company is granted an incentive under the REIT Law provided that it meets certain conditions (e.g., distribution of minimum required earning equivalent to at least 90% of distributable income). Under the tax incentive scheme, the Company can choose to operate within one or two tax regimes (a “full tax” regime or a “no tax” regime) depending on whether profits are retained or distributed.

The Company availed of the tax-free incentive and no deferred taxes have been recognized on temporary differences.

Leases

Company as lessor

Leases where the Company does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income on operating leases is recognized on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

Company as lessee

Except for short-term leases and lease of low-value assets, the Company applies a single recognition and measurement approach for all leases. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use-assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The Company classifies its right-of-use assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned. Right-of-use assets are subsequently measured at fair value consistent with the accounting policy for intangible assets and this is integrated into the fair value of the intangible asset.



Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company accounts for a lease modification (i.e., a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease) as a separate lease (i.e., separate from the original lease) when both of the following conditions are met:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets.
- The consideration for the lease increases commensurate with the standalone price for the increase in scope and any adjustments to that stand-alone price reflect the circumstances of the particular contract.

If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate new lease. Lessees account for the separate contract that contains a lease in the same manner as other new leases.

Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Segment Reporting

The Company's operating businesses are organized and managed according to the nature of the products and services provided. The Company has determined that it is operating as one operating segment as of December 31, 2023 and 2022 (see Note 19).

Provisions

A provision is recognized only when the following conditions are present: (a) the Company has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made on the amount of the obligation.



Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the probability of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

Events After the Financial Reporting Date

Post year-end events up to the date of the auditor's report that provide additional information about the Company's position at the financial reporting date (adjusting events) are reflected in the financial statements. Any year-end events that are not adjusting event is disclosed in the notes to the financial statements when material.

3. **Significant Accounting Judgments, Estimates, and Assumptions**

The preparation of the financial statements in compliance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any changes in estimates will be reflected in the financial statements as they become reasonably determinable.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

Adoption of a 'no tax' regime for the Company

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

As of December 31, 2023 and 2022, the Company met the provisions of the REIT law and complies with the 90% dividend distribution requirement. The Company has determined, based on its current tax regime and expected dividend distribution in the succeeding periods, that it can effectively operate on a "no-tax" regime. Accordingly, the Company has not recognized deferred taxes as of December 31, 2023 and 2022 (see Note 14).

Operating lease commitments - Company as lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on the evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the investment property, that it retains all the significant risks and rewards of ownership of these properties and accounts for these contracts as operating lease (see Note 15).



Build Transfer Operate (BTO) Agreement with Cebu Province - Company as operator

Based on the BTO agreement with The Province of Cebu (Cebu Province) to develop, construct, and operate the Business Process Outsourcing (BPO) Complex at the land properties owned by Cebu Province (see Note 6), the Company has assessed that the Cebu Province (Grantor) cannot control or regulate the services that the operator must provide using the infrastructure, to whom it must provide them and at what price. Due to this, the BTO agreement is assessed to be outside the scope of IFRIC 12, *Service Concession Arrangements*.

The Company, on the other hand, has the right to operate and earn rentals from the project but does not have ownership over the properties. Accordingly, the related development cost and lease payments were recorded under “BTO rights” presented under intangible assets in the statement of financial position (see Note 6).

Determining whether an arrangement contains a lease - Build Operate Transfer (BOT) Agreement

The Company assessed that the BOT agreement with Philippine DCS Development Corporation (PDDC), a subsidiary of FLI, related to the construction and operation by PDDC of the DCS facilities for 20 years does not contain a lease within the scope of PFRS 16.

While the fulfillment of the terms and conditions of the agreement is dependent on the use of an asset (i.e., DCS facilities), management assessed that the right to control the operations of such asset is not conveyed to the Company considering that: (a) the Company has no ability to operate the asset nor the right to direct PDDC to operate the asset in a manner it determines; and (b) the supply of chilled water will not be exclusive to the properties of the Company during the term of the BOT agreement (see Notes 8 and 13).

Determining the lease term – Company as lessee

The Company has lease contract for the land where the investment properties and BTO rights are situated that includes an extension and a termination option. The Company applies judgment in evaluating whether or not it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is significant event or change in circumstances within its control and affects its ability to exercise the option to renew or terminate the lease contract.

Use of Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the report date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Company’s historical observed default rates. The Company is calibrating the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., GDP, inflation) are expected to deteriorate over the next year which can lead to an increase in the rental rates, the historical default rates are adjusted. At every financial reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.



The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The Company also considers the security deposit and advance rentals in the determination of the expected credit loss.

As of December 31, 2023 and 2022, the Company's allowance for ECL on its trade receivables amounted to ₱14.2 million and ₱7.7 million, respectively (see Note 5).

Determining fair values of investment properties and intangible assets

The Company reviews the fair value of its investment properties and intangible assets with reference to external independent property valuations and market conditions existing at reporting date, using income approach which is based on the assets' discounted cash flows. The assumptions underlying estimated fair values are those relating to growth rate and discount rates that reflect current market conditions. The property valuations have been prepared based on the information that is currently available.

The fair value of investment properties and intangible assets amounted to ₱45,094.6 million and ₱2,789.2 million as of December 31, 2023, respectively, and ₱44,531.1 million and ₱2,885.5 million as of December 31, 2022, respectively. The net fair value changes recognized in profit or loss amounted to increase of ₱419.1 million and decrease of ₱2,378.9 million in 2023 and 2022, respectively.

Impairment assessment of nonfinancial assets carried at cost

The Company assesses at each financial reporting date whether there is any indication that the nonfinancial assets carried at cost may be impaired. The Company considers indications of impairment such as significant changes in asset usage, significant decline in market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. If such indication exists, the Company estimates the recoverable amount of the asset, which is the higher of the asset's fair value less cost to sell and value in use.

In 2023, the Company recognized provision for probable losses on other current and noncurrent assets amounting to ₱11.1 million, and ₱61.7 million, respectively (nil in 2022 and 2021, see Note 8).

4. Cash and Cash Equivalents

This account consists of:

	2023	2022
Cash on hand and in banks	₱735,624,130	₱1,134,947,886
Cash equivalents	565,394,811	566,987,313
	₱1,301,018,941	₱1,701,935,199

Cash in banks earn interest at their respective bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, with original maturities of three (3) months or less from dates of placement and are subject to an insignificant risk and change in value and earned interest at prevailing short-term investment ranging from 2.50% to 5.50%, 0.25% to 5.50%, and 0.25% to 1.25%, in 2023, 2022 and 2021, respectively.



Interest earned from cash and cash equivalents amounted to ₱35.7 million, ₱26.4 million and ₱6.6 million in 2023, 2022 and 2021 respectively (see Note 17).

There is no restriction on the Company's cash and cash equivalents as of December 31, 2023 and 2022.

5. Receivables

This account consists of:

	2023	2022 (As restated, see Note 2)
Trade receivables (Note 13)	₱129,123,019	₱138,406,662
Advances to officers and employees	31,635,868	33,776,013
	160,758,887	172,182,675
Less: Allowance for ECL	14,217,760	7,702,272
	₱146,541,127	₱164,480,403

Movements in the Company's allowance for ECL follow:

	2023	2022
Balance at beginning of year	₱7,702,272	₱7,702,272
Provision	6,515,488	-
Balance at end of year	₱14,217,760	₱7,702,272

Trade receivables represent charges to tenants for rentals and utilities which are normally collectible within 20 days from billing date. These are covered by security deposits by tenants equivalent to rent paid by the lessees. Lease contracts provide that all overdue and unpaid rent, dues and charges are subject to interest of 18% per annum and penalty at range of 18%-24% per annum. Interest and penalties from late payments amounted to ₱7.7 million, ₱1.9 million, and ₱3.6 million in 2023, 2022 and 2021, respectively (see Note 16).

The provision for ECL amounting to ₱6.5 million in 2023, and ₱7.4 million recognized in 2021 is presented as part of "Others" in the cost and expense section in the statement of comprehensive income (nil in 2022).

Advances to officers and employees pertain to salary and loans granted by the Company which are collectible through salary deduction and are non-interest bearing. This also represents advances for project costs, marketing activities, travel and other expenses arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.



6. Intangible Assets

The rollforward analysis of intangible assets follows:

	2023	2022 (As restated, see Note 2)
Balance at beginning of year	₱2,885,540,000	₱3,117,740,000
Additions	-	13,716,995
Decrease in fair value	(96,360,000)	(245,916,995)
Balance at end of year	₱2,789,180,000	₱2,885,540,000

“Intangible assets” relate to the fair value of the BTO rights and right-of-use assets related to Cyberzone Cebu Tower 1 constructed at the land properties owned by The Province of Cebu (Cebu Province) (see Note 20).

On March 26, 2012, FLI entered into a BTO agreement with Cebu Province. The BTO project relates to the development, construction, and operation of Business Process Outsourcing (BPO) Complex by the Company at the land properties owned by Cebu Province located at Salinas, Lahug Cebu City. This was subsequently assigned to the Company in August 2012. On April 22, 2015, FLI and Cebu Province agreed to extend the initial term of twenty-five (25) year for an additional period of five (5) years.

On February 26, 2021, the Company and FLI executed deed of assignment of rights for the transfer of Cebu Towers 3 and 4 to FLI by way of assignment of right to manage and operate. Hence, the cost of these properties, including the related right-of-use assets and lease liabilities, were derecognized. The derecognition of the right-of-use assets and lease liabilities amounting ₱82.5 million and ₱112.3 million, respectively, resulted to gain on derecognition of lease liabilities presented in the statement of comprehensive income amounting ₱30.4 million in 2021 (see Note 15).

Rental income recognized arising from the BTO agreement on Cebu Tower 1 amounted to ₱170.0 million, ₱163.8 million and ₱207.9 million in 2023, 2022 and 2021, respectively.

Tenant dues from BTO rights amounted to ₱67.3 million, ₱60.4 million and ₱72.9 million in 2023, 2022 and 2021, respectively (see Note 16).

Operating expenses incurred for maintaining and operating these assets amounted to ₱88.0 million, ₱59.2 million and ₱73.2 million in 2023, 2022 and 2021, respectively.

Borrowing costs capitalized on the BTO project amounted to ₱4.3 million in 2021 (nil in 2023 and 2022; see Note 10). The capitalization rates used in 2021 range from 4.0% to 5.2%.



7. Investment Properties

The rollforward analyses of this account follow:

	2023	2022 (As restated, see Note 2)
Balance at beginning of year	₱44,531,066,000	₱45,429,680,000
Increase (decrease) in fair value	486,753,044	(2,014,293,887)
Additions	76,735,956	1,115,679,887
Balance at end of year	₱45,094,555,000	₱44,531,066,000

The investment properties consist of 16 mixed-use office building located in Filinvest Cyberzone Alabang, Muntinlupa and three (3) parcels of land located in Boracay Island. These investment properties are currently leased to third parties and are carried at fair value (see Note 20).

On December 12, 2022, the Company entered into a Deed of Sale for the purchase of three (3) parcels of land with a total area of 29,086 sq.m. owned by FDC, located in Boracay, Aklan (see Note 13). The acquisition of the land will directly contribute to the Company's income starting January 2023.

Rental income from investment properties amounted to ₱2,141.1 million, ₱2,296.1 million and ₱2,311.4 million in 2023, 2022 and 2021, respectively. Tenant dues from investment properties amounted to ₱611.3 million, ₱702.8 million and ₱796.5 million in 2023, 2022 and 2021 respectively (see Note 16).

Operating expenses incurred for maintaining and operating these investment properties amounted to ₱1,285.1 million, ₱1,227.9 million and ₱1,025.9 million in 2023, 2022 and 2021, respectively.

The Company has no contractual obligations to acquire investment properties as of December 31, 2023 and 2022. As of December 31, 2023, investment properties are not used as collateral and are not subject to any existing liens and encumbrances.

8. Other Assets

Other current assets consist of:

	2023	2022
Input VAT – net	₱265,502,045	₱214,792,963
Prepayments	1,192,701	8,399,518
Creditable withholding taxes	–	65,741,800
Others	41,690,065	38,815,931
	308,384,811	327,750,212
Less allowance for probable losses	11,049,789	–
	₱297,335,022	₱327,750,212

Input Value Added Tax (VAT) represents the taxes imposed to the Company by its suppliers and contractors for the acquisition of goods and services required under Philippine taxation laws and regulation. This will be used against future output VAT liabilities or will be claimed as tax credits. Management has estimated that all input VAT are recoverable at its full amount.



Prepayments consist of prepaid expenses for financial charges, taxes and licenses, insurance and association dues.

Others include office and maintenance supplies. In 2023, the Company recognized provision for probable losses on other current assets amounting to ₱11.0 million and presented as part of “Others” in the cost and expense section in the statement of comprehensive income (nil in 2022).

Other noncurrent assets consist of:

	2023	2022
Prepaid DCS connection charges (Note 13)	₱171,878,123	₱184,454,571
Creditable withholding taxes	92,065,891	–
Advances to suppliers	61,564,124	8,898,825
Deposits	53,806,246	53,806,246
	379,314,384	247,159,642
Less: Allowance for probable losses	61,705,538	–
	₱317,608,846	₱247,159,642

Prepaid DCS connection charge is amortized using straight line method based on the contract period of connection. Amortization of connection fee amounting to ₱12.6 million, ₱12.6 million and ₱6.6 million in 2023, 2022 and 2021, respectively, is presented as “Utilities” in the statement of comprehensive income.

The rollforward analysis of Prepaid DCS connection charges follows:

	2023	2022
Cost		
Balance at beginning and end of year	₱247,677,426	₱247,677,426
Accumulated Amortization		
Balance at beginning of year	63,222,855	50,646,407
Amortization	12,576,448	12,576,448
Balance at end of year	75,799,303	63,222,855
Net Book Value	₱171,878,123	₱184,454,571

Creditable withholding taxes are attributable to taxes withheld by third parties arising from income. In 2023, the Company recognized provision for probable losses on creditable withholding taxes amounting to ₱61.7 million and presented as part of “Others” in the cost and expense section in the statement of comprehensive income (nil in 2022).

Advances to suppliers represent advances for capital expenditure of the projects. The advances shall be settled through recoupment against billings.

Deposits pertain to electric meter deposits and security deposits.



9. Accounts Payable and Accrued Expenses

This account consists of:

	2023	2022
Due to related parties (Note 13)	₱448,925,641	₱771,181,667
Accrued expenses (Note 13)	628,532,390	449,814,834
Advances from tenants	427,523,582	506,198,646
Accrued interest payable (Note 10)	135,101,677	106,429,010
Payable to contractors	116,226,930	172,533,085
Payable to suppliers	22,508,034	22,058,786
Withholding taxes payable	20,207,108	21,061,720
Retention payable	15,772,782	16,449,188
	1,814,798,144	2,065,726,936
Less noncurrent portion	-	366,483,600
Account payable and accrued expenses – net of noncurrent portion	₱1,814,798,144	₱1,699,243,336

Accrued expenses include accruals for utilities, maintenance, service and energy charges, outside services and other expenses. These are normally settled within the year.

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.

Accrued interest payable pertains to accrual of interest of bonds and loans payable outstanding as at year end.

Payable to contractors arises from progress billings received from contractors for the building improvements incurred by the Company.

Payable to suppliers arise from various acquisitions of materials and supplies used for building operations, repairs and maintenance and are normally payable within up to one year.

Withholding taxes payable pertains to expanded withholding taxes. These are normally settled within one (1) month.

Retention payable account pertains to 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.

10. Bonds Payable and Loans Payable

Bonds Payable

On July 7, 2017, the Company issued fixed rate bonds with aggregate principal amount of ₱6,000.0 million 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. The Company completed the payment on January 9, 2023 in the aggregate amount of ₱6,000.0 million.

As of December 31, 2023 and 2022, the outstanding balance of bonds payable amounted to nil and ₱6,000.0 million, respectively.



Total interest expense charged to the statements of comprehensive income amounted to nil, ₱307.2 million and ₱307.2 million in 2023, 2022 and 2021, respectively.

Amortization of transaction costs included under “Interest and other financing charges” in the statements of comprehensive income amounted to nil, ₱13.0 million and ₱12.9 million in 2023, 2022 and 2021, respectively.

The bonds require the 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, 2022, the Company is not in breach of these financial covenants and has not been cited in default on any of its outstanding obligation.

Loans Payable

On January 5, 2023, the Company obtained bilateral loans amounting to ₱6.0 billion to refinance the bond maturity due on January 09, 2023. These were comprised of a 2-year, ₱3.0 billion fixed rate loan with an interest rate of 6.35%, and a 2-year, ₱3.0 billion floater rate loan repriced semi-annually using the 6-month BVAL or reverse repurchase rate (RRP) plus spread, whichever is higher. These loans remain unpaid as of December 31, 2023.

On December 9, 2020, the Company and FLI entered into an agreement for the assignment of the Company’s developmental loans outstanding as of November 30, 2020. As of December 31, 2021, the Company received the letters of consent from all the banks authorizing the assignment of the loans to FLI. In 2021, loans payable assigned to FLI and derecognized in the statement of financial position amounted to ₱2,344.2 million.

Capitalized interest expense relating to loans payable amounted to ₱10.0 million in 2021, (nil in 2023 and 2022; see Notes 6, 7, and 15). The capitalization rates used in 2021 ranges from 4.0% to 5.2%.

Total interest expense charged to the statements of comprehensive income amounted to ₱389.2 million and ₱7.9 million in 2023 and 2021, respectively (nil in 2022).

Amortization of debt issuance and transaction costs included under “Interest and other financing charges” in the statements of comprehensive income amounted to ₱30.4 million in 2023 (nil in 2022 and 2021).

The Company’s loans payable is unsecured, and no assets are held as collateral for these debts. The agreements covering the above-mentioned loans require maintaining certain financial ratios including a maximum debt-to-equity ratio of 3.0x and a minimum interest coverage ratio of 1.5x.

As of December 31, 2023, the Company’s outstanding loans payable amounted to of ₱5,985.4 million (nil as of December 31, 2022).

11. Security and other deposits

Security and other deposits are applied to any outstanding obligations of the tenants at the end of the lease term or upon pre-termination. The current and noncurrent portion of security and other deposits follows:

	2023	2022
Current portion	₱191,930,531	₱99,558,917
Noncurrent portion	566,829,817	661,105,321
	₱758,760,348	₱760,664,238



12. Equity

Paid-up Capital

Details of the Company's capital stock as of December 31, 2023 and 2022 follow:

	Shares	Amount
Authorized number of shares	14,263,698,000	₱7,131,849,000
Issued and outstanding	4,892,777,994	2,446,388,997

On March 5, 2021, the BOD and the stockholders approved the reduction of the par value of the common shares of the Company, from ₱1.0 per share to ₱0.5, resulting in a stock split whereby every existing one (1) common share with par value of ₱1.0 each will become two (2) common shares with par value of ₱0.5 each. They further approved an amendment to the increase in authorized capital stock, from ₱2,000.0 million divided into 2,000.0 million common shares with a par value of ₱1.0 per share to ₱7,131.8 million divided into 14,263,698,000 common shares with a par value of ₱0.5 per share (see Note 18).

On March 12, 2021, FLI subscribed to 2,565.9 million common shares out of the Company's proposed amendment to the increase in authorized capital stock amounting to ₱3,746.3 million superseding FLI's subscription to the Company's shares on December 15, 2020. The Company submitted the application for the reduction of par value and the amendment to the increase in authorized capital stock with the SEC on March 18, 2021.

On July 2, 2021, these amendments were approved by the SEC and the outstanding deposit for future stock subscription amounting to ₱1,889.6 million was applied against FLI's subscription to common stock. The Company recorded APIC amounting to ₱2,518.4 million, net of stock issuance costs. The Company incurred transaction costs incidental to the IPO that are directly attributable to the issuance or subscription of new shares amounting to ₱47.8 million in 2021.

As of December 31, 2023, 2022 and 2021 there are 16,319, 15,058 and 13,067 holders of security of the Company, respectively.

The Net Asset Value (NAV) with investment properties and BTO rights at fair value amounted to ₱41,358.5 million, ₱41,003.2 million and ₱43,640.7 million as of December 31, 2023, 2022 and 2021, respectively. The NAV per share amounted to ₱8.5, ₱8.4 and ₱8.9 as of December 31, 2023, 2022 and 2021, respectively.

Retained Earnings

Declaration of Property Dividends

On February 11, 2021, the BOD approved the declaration of the operational office buildings FLI Edsa, IT School, Concentrix Building (Convergys Building) and Cebu Tower 2 (BTO) as property dividends. The aggregate carrying value of the properties amounted to ₱1,690.4 million (see Note 6). On December 4, 2020, the Company's BOD declared buildings Filinvest Axis Towers 2, 3 and 4, and SRP Lot 2 with carrying value amounting to ₱6,611.9 million as property dividends (see Note 6).

The distribution of these properties was made upon approval by the SEC.



Declaration of Cash Dividends

The following table shows the cash dividends declared by the Company's BOD on the outstanding capital stock:

Dividend Declaration	Record Date	Dividend per Common Share	Total Dividends Declared	Payment Date
August 31, 2021	September 15, 2021	₱0.112	₱547,991,135	September 30, 2021
November 18, 2021	December 03, 2021	0.112	547,991,135	December 20, 2021
February 15, 2022	March 02, 2022	0.112	547,991,135	March 20, 2022
April 20, 2022	May 06, 2022	0.116	567,562,247	May 27, 2022
August 09, 2022	August 31, 2022	0.088	430,564,464	September 20, 2022
November 15, 2022	December 01, 2022	0.088	430,564,464	December 20, 2022
February 14, 2023	March 03, 2023	0.071	347,387,238	March 24, 2023
May 31, 2023	June 15, 2023	0.071	347,387,238	June 30, 2023
August 10, 2023	August 31, 2023	0.071	347,387,238	September 20, 2023
November 29, 2023	November 30, 2023	0.071	347,387,238	December 15, 2023

The Company's retained earnings available for dividend declaration as of December 31, 2023 and 2022 and 2021 amounted to ₱2,680.0 million, ₱347.5 million, and ₱1,018.9 million, respectively.

The dividend per share was computed as:

	2023	2022	2021
a. Dividends	₱1,389,548,950	₱1,976,682,310	₱2,786,409,060
b. Weighted average number of outstanding common shares	4,892,777,994	4,892,777,994	3,514,911,602
Dividend per share (a/b)	₱0.28	₱0.40	₱0.79

Distributable Income under the IRR of REIT Act of 2009

Under the Revised Implementing Rules and Regulations of REIT Act of 2009, section 4c, the Company shall present a computation of its distributable dividend taking into consideration requirements under the Act and the Rules. Distributable income is not a measure of performance under the PFRS.

The computation of distributable income as presented to the Management of the Company as at December 31, 2023, 2022 and 2021 is shown below:

	2023	2022	2021
Net income	₱1,744,847,737	(₱660,752,088)	₱11,955,065,145
Unrealized gains/losses on fair value change in investment properties and intangible assets	(390,393,044)	2,260,210,882	(9,721,676,937)
Distributable income	₱1,354,454,693	₱1,599,458,794	₱2,233,388,208

For the year ended December 31, 2021, the distributable income is inclusive of the distributable income earned pre-REIT listing amounting to ₱1,316.4 million.

Capital Management

The Company's primary objective is to maintain its current sound financial condition and strong debt service capabilities, as well as to continuously implement a prudent financial management program. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. It closely monitors its capital and cash positions and carefully manages its



capital expenditures. The Company may seek other sources of funding, such debt or equity issues, depending on its financing needs and market conditions. The Company monitors capital using a debt-to-equity ratio, which is total long-term debt divided by total stockholders' equity. Debt, includes interest-bearing loans and external borrowings whether in the form of long-term notes, bonds, and lease liabilities.

The following table shows how the Company computes for its debt-to-equity ratio:

	2023	2022	2021
Bonds payable (Note 10)	₱–	₱6,000,000,000	₱5,987,044,949
Loans payable (Note 10)	5,985,415,836	–	–
Lease liabilities (Note 15)	28,745,304	28,319,765	27,838,182
	6,014,161,140	6,028,319,765	6,014,883,131
Equity	41,358,519,304	41,003,220,517	43,640,654,915
Debt-to-equity ratio	0.15:1	0.15:1	0.14:1

As a REIT entity, the Company is subject to externally imposed capital requirements from its debt covenants and based on the requirements of the Aggregate Leverage Limit under the REIT Implementing Rules and Regulations. Thus, the Company has made adjustments to its policies and processes for managing capital for the year ended December 31, 2021. Section 8 of the REIT Implementing Rules and Regulations provides that, the total borrowings and deferred payments of a REIT should not exceed thirty-five percent (35%) of its Deposited Property; provided, however, that the total borrowings and deferred payments of a REIT that has a publicly disclosed investment grade credit rating by a duly accredited or internationally recognized rating agency may exceed thirty-five percent (35%) but not more than seventy percent (70%) of its Deposited Property. Provided, further, that in no case shall a Fund Manager, borrow for the REIT from any of the funds under its management.

As of December 31, 2023, 2022 and 2021, the fair value of the deposited properties amounted to ₱49,946.2 million, ₱49,857.9 million and ₱51,629.2 million resulting to a debt ratio of 17.2%, 17.8% and 15.5%, respectively. The Company is compliant to this Aggregate Leverage Limit.

13. Related Party Transactions

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

All material Related Party Transactions (“RPT”) with a transaction value that reaches ten percent (10%) of the Company’s total assets shall be subject to the review by the RPT Committee.

Transactions that were entered into with an unrelated party that subsequently becomes a related party shall be excluded from the limits and approval of the Policy on Related Party Transactions (“Policy”). However, any renewal, change in the terms and conditions or increase in exposure level, related to these transactions after a non-related party becomes a related party, shall subject it to the provisions of the Policy. In the event wherein there are changes in the RPT classification from non-material to material, the material RPT shall be subject to the provisions of the Policy.



Outstanding balances as at December 31, 2023, 2022 and 2021 are unsecured, interest free and require settlement in cash, unless otherwise stated. As of December 31, 2023, 2022 and 2021, the Company has not made any provision for impairment loss relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

A summary of the Company's related party transactions are shown in the table below:

	2023		Terms	Conditions	Note
	Amount/ Volume	Outstanding balance			
Bank under common control					
Cash and cash equivalents	(₱476,540,717)	₱525,706,699	0.25% to 5.50%	No impairment	13 (a)
Interest income	8,113,100	-			
		525,706,699			
Trade receivables (Note 5)					
<i>Parent Company</i>					
Rental revenue	₱44,361,578	₱9,897,942	Noninterest-bearing; due and demandable	Unsecured	13 (b)
<i>Affiliate</i>					
Rental revenue	165,062,344	42,425,693	Noninterest-bearing; collectible every 20 th day of the month	Unsecured	13 (b)
	209,423,922	₱52,323,635			
Other noncurrent asset (Note 8)					
<i>Affiliate</i>					
DCS connection charge	₱-	₱247,677,426		No impairment	13 (c)
Amortization	(12,576,448)	(75,799,303)			
	(₱12,576,448)	₱171,878,123			
Accounts payable and accrued expenses (Note 9)					
<i>Parent Company</i>					
Rental expense	(₱304,452,287)	(₱21,000,395)	Noninterest-bearing; payable on demand	Unsecured	13 (c)
Asset acquisition (Note 7)	(330,875,233)	(352,389,360)	Noninterest-bearing; payable quarterly up December 2024	Unsecured	13 (f)
<i>Affiliate</i>					
Service and energy fees	(313,270,603)	(30,645,407)	Noninterest-bearing	Unsecured	13 (d)
<i>Affiliate</i>					
Service fee	(112,442,972)	(23,581,967)	Noninterest-bearing; payable on demand	Unsecured	13 (d)
Management fee and manpower cost	(96,409,720)	(5,599,017)	Noninterest-bearing; payable on demand	Unsecured	13 (d)
		(₱433,216,146)			
Other noncurrent liabilities					
<i>Parent Company</i>					
Security deposit	(₱444,395)	(₱9,198,714)	Noninterest-bearing; refundable at the end of lease term	Unsecured	13 (b)
<i>Affiliate</i>					
Security deposit	(8,848,486)	(34,517,001)	Noninterest-bearing; refundable at the end of lease term	Unsecured	13 (b)



2022					
	Amount/ Volume	Outstanding balance	Terms	Conditions	Note
Bank under common control					
Cash and cash equivalents	(₱1,217,594,071)	₱1,002,247,416	0.25% to 5.50%	No impairment	13 (a)
Interest income	18,534,501	-			
		₱1,002,247,416			
Trade receivables (Note 5)					
<i>Parent Company</i>					
Rental revenue	₱37,368,094	₱9,897,942	Noninterest-bearing; due and demandable	Unsecured	13 (b)
<i>Affiliate</i>					
Rental revenue	99,559,933	42,425,693	Noninterest-bearing; collectible every 20th day of the month	Unsecured	13 (b)
	₱136,928,027	₱52,323,635			
Other noncurrent asset (Note 8)					
<i>Affiliate</i>					
DCS connection charge	₱-	₱247,677,426		No impairment	13 (e)
Amortization	(12,576,448)	(63,222,855)			
	(₱12,576,448)	₱184,454,571			
Accounts payable and accrued expenses (Note 9)					
<i>Parent Company</i>					
Rental expense	(₱261,454,987)	(₱20,957,205)	Noninterest-bearing; payable on demand	Unsecured	13 (c)
Asset acquisition (Note 7)	(683,264,593)	(683,264,593)	Noninterest-bearing; payable quarterly up to December 2024	Unsecured	13 (f)
<i>Affiliate</i>					
Service and energy fees	(282,054,896)	(27,500,652)	Noninterest-bearing	Unsecured	13 (d)
<i>Affiliate</i>					
Service fee	(50,321,593)	(4,024,132)	Noninterest-bearing; payable on demand	Unsecured	13 (d)
Management fee and manpower cost	(190,480,933)	(29,985,287)	Noninterest-bearing; payable on demand	Unsecured	13 (d)
		(₱765,731,869)			
Other noncurrent liabilities					
<i>Parent Company</i>					
Security deposit	(₱27,000)	(₱7,854,359)	Noninterest-bearing; refundable at the end of the lease term	Unsecured	13 (b)
<i>Affiliate</i>					
Security deposit	(2,386,756)	(23,253,138)	Noninterest-bearing; refundable at the end of the lease term	Unsecured	13 (b)
	(₱2,413,756)	(₱31,107,497)			

Significant related party transactions are as follows.

- a) The Company 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 - Company as lessor*

The Company, as a lessor, has office space rental agreements with the following related parties:

Related Party	Lease period
FLI (parent company)	December 6, 2021 to December 5, 2031
Entities under common control	
Filinvest Alabang Inc. (FAI)	September 2, 2019 to September 1, 2024
Chroma Hospitality Inc.	April 1, 2021 to March 31, 2031
Festival Supermall, Inc.	May 2, 2017 to June 1, 2027
Corporate Technologies Inc. (CTI)	May 2, 2017 to June 1, 2027
Sharepro Inc.	May 15, 2018 to November 14, 2023
Filinvest Cyberparks Inc. (FCI)	July 1, 2022 to March 31, 2031
ProOffice Works Services Inc.	August 1, 2022 to January 31, 2033
Filinvest Hospitality Corp.	July 1, 2021 to June 30, 2026
OurSpace Solution, Inc (OSSI)	October 15, 2022 to January 14, 2028
	May 2, 2017 to June 1, 2027
	June 15, 2022 to September 14, 2032
	August 1, 2023 to September 14, 2032

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

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.

In 2020, the Company's lease agreement was amended as follows (see Note 15):

- the Company shall pay either a minimum guaranteed rent or a percentage share from Gross Lease, whichever is higher, effective July 1, 2020; and,
- the lease terms were extended for an additional term of 25 years.

In 2021, the Company's lease agreement was amended as follows (see Note 15):

- rental rates shall be solely variable (10% or 15% based on Gross Lease Income); and,
- in case of redevelopment, FLI and the Company shall mutually agree on the minimum monthly rent during construction period.
- lease period shall be in full force and effect for a period of 50 years which shall commence on February 11, 2021 and shall expire on February 10, 2071.

d) *Service agreements with related parties*

- The Company entered into a service agreement with FAI whereby the Company shall pay service fees for certain services rendered by the latter for the operations of the Company. FAI is also the provider of water services within the Filinvest City where majority of the buildings of the Company are located
- The Company entered into a service agreement with FCI, whereby the Company shall lease out a portion of its office space and perform accounting and administrative services to the latter for a fee



- The Company entered into a service agreement with FDC Retail Electricity Sales, Corporation (FDC RES), an entity under common control, whereby the Company shall engage and pay the services rendered by the latter to provide the electricity requirements of its facilities.
- The Company entered into a service agreement with ProOffice, whereby the Company shall engage and pay the services rendered by the latter to operate maintain, manage, and market each Property, subject to the overall management and directions of the Fund Manager.
- The Company entered into a service agreement with FREIT Fund Manager, Inc. (FFMI), an affiliate, whereby the Company shall engage and pay the services rendered by the latter to execute and implement the investment strategies for the Company.
- The Company entered into a facilities management agreement with Professional Operations and Maintenance Experts Incorporated (PROMEI), an affiliate, whereby the Company shall engage and pay the services rendered by the latter to operate and maintain its equipment and premise.
- The Company entered into a service agreement with CTI, whereby the Company shall engage and pay for varied information and technology services. Services shall include application development, apps support and system maintenance, system application, software licensing and administration, internet bandwidth allocation, network, database and server management plus desktop and telecom support.

e) *BOT Agreement*

On September 16, 2015, the Company entered into a BOT agreement with PDDC. The BOT agreement relates to the construction and operation by PDDC of the DCS facilities for 20 years, during which PDDC will supply chilled water for the provision of cooling energy to the properties of the Company within Northgate Cyberzone, Muntinlupa City.

In accordance with the terms of the BOT agreement between the Company and PDDC, the Company paid prepaid DCS connection charges to PDDC to be consumed by existing and future buildings within Northgate Cyberzone in Muntinlupa City over the service period of 20 years.

f) *Asset Acquisition*

On December 12, 2022, the Company purchased 3 parcels of land located in Barangay Yapak, Boracay with an aggregate area of 29,086 sqm from FDC. The parties agreed to a total purchase price of ₱1,047.1 million, ₱314.1 million, representing 30% of purchase price, payable upon signing of the agreement and the remaining 70% amounting to ₱732.9 million payable in equal quarterly installment up to December 2024. The land and related liability were carried at present value of future cash flow amounting to ₱1,021.8 million and ₱683.3 million, respectively.

Key Management Personnel

The key management functions of the Company are handled by FCI starting March 2021. For the year ended December 31, 2021, compensation of other key management personnel directly paid by the Company pertains to short-term employee benefit amounting to ₱1.5 million (nil for the years ended December 31, 2023 and 2022).



14. Income Tax

On June 6, 2000, the Company was registered with the Philippine Economic Zone Authority (PEZA) pursuant to the provisions of Republic Act 7916 as an Economic Zone (ECOZONE) Facilities Enterprise. As a registered enterprise, the Company is entitled to certain tax benefits and non-tax incentives such as exemption from payment of national and local taxes and in lieu thereof a special tax rate of five percent (5%) of gross income. The Company is also entitled to zero percent (0%) value added tax for sales made to ECOZONE enterprises. For the year ended December 31, 2021, the breakdown of provision for income tax shown in the statements of comprehensive income follows (nil for the year ended December 31, 2023 and 2022):

At 5% statutory income tax rate	₱35,471,289
Net result from non-PEZA activities:	
Current	82,180,646
Deferred	(269,648,113)
	<u>(₱151,996,178)</u>

The current provision for income tax represents RCIT in 2021. Prior to the Company's listing date on August 12, 2021, the Company recognized provision for income tax amounting to ₱117.7 million. The Company started to avail of its tax incentive as a REIT after its listing.

In 2023 and 2022, the Company has not recognized deferred tax assets from NOLCO amounting to ₱413.1 million (tax effect of ₱103.3 million) and ₱697.0 million (tax effect of ₱174.3 million), respectively, as management believes that it is not probable that sufficient taxable profit will be available to allow the benefit of the deferred tax assets to be utilized in the future.

The reconciliation of provision for income tax at the statutory tax rate to provision for income tax shown in the statements of comprehensive income follows:

	2023	2022 (As restated, see Note 2)	2021 (As restated, see Note 2)
Tax at statutory rate	₱436,211,934	(₱165,259,471)	₱2,951,553,904
Adjustments for:			
Additional deductible expense from dividends	(347,387,238)	(494,170,578)	(273,995,568)
Movements in unrecognized deferred taxes	(79,895,896)	666,381,264	(2,659,594,494)
Interest income subjected to final tax	(8,928,800)	(6,951,215)	(1,573,199)
Income tax at 5% preferential rate	-	-	(141,885,155)
Nontaxable income	-	-	(13,017,816)
Adjustment to current tax in 2020 recognized in 2021	-	-	(13,483,850)
	<u>₱-</u>	<u>₱-</u>	<u>(₱151,996,178)</u>

Effective August 12, 2021, as a REIT entity, the Company is entitled to the following: (a) not subject to 2% minimum corporate income tax (MCIT), (b) exemption from value-added tax (VAT) and documentary stamp tax (DST) on the transfer of property in exchange of its shares, (c) deductibility of dividend distribution from its taxable income, and (d) fifty percent (50%) of the standard DST rate



of the transfer of real property into the Company, including the sale or transfer of any and all security interest there to, provided they have complied with the requirements under RA No. 9856 and Implementing Rules and Regulations (IRR) of RA No. 9856.

15. Leases

Company as lessee

The Company has lease contracts for land as of January 1, 2019. The Company's obligations under its leases are secured by the lessor's title to the leased assets. The Company has entered into land lease arrangements with lease terms of between 25 and 40 years. There are several leases that include extension option to lease the assets for additional 25 years based on mutual agreement of the parties. The remaining lease term of the ROU assets range from 16 to 39 years.

On July 1, 2020, the Company and FLI amended their existing lease contract. The pertinent amendment provisions include the extension of the term of the lease to another 25 years and to set a minimum fixed rental rate. This resulted to an addition to ROU assets and lease liabilities amounting ₱2,149.3 million at contract amendment date (see Note 6).

On March 1, 2021, the Company and FLI amended their existing lease contract. The pertinent amended provisions include removal of the requirement to pay minimum lease and that rental rates shall be solely variable (i.e., 10% or 15% of gross lease income depending on the floor to area ratio). In case of redevelopment, FLI and the Company shall mutually agree on the minimum monthly rent during construction period.

On March 31, 2021, the Company entered into an agreement with FLI assigning its right to manage and operate the Towers 3 and 4 of Filinvest Cebu Cyberzone Towers under the BTO Agreement and Agreement for Transfer and Conveyance. Meanwhile, Filinvest Cebu Cyberzone Tower 2 was declared as part of property dividends (see Note 12).

The above transactions resulted to derecognition of right of use assets and lease liabilities amounting to ₱1,979.0 million and ₱2,168.2 million, respectively, and recognition of gain on derecognition of lease liabilities amounting ₱189.2 million for the year ended December 31, 2021.

As of December 31, 2021, the Company derecognized a portion of lease liability and right of use asset with a carrying value of ₱267.5 million and ₱261.7 million, respectively, attributable to property dividends declared (see Note 9).

As of December 31, 2023 and 2022, the right-of-use is recognized as part of intangible assets.

The following are the amounts recognized in the statement of comprehensive income:

	2023	2022	2021
Interest expense on lease liabilities (included in interest and other finance charges)	₱2,414,540	₱2,375,870	₱20,275,856
Rental expense (variable land lease payments)	235,583,003	262,962,187	271,083,960
	₱237,997,543	₱265,338,057	₱291,359,816



Interest expense which was capitalized during the year relating to lease liability amounted to ₱1.1 million in 2021 (nil in 2023 and 2022). The capitalization rates used range from 4.7% to 5.2% in 2021.

The rollforward analysis of lease liabilities follows:

	2023	2022
At January 1	₱28,319,765	₱27,838,182
Interest expense	2,414,540	2,375,870
Payments	(1,989,001)	(1,894,287)
As at December 31	28,745,304	28,319,765
Less current portion	2,088,451	1,989,001
Lease liabilities - net of current portion	₱26,656,853	₱26,330,764

Shown below is the maturity analysis of the undiscounted lease payments:

Maturity	2023	2022
1 year	₱2,088,451	₱1,989,001
more than 1 years to 2 years	2,192,874	2,088,451
more than 2 years to 3 years	2,302,518	2,192,874
more than 3 years to 4 years	2,417,643	2,302,518
more than 5 years	57,352,083	60,896,003

Company as lessor

As lessor, future minimum rental receivables under renewable operating leases follows:

	2023	2022
Within one year	₱1,810,938,134	₱2,378,903,052
After one year but not more than five years	4,299,499,139	4,562,343,050
After five years	580,840,851	401,136,405
	₱6,691,278,124	₱7,342,382,507

The Company entered into lease agreements with third parties covering real estate properties. These leases generally provide for either (a) fixed monthly rent; or (b) minimum rent or a certain percentage of gross revenue, whichever is higher. Most lease terms on commercial malls are renewable within one year, except for anchor tenants with lease ranging from 5 to 15 years.

Rental income recognized based on a percentage of the gross revenue of retail spaces included in "Rental revenue" account in the statement of comprehensive income amounted to ₱15.4 million, ₱12.2 million and ₱10.9 million in 2023, 2022 and 2021 respectively.

16. Other Income

This account consists of:

	2023	2022	2021
Tenant dues (Notes 6 and 7)	₱670,233,304	₱763,271,697	₱869,268,268
Service fee income (Note 13)	—	—	31,381,132
Miscellaneous	8,344,671	16,391,772	22,073,269
	₱678,577,975	₱779,663,469	₱922,722,669

Miscellaneous income pertains to penalties and other charges from tenants.



17. Interest Income

This account consists of:

	2023	2022	2021
Interest income on:			
Cash and cash equivalents (Notes 4 and 13)	₱35,715,200	₱26,361,331	₱6,634,762
Others (Note 5)	7,758,359	3,393,071	3,351,634
	₱43,473,559	₱29,754,402	₱9,986,396

Others consist mainly of interest and penalties on late rental payment of tenants.

18. Earnings Per Share

	2023	2022 (As restated, see Note 2)	2021 (As restated, see Note 2)
a. Net income	₱1,744,847,737	(₱660,752,088)	₱11,955,065,145
b. Number of outstanding common shares	4,892,777,994	4,892,777,994	4,892,777,994
Basic/Diluted EPS (a/b)	₱0.36	(₱0.14)	₱2.44

The Company assessed that there were no potential dilutive common shares in 2023, 2022 and 2021.

The weighted average outstanding common shares consider the effect of the stock split approved by the Company's BOD and stockholders on March 5, 2021 (see Note 12).

19. Segment Reporting

The Company has determined that it is operating as one operating segment. Based on management's assessment, no part or component of the business of the Company meets the qualifications of an operating segment as defined by PFRS 8, *Operating Segments*.

The Company's leasing operations is its only income generating activity and such is the measure used by the chief operating decision maker (CODM) in allocating resources. The Company does not report its results based on geographical segments. The Company has no significant customer which contributes 10% of more to the revenues of the Company.



20. Fair Value Measurement

The following table sets forth the fair value hierarchy of the Company's assets and liabilities measured at fair value and those for which fair values are required to be disclosed:

	2023		2022	
	Carrying value	Fair Value Significant unobservable inputs (Level 3)	Carrying value	Fair Value Significant unobservable inputs (Level 3)
Nonfinancial assets carried at fair values				
Investment properties	₱45,094,555,000	₱45,094,555,000	₱44,531,066,000	₱44,531,066,000
Intangible assets	2,789,180,000	2,789,180,000	2,885,540,000	2,885,540,000
	₱47,883,735,000	₱47,883,735,000	₱47,416,606,000	₱47,416,606,000
Financial liabilities for which fair values are disclosed				
Financial liabilities at amortized cost				
Loans payable	₱5,985,415,836	₱5,829,745,285	₱-	₱-
Bonds payable	-	-	6,000,000,000	6,000,000,000
Security and other deposits	760,664,238	718,947,320	760,664,238	718,947,320
Lease liabilities	28,745,304	27,218,638	28,319,765	26,815,699
	₱6,774,825,378	₱6,575,911,243	₱6,788,984,003	₱6,745,763,019

As of December 31, 2023 and 2022, the Company has no financial instrument measured at fair value. In 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

The methods and assumptions used by the Company in estimating the fair value of the financial and nonfinancial instruments are:

- Investment properties and intangible assets.* The fair value of investment properties and intangible assets is based on a valuation performed in 2023 and 2022 by an accredited third-party appraisal. The fair value of the investment properties is computed based on the income approach using discounted cash flow method. Under the Income Approach, all expected cash flows from the use of the assets were projected and discounted using the appropriate discount rate reflective of the market expectations. The valuation of investment property is categorized as Level 3 in the fair value hierarchy since valuation is based on unobservable inputs. The significant unobservable inputs used in the valuation pertain to lease income growth rate of 3.75% and discount rate of 9.56% and 9.67% in 2023 and 2022, respectively. Significant increases (decreases) in discount rate would result in a significantly lower (higher) fair value measurement while a change in the assumption used for the lease income growth rate is accompanied by a directionally similar change in the fair value of the Company's investment properties. In 2022, the fair value of the land classified under investment properties is equal to its acquisition cost determined based on market approach. The Market Approach provides an indication of the value by comparing the subject asset with identical or similar assets for which price information is available. This approach was used for land as it is commonly used in the property market since inputs and data for this approach are available. For market approach, the higher the price per square meter (sqm), the higher the fair value. The significant unobservable inputs to the valuation of the land is the price per sqm ranging from ₱35,000 to ₱40,000. In 2023, the Company changed the approach for the land from market approach to income approach as the land lease became effective January 2023.



- *Security and other deposits.* The discount rates used ranges 2.45% to 5.88% and 4.52% to 6.37% as of December 31, 2023 and 2022. Fair value is computed based on the expected future cash outflows. Significant increases (decreases) in discount rate would result in a significantly lower (higher) fair value measurement.
- *Loans payable, lease liabilities and bonds payable.* Liabilities with fixed interest and not subjected to quarterly repricing is based on the discounted value of future cash flows using the applicable interest rates for similar types of loans as of reporting date. The discount rates used range from 5.87% to 5.94% and 5.61% to 6.08% as of December 31, 2023 and 2022, respectively. Significant increases (decreases) in discount rate would result in a significantly lower (higher) fair value measurement.

Due to the short-term nature of the transactions, the carrying values of cash and cash equivalents, receivables and current portion of accounts payable and accrued expenses approximate their fair market values.

The fair value of noncurrent deposits is estimated using the discounted cash flow methodology based on the discounted value of future cash flows using the applicable risk-free rates for similar types of asset. As of December 31, 2023 and 2022, the difference between the fair value and carrying value of deposits is not significant.

21. Financial Risk Management Objectives and Policies

The Company's financial instruments comprise of cash and cash equivalents, receivables, bonds and loans payable, accounts payable and accrued expenses, lease liabilities and security and other deposits. The main purpose of the long-term debt is to finance the Company's operations while all other financial instruments resulted from the conduct of business.

The main risks arising from the Company's financial instruments are credit risk and liquidity risk. The Company's risk management policies are summarized below:

There is no impact on the Company's equity other than those already affecting the statements of comprehensive income.

a. *Credit risk*

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities, primarily for its trade receivables, and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

Credit risk arising from rental income from leasing properties is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Company security deposits and advance rentals which helps reduce the Company's credit risk exposure in case of defaults by the tenants. For existing tenants, the Company has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables.



With respect to credit risk arising from the other financial assets of the Company which comprise cash and cash equivalents, the Company's exposure to credit risk relates to default of the counterparty with a maximum exposure equal to the carrying amount of the instruments. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on groupings of various customer segments with similar loss patterns (i.e., by market segment and collateral type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The credit risk exposure on the Company's trade receivables using a provision matrix results to expected credit loss amounting to ₱14.2 million and ₱7.7 million as of December 31, 2023 and 2022, respectively. The expected credit loss rate has been set at 1.1% to 57.1% and 7.3% to 62.4% in 2023 and 2022, respectively, based on the historical collection pattern of the tenants. The loss given default rate is set at 12.4% to 100% and 3.7% to 100% in 2023 and 2022, respectively, in the calculation of impairment on the receivables net of security deposit and advance rent as these can be used to offset unpaid receivables.

In most cases, recoveries are higher than the amount of receivable at default. As of December 31, 2023 and 2022, most of the Company's trade receivables are covered by security deposits and advance rentals. As of December 31, 2023 and 2022, the Company's allowance for ECL on its trade receivables amounted to ₱14.2 million and ₱7.7 million, respectively (see Note 5).

With respect to credit risk arising from cash and cash equivalents, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The table below shows the Company's credit quality as of December 31, 2023 and 2022:

	2023				Total
	Neither Past Due nor Impaired			Past Due but not Impaired	
	High Grade	Standard Grade	Past Due and Impaired		
Cash and cash equivalents*	₱1,300,703,941	₱-	₱-	₱-	₱1,300,703,941
Receivables	24,358,874	-	122,182,253	14,217,760	160,758,887
Deposits	53,806,246	-	-	-	53,806,246
	₱1,378,869,061	₱-	₱122,182,253	₱14,217,760	₱1,515,269,074

*Excludes cash on hand amounting to ₱315,000.

	2022				Total
	Neither Past Due nor Impaired			Past Due but not Impaired	
	High Grade	Standard Grade	Past Due and Impaired		
Cash and cash equivalents*	₱1,701,605,199	₱-	₱-	₱-	₱1,701,605,199
Receivables	2,762,652	-	161,717,751	7,702,272	172,182,675
Deposits	53,806,246	-	-	-	53,806,246
	₱1,758,174,097	₱-	₱161,717,751	₱7,702,272	₱1,927,594,120

*Excludes cash on hand amounting to ₱330,000.

The Company's high-grade receivables and deposits pertain to receivables and deposits from related parties and third parties which, based on experience, are highly collectible or collectible on demand, and of which exposure to expected credit loss is not significant.



The analysis of trade receivables which are past due but not impaired follow:

	Past Due but not Impaired					Total
	< 30 days	30-60 days	61-90 days	91-120 days	>120 days	
December 31, 2023	₱53,662,406	₱11,492,326	₱13,630,736	₱5,467,308	₱37,929,477	₱122,182,253
December 31, 2022	55,034,892	34,858,854	7,487,949	15,482,928	48,853,128	161,717,751

Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with the financial liabilities that are settled by delivering cash or another financial asset. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. The Company's practice is that float will be kept at a minimum.

The tables below summarize the maturity profile of the Company's financial assets held to manage liquidity:

	2023					Total
	On demand	Within 1 year	> 1 – 3 years	> 3 – 5 Years	Over 5 years	
Cash and cash equivalents	₱735,624,130	₱565,394,811	₱–	₱–	₱–	₱1,301,018,941
Receivables	122,185,253	38,573,634	–	–	–	160,758,887
Deposits	–	–	–	–	53,806,246	53,806,246
	₱857,809,383	₱603,968,445	₱–	₱–	₱53,806,246	₱1,515,584,074

	2022					Total
	On demand	Within 1 year	> 1 – 3 years	> 3 – 5 Years	Over 5 years	
Cash and cash equivalents	₱1,134,947,886	₱566,987,313	₱–	₱–	₱–	₱1,701,935,199
Receivables	147,987,028	24,195,647	–	–	–	172,182,675
Deposits	–	–	–	–	53,806,246	53,806,246
v	₱1,282,934,914	₱591,182,960	₱–	₱–	₱53,806,246	₱1,927,924,120

Maturity profile of the Company's financial liabilities is shown below (in thousands):

	2023					Total
	On demand	Up to a year total	> 1 – 3 years	> 3 – 5 Years	Over 5 years	
Loans payable	₱–	₱–	₱6,000,000	₱–	₱–	₱6,000,000
Lease liabilities	–	1,989	6,584	4,956	54,814	68,343
Interest on bonds*	–	284,771	–	–	–	284,771
Accounts payable and accrued expenses	1,387,274	427,524	–	–	–	1,814,798
Security and other deposits	75,063	116,867	175,599	390,909	–	758,438
	₱1,462,337	₱831,151	₱6,182,183	₱395,865	₱54,814	₱8,926,554

	2022					Total
	On demand	Up to a year total	> 1 – 3 years	> 3 – 5 Years	Over 5 years	
Bonds payable	₱–	₱6,000,000	₱–	₱–	₱–	₱6,000,000
Lease liabilities	–	1,989	4,281	2,303	60,896	69,469
Interest on bonds*	–	75,536	–	–	–	75,536
Accounts payable and accrued expenses	1,559,528	506,199	–	–	–	2,065,727
Security and other deposits	17,915	81,643	254,071	245,932	161,103	760,664
	₱1,577,443	₱6,695,713	₱228,006	₱248,235	₱221,999	₱8,971,396

*Includes future interest payable.

*Includes future interest payable.



22. Notes to Statements of Cash Flows

Investing Activities

The Company's noncash investing activities are as follows:

- Outstanding liabilities pertaining to investment properties purchased on account are recorded in the statements of financial position under "Accounts payable and accrued expenses" account, amounting to ₱366.5 million and ₱741.6 million as of December 31, 2023 and 2022, respectively (see Note 9).
- The Company derecognized right of use of assets under "Investment properties" as a result of the amendment of lease contract with FLI in 2021.
- The Company derecognized Prepaid DCS connection charge under "Other noncurrent assets" as a result of the derecognition of related assets of property dividends amounting to ₱132.4 million as of December 31, 2021 (nil as of December 31, 2023 and 2022). This was offset against "Due to related parties" under accounts payable and accrued expenses.

Financing Activities

Changes in liabilities arising from financing activities for the year ended December 31, 2023, 2022 and 2021 follows (amounts in thousands):

	January 1, 2023	Availment/ Addition	Payments	Noncash Movement	December 31, 2023
Loans payable	₱-	₱5,955,000	₱-	₱30,416	₱5,985,416
Bonds payable	6,000,000	-	(6,000,000)	-	-
Lease liabilities	28,320	-	(1,989)	2,414	28,745
Accrued interest	106,429	-	(279,075)	307,748	135,102
Dividends payable	-	-	(1,389,549)	1,389,549	-
	₱6,134,749	₱5,955,000	(₱7,670,613)	₱1,730,127	₱6,149,263

	January 1, 2022	Availment/ Addition	Payments	Noncash Movement	December 31, 2022
Bonds payable	₱5,987,045	₱-	₱-	₱12,955	₱6,000,000
Lease liabilities	27,838	-	(1,894)	2,376	28,320
Accrued interest	102,221	-	(307,184)	311,392	106,429
Dividends payable	-	-	(1,976,682)	1,976,682	-
	₱6,117,104	₱-	(₱2,285,760)	₱2,303,405	₱6,134,749

	January 1, 2021	Availment/ Addition	Payments	Noncash Movement	December 31, 2021
Loans payable	₱2,344,167	₱-	₱-	(₱2,344,167)	₱-
Bonds payable	5,974,169	-	-	12,876	5,987,045
Lease liabilities	2,190,115	-	(14,397)	(2,147,880)	27,838
Accrued interest	113,037	-	(315,074)	304,258	102,221
Dividends payable	6,611,907	-	(1,095,982)	(5,515,925)	-
Deposit for future stock subscription	1,889,583	-	-	(1,889,583)	-
	₱19,122,978	₱-	(₱1,425,453)	(₱11,580,421)	₱6,117,104

Noncash movement includes amortization of debt issuance costs and interest expense for loans payable, bonds payable, and lease liabilities, reclassifications of accrued interest to accounts payable and declaration of cash dividends.



23. Subsequent Events

Declaration of Cash Dividends

On February 26, 2024, the Company declared quarterly cash dividends in the amount of ₱0.067 per share to all stockholders of record as of March 11, 2024 and with payment date of March 26, 2024.



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Filinvest REIT Corp.
5th-7th Floors, Vector One Building
Northgate Cyberzone, Filinvest City
Alabang, Muntinlupa City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Filinvest REIT Corp. (the Company) as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated February 26, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Wanessa G. Salvador

Partner

CPA Certificate No. 0118546

Tax Identification No. 248-679-852

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-137-2023, January 25, 2023, valid until January 24, 2026

PTR No. 10082009, January 6, 2024, Makati City

February 26, 2024



FILINVEST REIT CORP.

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FILINVEST REIT CORP.**UNAPPROPRIATED RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DISTRIBUTION****December 31, 2023**

Unappropriated Retained Earnings, beginning of reporting period		₱347,450,550
Add: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of retained earnings appropriation	—	
Effect of restatements	35,691,024,048	
Others	—	
Less: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	(1,389,548,951)	
Retained earnings appropriated during the reporting period	—	
Effect of restatements	—	
Others (<i>effect of fair value change in investment properties and intangible assets in prior years</i>)	(33,323,389,521)	978,085,576
Unappropriated Retained Earnings, as adjusted		1,325,536,126
Add/Less: Net income (loss) for the current year		1,744,847,737
Less: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	—	
Unrealized foreign exchange gain, except those attributable to cash and equivalents	—	
Unrealized fair value adjustment (marked-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	
Unrealized fair value gain of investment property and intangible assets	(390,393,044)	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	—	
Sub-total		(390,393,044)
Add: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	—	
Realized fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	
Realized fair value gain of Investment Property	—	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—	
Sub-total		—

(Forward)

Add: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)

Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	P-	
Reversal of previously recorded fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Reversal of previously recorded fair value gain of Investment Property	-	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	-	
Sub-total		-

Adjusted Net Income/Loss	1,354,454,693
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Add: Non-actual losses recognized in profit or loss during the reporting period (net of tax)

Depreciation on revaluation increment (after tax)	-	
Sub-total		-

Add/Less: Adjustments related to relief granted by the SEC and BSP

Amortization of the effect of reporting relief	-	
Total amount of reporting relief granted during the year	-	
Others	-	
Sub-total		-

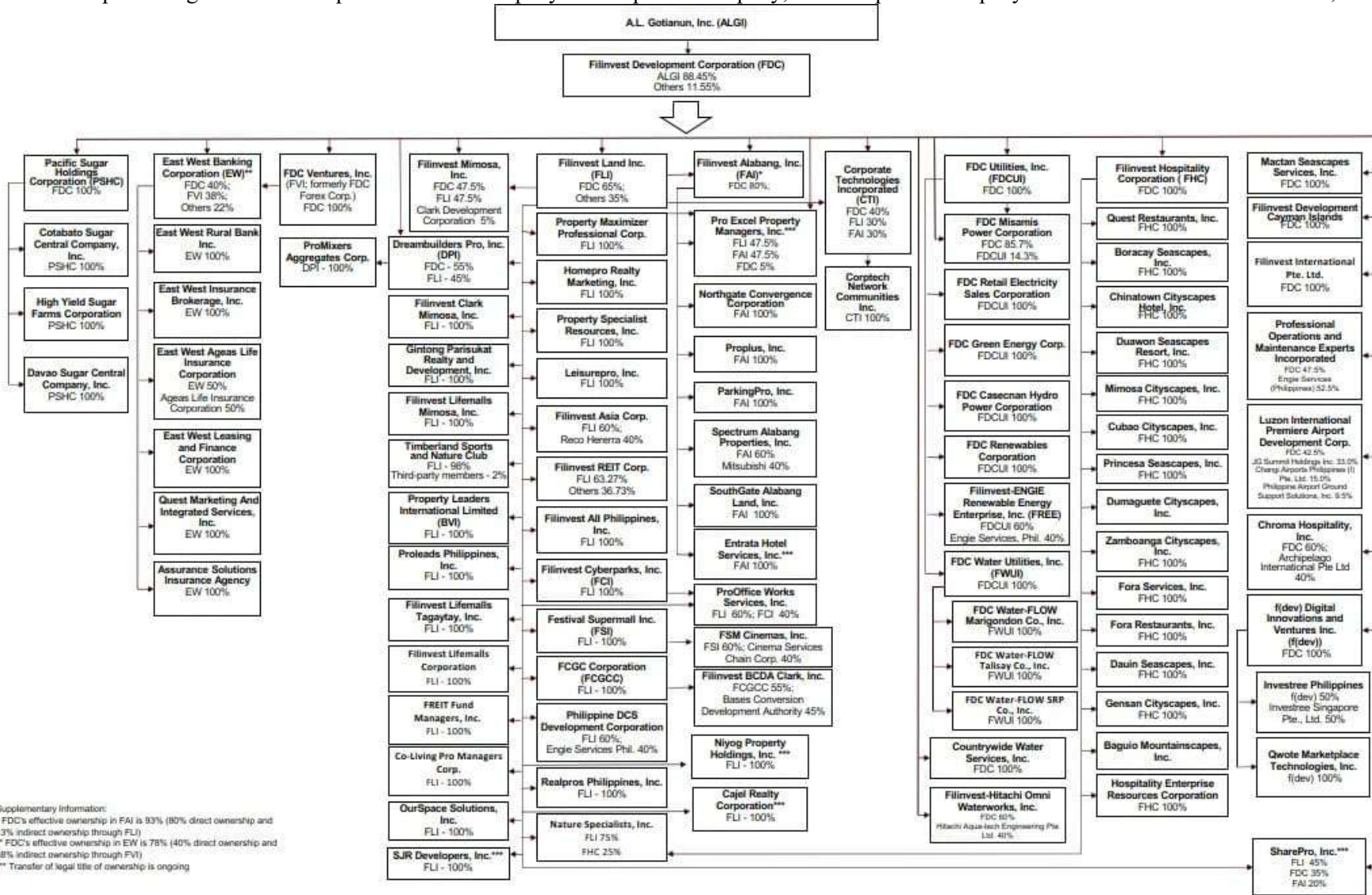
Add/Less: Other items that should be excluded from the determination of the amount of available for dividends distribution

Net movement of treasury shares (except for reacquisition of redeemable shares)	-	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-	
Others	-	
Sub-total		-

Total Retained Earnings, end of reporting period available for dividend	₱2,679,990,819
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Group Structure

Below is a map showing the relationship between the Company and its parent company, ultimate parent company and affiliates as of December 31, 2023.



Supplementary information:
* FDC's effective ownership in FAI is 93% (80% direct ownership and 13% indirect ownership through FLI)
** FDC's effective ownership in EW is 78% (40% direct ownership and 38% indirect ownership through FVI)
*** Transfer of legal title of ownership is ongoing

FILINVEST REIT CORP.

SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED BY REQUIRED ON REVISED SRC RULE 68 AND 68.1 DECEMBER 31, 2022

Philippine Securities and Exchange Commission (SEC) issued the amended Securities Regulation Code Rule SRC Rule 68 and 68.1 which consolidates the two separate rules and labeled in the amendment as “Part I” and “Part II”, respectively. It also prescribes the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by SRC Rule 68 and 68.1 as amended that are relevant to Filinvest REIT Corp. and its subsidiary (collectively, “the Company”). This information is presented for purposes of filing with the SEC and is not required part of the basic financial statements.

Schedule A. Financial Assets

The entity’s Financial Assets comprises of cash and cash equivalents, receivables and deposit. As stated in the regulation, before mentioned amount should be provided if the aggregate cost or the market value of FVTPL as of the end of the reporting period is 5% or more of the total current asset. As of December 31, 2023, the entity recorded the financial assets as financial assets at amortized cost, therefore it is deemed assumed that this schedule is not applicable to the Company.

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related parties)

As of December 31, 2023, the amount of receivable from officers and employees excluding those advances arising from the normal course of business does not meet the minimum required balance as stated in the Revised SRC Rule to be presented in the report. This schedule is not applicable to the Company.

Schedule C. Amounts Receivable from Related Parties, which are eliminated during the consolidation of financial statements

On December 23, 2020, Cyberzone Properties Inc. sold its share in ProOffice Works to Filinvest Land, which resulted for Cyberzone Properties Inc. to lose its control over ProOffice. Therefore, this schedule is not applicable to the entity as of December 31, 2023.

Schedule D. Long term debt

Below is the schedule of long-term debt of the Company (amounts in thousands). Each loan balance is presented net of unamortized deferred costs.

(i) Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet (ii)	Amount shown under caption "Long-Term Debt" in related balance sheet (iii)
Loans Loans from 2 banks with principal amount of ₱3.00 billion each to mature on January 5, 2025 with fixed interest rate of 6.35% per annum while the other loan has an interest rate based on 6 months BVAL and fixed spread of 75bps and repricing date of January 5, 2024 and July 5, 2024.	₱5,985,416	₱-	₱5,985,416

The Company's loans payable is unsecured, and no assets are held as collateral for these debts. The agreements covering the above-mentioned loans require maintaining certain financial ratios including a maximum debt-to-equity ratio of 3.0x and a minimum interest coverage ratio of 1.5x.

Schedule E. Indebtedness to Related Parties

Name of Related Party	Balance at beginning of the year	Movement	Balance at end of the year
Filinvest Development Corporation	₱683,264,593	₱330,875,233	₱352,389,360

Schedule F. Guarantees of Securities of Other Issuers

This is not applicable to the Company since it does not have a guarantee of securities of other issuers as of December 31, 2023.

Schedule G. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
Common Shares	14,263,698,000	4,892,777,994	-	3,095,498,345	7	None

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Filinvest REIT Corp.
5th-7th Floors, Vector One Building
Northgate Cyberzone, Filinvest City
Alabang, Muntinlupa City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Filinvest REIT Corp. (the Company) as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated February 26, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs), and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Wanessa G. Salvador

Partner

CPA Certificate No. 0118546

Tax Identification No. 248-679-852

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-137-2023, January 25, 2023, valid until January 24, 2026

PTR No. 10082009, January 6, 2024, Makati City

February 26, 2024



FILINVEST REIT CORP.**SUPPLEMENTARY SCHEDULE ON FINANCIAL SOUNDNESS INDICATORS**

Below are the financial ratios that are relevant to the Company:

Financial Ratios	2023	2022 (As restated)
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	0.28
	0.87	
Acid test ratio	$\frac{\text{Current assets - Inventories}}{\text{Current liabilities}}$	0.24
	0.72	
Solvency ratio*	$\frac{\text{Net income + Depreciation}}{\text{Total liabilities}}$	0.19
	0.15	
Debt to equity ratio	$\frac{\text{Loans payable + Bonds payable+ Lease liabilities}}{\text{Total Equity}}$	0.15
	0.15	
Asset to equity ratio	$\frac{\text{Total asset}}{\text{Total Equity}}$	1.22
	1.21	
Interest coverage ratio*	$\frac{\text{Income before income tax (IBIT) + interest and other financing charges}}{\text{Interest and other financing charges}}$	6.33
	4.14	
Return on equity*	$\frac{\text{Net income}}{\text{Total Equity}}$	0.04
	0.03	
Return on assets*	$\frac{\text{Net income}}{\text{Total assets}}$	0.03
	0.03	
Net profit margin*	$\frac{\text{Net income}}{\text{Revenues and income}}$	0.53
	0.44	
Debt ratio	$\frac{\text{Total liabilities}}{\text{Total assets}}$	0.18
	0.17	
Income before income tax, interest and other financing charges, depreciation and amortization (IBITDA) to total interest paid*	$\frac{\text{IBITDA}}{\text{Total interest paid}}$	6.64
	6.26	

*Net income, IBIT, and IBITDA excludes net fair value change in investment properties and intangible assets.

MANAGEMENT DISCUSSION ANALYSIS AND PLAN OF OPERATION

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2023 COMPARED TO YEAR ENDED DECEMBER 31, 2022

	2023	2022	Change Increase (Decrease)	
REVENUES				
Rental income	2,311,083	2,459,925	(148,842)	-6.05%
Others	678,578	779,663	(101,085)	-12.97%
	2,989,661	3,239,589	(249,928)	-7.71%
NET FAIR VALUE CHANGE IN INVESTMENT PROPERTIES AND INTANGIBLE ASSETS				
Increase (decrease) in fair value	390,393	(2,260,211)	2,650,604	-117.27%
Straight-line adjustments	75,911	(36,358)	112,268	-308.79%
Lease commission	(47,172)	(82,345)	35,173	-42.71%
NET FAIR VALUE CHANGE	419,132	(2,378,913)	2,798,045	-117.62%
COST AND EXPENSES				
Depreciation and amortization	-	-	-	0.00%
Utilities	267,536	282,581	(15,046)	-5.32%
Rental expense	235,583	262,962	(27,379)	-10.41%
Manpower and service cost	169,623	164,422	5,201	3.16%
Repairs and maintenance	167,641	145,517	22,124	15.20%
Taxes and licenses	161,094	141,241	19,854	14.06%
Insurance	16,408	10,171	6,236	61.31%
Service and management fees	181,184	212,974	(31,790)	-14.93%
Others	86,098	8,078	78,020	965.83%
	1,285,167	1,227,947	57,220	4.66%
OTHER INCOME (CHARGES)				
Gain on sale of investment	-	-	-	0.00%
Gain on derecognition of lease liabilities	-	-	-	0.00%
Interest income	43,474	29,754	13,719	46.11%
Interest and other financing charges	(422,018)	(322,515)	(99,503)	30.85%
Other income (charges) - net	(234)	(720)	486	-67.44%
	(378,779)	(293,481)	(85,298)	29.06%
INCOME BEFORE INCOME TAX	1,744,848	(660,752)	2,405,600	-364.07%
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	-	-	-	0.00%
Deferred	-	-	-	0.00%
	-	-	-	0.00%
NET INCOME	1,744,848	(660,752)	2,405,600	-364.07%
TOTAL COMPREHENSIVE INCOME	1,744,848	(660,752)	2,405,600	-364.07%

Revenues and Income

The Company's total revenues and income decreased by ₱249.9 million or 7.71% from ₱3,239.6 million for the year ended December 31, 2022 to ₱2,989.7 million for the year ended December 31, 2023.

The decline in total revenues was primarily due to the decrease in rental revenue by ₱148.8 million or 6.05% from ₱2,459.9 million for the year ended December 31, 2022 to ₱2,311.0 million for the year ended December 31, 2023, and the decrease in other income by ₱101.0 million or 12.97% from ₱779.7 million for the year ended December 31, 2022 to ₱678.6 million for the year ended December 31, 2023. The decrease in revenues and other income was caused by mainly lower occupancy from average of 86% in 2022 to 82% in 2023.

Net Fair Value Change

The Company voluntarily changed its accounting policy on investment properties and intangible assets from cost model to fair value model which requires restatement of the previous financial statements. As a result the

comparative December 31, 2022 audited statement of comprehensive income were restated to reflect the effect of the voluntary change. Net fair value change in investment properties and intangible assets, and related cost and expenses resulted to increase by ₱2,798.4 million or 117.6% from ₱2,378.9 million for the year ended December 31, 2022 to ₱419,1 million for the year ended December 31, 2023. The Fair market valuation of the properties are based on the reports by independent third party appraiser.

Cost and Expenses

The Company's consolidated costs and expenses increased by ₱57.2 million or 4.66% from ₱1,227.9 million for the year ended December 31, 202 to ₱1,285.2 million for the year ended December 31, 2023, primarily due to increase in repairs and maintenance, taxes and licenses, insurances, and other expenses incurred during the year.

The Company's utilities expenses decreased by ₱15.9 million, or 5.32%, to ₱235.6 million for the year ended December 31, 2023 compared to ₱263.0 million for the year ended December 31, 2022. The decrease was mainly due to lower occupancy of the buildings this year

The Company's rental expenses decreased by ₱27.4.9 million, or 10.41%, to ₱235.6 million for the year ended December 31, 2023 compared to ₱262.9 million for the year ended December 31, 2022. The decrease was mainly due to lower rental revenue as basis of the rent payments

The Company's repairs and maintenance increased by ₱22.1 million, or 15.20%, to ₱167.6 million for the year ended December 31, 2023 compared to ₱145.5 million for the year ended December 31, 2022. The increase was pursuant to maintenance programs defined to ensure that the properties will continue to retain is Grade A classification and condition.

The Company's taxes and licenses expenses increased by ₱19.9 million, or 14.06%, to ₱161.1 million for the year ended December 31, 2023 compared to ₱141.2 million for the year ended December 31, 202. The increase was mainly due to higher business permit fees recorded during the year.

The Company's insurance increased by ₱6.2 million, or 61.31%, to ₱16.4 million for the year ended December 31, 2023 compared to ₱10.2 million for the year ended December 31, 2022. The increase was mainly due to additional insurance coverage and premium rate adjustments requirement for the company buildings.

The Company's service and management fees decreased by ₱31.8 million, or 14.93%, to ₱181.2 million for the year ended December 31, 2023 compared to ₱213.0 million for the year ended December 31, 2022. The decrease was mainly due to lower actual revenue generated which is a basis of billable fee.

The Company's other expense increased by ₱78.0 million, or 965.8%, to ₱86.1 million for the year ended December 31, 2023 compared to ₱8.1 million for the year ended December 31, 2022. The increase was mainly due to provisions for estimated credit loss on receivables and other assets

Other income (charges)

The Company's interest income increased by ₱13.7 million, or 46.1%, to ₱43.5 million for the year ended December 31, 202 compared to ₱29.8 million for the year ended December 31, 2022. The increase was mainly due to higher rates of interest income from short term investments and placements.

The Company's interest expense and other financing charges increased by ₱99.5 million, or 30.8%, to ₱422.0 million for the year ended December 31, 2023 compared to ₱322.5 million for the year ended December 31, 2022. The increase was mainly due to higher interest rate on the Company's loan payable.

Income before Income Tax

The Company's income before income tax for the year ended December 31, 2023 was ₱1,744.9 million, an increase of ₱2,405.6 million or, 364.1%, from its loss before income tax of ₱606.8 million recorded for the year ended December 31, 2022 due to reasons stated above.

Provision for (benefit from) Income Tax

No computed provision for income tax for the year ended December 31, 2023 and 2022. The company have availed its tax incentives as REIT and deducted the dividend declared in Income Tax computed which resulted to no tax due.

Net Income

As a result of the foregoing, net income increased by 364.1% or ₱2,405.6million from ₱606.8 million for the year ended December 31, 2022 to ₱ 1,744. million for the year ended December 31, 2023.

RESULTS OF OPERATION FOR THE YEAR ENDED DECEMBER 31, 2022 COMPARED TO YEAR ENDED DECEMBER 31, 2021

	2022	2021	Change Increase (Decrease)	
REVENUES				
Rental income	2,459,925	2,519,294	(59,369)	-2.36%
Others	779,663	922,723	(143,059)	-15.50%
	3,239,589	3,442,017	(202,428)	-5.88%
NET FAIR VALUE CHANGE IN INVESTMENT PROPERTIES AND INTANGIBLE ASSETS				
Increase (decrease) in fair value	(2,260,211)	9,721,677	(11,981,888)	-123.25%
Straight-line adjustments	(36,358)	(42,663)	6,305	-14.78%
Lease commission	(82,345)	(6,740)	(75,604)	1121.66%
NET FAIR VALUE CHANGE	(2,378,913)	9,672,274	(12,051,187)	-124.60%
COST AND EXPENSES				
Depreciation and amortization	-	-	-	0.00%
Utilities	282,581	277,795	4,786	1.72%
Rental expense	262,962	271,084	(8,122)	-3.00%
Manpower and service cost	164,422	196,148	(31,726)	-16.17%
Repairs and maintenance	145,517	183,505	(37,988)	-20.70%
Taxes and licenses	141,241	95,354	45,887	48.12%
Insurance	10,171	15,915	(5,744)	-36.09%
Service and management fees	212,974	103,102	109,872	106.57%
Others	8,078	17,850	(9,772)	-54.75%
	1,227,947	1,160,753	67,194	5.79%
OTHER INCOME (CHARGES)				
Gain on sale of investment	-	-	-	0.00%
Gain on derecognition of lease liabilities	-	189,183	(189,183)	-100.00%
Interest income	29,754	9,986	19,768	197.95%
Interest and other financing charges	(322,515)	(348,226)	25,711	-7.38%
Other income (charges) - net	(720)	(1,412)	692	-48.99%
	(293,481)	(150,469)	(143,012)	95.04%
INCOME BEFORE INCOME TAX	(660,752)	11,803,069	(12,463,821)	-105.60%
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	-	117,652	(117,652)	-100.00%
Deferred	-	(269,648)	269,648	-100.00%
	-	(151,996)	151,996	-100.00%
NET INCOME	(660,752)	11,955,065	(12,615,817)	-105.53%
TOTAL COMPREHENSIVE INCOME	(660,752)	11,803,069	(12,463,821)	-105.60%

Revenues and Income

The Company's total revenues and income decreased by ₱202.4 million or 5.88% from ₱3,442.0 million for the year ended December 31, 2021 to ₱3,239.6 million for the year ended December 31, 2022.

The decline in total revenues was primarily due to the decrease in rental revenue by ₱59.4 million or 2.36% from ₱2,519.3 million for the year ended December 31, 2021 to ₱2,459.9 million for the year ended December 31, 2022, and the decrease in other income by ₱143.1 million or 15.5% from ₱922.7 million for the year ended December 31, 2021 to ₱779.7 million for the year ended December 31, 2022. The decrease in revenues and other income was caused by transfer to FLI, of assets that do not qualify to be under the REIT.

Net Fair Value Change

The Company voluntarily changed its accounting policy on investment properties and intangible assets from cost model to fair value model which requires restatement of the previous financial statements. As a result the comparative December 31, 2021 audited statement of comprehensive income were restated to reflect the effect of the voluntary change. Net fair value change in investment properties and intangible assets, and related cost and expenses resulted to decrease by ₱12,051.2 million or 124.6% from ₱9,672.3 million for the year ended December 31, 2021 to -₱2,378.2 million for the year ended December 31, 2022. The fair market valuation of the properties are based on the reports from independent third party appraiser.

Cost and Expenses

The Company's consolidated costs and expenses increased by ₱67.2 million or 5.8% from ₱1,160.8 million for the year ended December 31, 2021 to ₱1,227.9 million for the year ended December 31, 2022, primarily due to increase in utilities, taxes and licenses, and service and management fees incurred during the year.

The Company's manpower and service cost decreased by ₱31.7 million, or 16.2%, to ₱164.4 million for the year ended December 31, 2022 compared to ₱196.1 million for the year ended December 31, 2021. The decrease was due to the transfer of the Company's employees to another affiliate. The company will only be charged for its proportion share in the manpower cost. Lower manpower cost was also incurred for expenses such as security and janitorial as a result of the cost management in relation to the transfer of buildings to FLI.

The Company's repairs and maintenance decreased by ₱38.0 million, or 20.7%, to ₱145.5 million for the year ended December 31, 2022 compared to ₱183.5 million for the year ended December 31, 2021. The decrease was mainly due to transfer of assets to FLI.

The Company's taxes and licenses expenses increased by ₱45.9 million, or 48.1%, to ₱141.2 million for the year ended December 31, 2022 compared to ₱95.4 million for the year ended December 31, 2021. The increase was mainly due to higher real property tax recorded during the year for PEZA registered buildings.

The Company's insurance decreased by ₱5.7 million, or 36.1%, to ₱10.2 million for the year ended December 31, 2022 compared to ₱15.9 million for the year ended December 31, 2021. The decrease was mainly due to insurance paid in 2021 for the years covering 2020-2021 of the Company's buildings.

The Company's service and management fees increased by ₱109.9 million, or 106.6%, to ₱213.0 million for the year ended December 31, 2022 compared to ₱103.1 million for the year ended December 31, 2021. The increase was mainly due to full year recognition of management fee of FREIT Fund Managers Inc.

Other income (charges)

The Company recognized gain on derecognition of lease liabilities amounting to ₱189.2 million for the year ended December 31, 2021, due to removal of the minimum guaranteed rent per the amended lease contract between FLI and the Company with respect to properties in Northgate Cyberzone, and the assignment of right-of use assets relating to Cebu Tower 3 and 4 to FLI.

The Company's interest income increased by ₱19.8 million, or 198%, to ₱29.8 million for the year ended December 31, 2022 compared to ₱10 million for the year ended December 31, 2021. The increase was mainly due to higher interest income from short term investments and fund placements.

The Company's interest expense and other financing charges decreased by ₱25.7 million, or 7.4%, to ₱322.5 million for the year ended December 31, 2022 compared to ₱348.2 million for the year ended December 31, 2021. The decrease was mainly due settlement of loans payable.

Income before Income Tax

The Company's income before income tax for the year ended December 31, 2022 was -₱660. million, a decrease of ₱12,463.8 million or, 105.%, from its income before income tax of ₱11,803.1 million recorded for the year ended December 31, 2021 due to reasons stated above.

Provision for (benefit from) Income Tax

The Company recognized a benefit from income tax of ₱152.0 million for the year ended December 31, 2021, and no computed provision for income tax for the year ended December 31, 2021. The company have availed its tax incentives as REIT and deducted the dividend declared in Income Tax computed which resulted to no tax due.

Net Income

As a result of the foregoing, net income decreased by 105.5% or ₱12,615.8 million from ₱11, 55.1 million for the year ended December 31, 2021 to -₱660.8 million for the year ended December 31, 2022.

FINANCIAL CONDITION AS OF DECEMBER 31, 2023 COMPARED TO AS OF DECEMBER 31, 2022

	2023	2022	Change Increase (Decrease)	
ASSETS				
Current Assets				
Cash and cash equivalents	1,301,019	1,701,935	(400,916)	(23.56%)
Receivables	146,541	164,480	(17,939)	(10.91%)
Other current assets	297,335	327,750	(30,415)	(9.28%)
Total Current Assets	1,744,895	2,194,166	(449,271)	(20.48%)
Noncurrent Assets				
Advances to suppliers	-	-	-	-
Investment properties	45,094,555	44,531,066	563,489	1.27%
Property & equipment	-	-	-	0.00%
Intangible assets	2,789,180	2,885,540	(96,360)	(3.34%)
Other noncurrent assets	317,609	247,160	70,449	28.50%
Total Noncurrent Assets	48,201,344	47,663,766	537,578	1.13%
Total Assets	49,946,239	49,857,931	88,307	0.18%
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and accrued expenses	1,814,798	1,699,243	115,555	6.80%
Current portion of:	-	-	-	0.00%
Lease Liabilities	2,088	1,989	99	5.00%
Security and other deposits	191,931	99,559	92,372	92.78%
Dividends Payable	-	-	-	0.00%
Bonds Payable	-	6,000,000	(6,000,000)	(100.00%)
Total Current Liabilities	2,008,817	7,800,791	(5,791,974)	(74.25%)
Noncurrent Liabilities				
Due to related parties	-	366,484	(366,484)	(100.00%)
Loans Payable	5,985,416	-	5,985,416	0.00%
Other noncurrent liabilities	-	-	-	0.00%
Lease liabilities - net of current portion	26,657	26,331	326	1.24%
Security and other deposits - net of current portion	566,830	661,105	(94,276)	(14.26%)
Total Noncurrent Liabilities	6,578,903	1,053,920	5,524,983	524.23%
Total Liabilities	8,587,720	8,854,711	(266,991)	(3.02%)
Equity				
Capital stock	2,446,389	2,446,389	-	0.00%
Additional paid-in capital	2,518,357	2,518,357	-	0.00%
Retained earnings	36,393,773	36,038,475	355,299	0.99%
Total Equity	41,358,519	41,003,221	355,299	0.87%
Total Liabilities and Equity	49,946,239	49,857,931	88,307	0.18%

(Causes for any material changes (+/- 5% or more) in the financial statements)

The company voluntarily changed its accounting policy on investment properties and intangible assets from cost model to fair value model which requires restatement of the previous financial statements. As a result the comparative December 31, 2023 and 2022 audited statement of financial position were restated to reflect the effect of the voluntary change.

Under the fair value accounting, Investment properties and intangible assets were stated at fair value change, which reflects market condition at the reporting date. The fair values of investment properties are determined by

independent real estate valuation experts based on income approach which is based on the discounted future cash flow.

The Company's assets were ₱49,946.2 million as of December 31, 2023, an increase of ₱88.3 million, or .18%, from assets of ₱49,857.9 million as of December 31, 2022.

Assets

Cash and cash equivalents

The Company's cash and cash equivalents were ₱ 1,301.0 million as of December 31, 2023, a decrease of ₱400.9 million, or 23.6%, from cash and cash equivalents of ₱1,701.9 million as of December 31, 2022, due to dividend distributions made during the year and the installment payments for the purchase of Boracay lot.

The Company's receivables were ₱ 146.5 million as of December 31, 2023, a decrease of ₱17.9 million, or 10.9%, from ₱164.5 million as of December 31, 2022, due to collection efforts made during the year.

Other current assets

The Company's other current assets were ₱ 297.3 million as of December 31, 2023, a decrease of ₱ 30.4 million, or 9.3%, from other current assets of ₱ 327.8 million as of December 31, 2022. This decrease was due to and reclassification to non-current of creditable withholding taxes withheld by third parties

Investment properties

The Company's investment properties at fair value is ₱ 45,094.6 million as of December 31, 2023, an increase of ₱563.5 million, or 1.3%, from investment properties of ₱ 44,531.1 million as of December 31, 2022 due to change in valuation as reported by independent third party appraisers

Intangible assets

The Company's intangible assets comprising BTO rights and the right-of-use assets from such BTO and land lease arrangements fair value ₱2,789.2 million as of December 31, 2023, a decrease of ₱96.4 million, or 3.34%, from intangible assets of ₱2,885.5 million as of December 31, 2022. The decrease was primarily due to the fair market valuation of the property computed during the year.

Other noncurrent assets

The Company's other noncurrent assets were ₱317.6 million as of December 31, 2023, an increase of ₱ 70.4 million, or 28.5%, from other noncurrent assets of ₱ 247.8 million as of December 31, 2022. This increase was due to reclassification from current assets of the creditable withholding taxes withheld by third parties arising from income.

Liabilities

The Company's liabilities were ₱8,587.7 million as of December 31, 2023, a decrease of ₱266.9 million, or 3.0%, from liabilities of ₱8,854.7 million as of December 31, 2022.

Accounts payable and accrued expenses

The Company's accounts payable and other current liabilities were ₱1,814.8 million as of December 31, 2023, an increase of ₱115.6 million, or 6.8%, from accounts payable and other current liabilities of ₱1,669.2 million as of December 31, 2022, this mainly arises from reclassification of the remaining payable to Filinvest Development Corporation ("FDC") for the purchase price of Boracay Lot, which was reclassified from Due to related party as reflected in 2022.

Lease liabilities – current portion

The Company's lease liabilities – current portion were ₱2.1 million as of December 31, 2023, an increase of ₱.1 million, or 5.0%, from lease liabilities – current portion of ₱2.0 million as of December 31, 2022 due to the escalation considered in current portion computation.

Security Deposit

The Company's security deposit were ₱191.9 million as of December 31, 2023, an increase of ₱92.3 million, or 92.8.0%, from security deposit – current portion of ₱99.6 million as of December 31, 2022 due to the reclassification of current portion.

Bonds payable

The Company's bonds payable was ₱0 billion as of December 31, 2023, a decrease of ₱6.0 billion, or 100%, from bonds payable of ₱6.0 billion as of December 31, 2022 due to full payment upon its maturity in January 2023

Loans payable

The Company's loans payable was ₱6.0 billion as of December 31, 2023, an increase of ₱6.0 billion, or 100%, from loans payable of ₱0 billion as of December 31, 2022 due to availment of new loan to refinance the P6B bonds that matured.

Security Deposit

The Company's security deposit were ₱566.8 million as of December 31, 2023, a decrease of ₱94.3 million, or 14.20%, from security deposit of ₱661.1 million as of December 31, 2022 due tenant's refund upon end of lease contract.

FINANCIAL CONDITION AS OF DECEMBER 31, 2022 COMPARED TO AS OF DECEMBER 31, 2021

	2022	2021	Change Increase (Decrease)	
ASSETS				
Current Assets				
Cash and cash equivalents	1,701,935	2,587,196	(885,260)	(34.22%)
Receivables	164,480	166,693	(2,213)	(1.33%)
Other current assets	327,750	64,055	263,695	411.67%
Total Current Assets	2,194,166	2,817,944	(623,778)	(22.14%)
Noncurrent Assets				
Advances to suppliers	-	-	-	0.00%
Investment properties	44,531,066	45,429,680	(898,614)	(1.98%)
Property & equipment	-	-	-	0.00%
Intangible assets	2,885,540	3,117,740	(232,200)	(7.45%)
Other noncurrent assets	247,160	263,822	(16,662)	(6.32%)
Total Noncurrent Assets	47,663,766	48,811,242	(1,147,476)	(2.35%)
Total Assets	49,857,931	51,629,186	(1,771,254)	(3.43%)
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and accrued expenses	1,699,243	1,222,657	476,586	38.98%
Current portion of:	-	-	-	0.00%
Lease Liabilities	1,989	1,848	141	7.62%
Security and other deposits	99,559	96,988	2,571	2.65%
Dividends Payable	-	-	-	0.00%
Bonds Payable	6,000,000	-	6,000,000	0.00%
Total Current Liabilities	7,800,791	1,321,493	6,479,298	490.30%
Noncurrent Liabilities				
Due to related parties	366,484	-	366,484	0.00%
Loans Payable	-	5,987,045	(5,987,045)	(100.00%)
Other noncurrent liabilities	-	-	-	0.00%
Lease liabilities - net of current portion	26,331	25,990	341	1.31%
Security and other deposits - net of current portion	661,105	654,003	7,102	1.09%
Total Noncurrent Liabilities	1,053,920	6,667,038	(5,613,118)	(84.19%)
Total Liabilities	8,854,711	7,988,531	866,180	10.84%
Equity				
Capital stock	2,446,389	2,446,389	-	0.00%
Additional paid-in capital	2,518,357	2,518,357	(0)	(0.00%)
Retained earnings	36,038,475	38,675,909	(2,637,434)	(6.82%)
Total Equity	41,003,221	43,640,655	(2,637,434)	(6.04%)

Total Liabilities and Equity	49,857,931	51,629,186	(1,771,254)	(3.43%)
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(Causes for any material changes (+/- 5% or more) in the financial statements)

The Company's assets were ₱49,857.9 million as of December 31, 2022, a decrease of ₱1.8 billion, or 3.43%, from assets of ₱51,629.2 million as of December 31, 2021.

Assets

Cash and cash equivalents

The Company's cash and cash equivalents were ₱ 1,701.9 million as of December 31, 2022, a decrease of ₱885.3 million, or 34.2%, from cash and cash equivalents of ₱2,587.2 million as of December 31, 2021, due to dividend distributions made during the year and the first payment for the purchase of Boracay lot.

Other current assets

The Company's other current assets were ₱ 327.6 million as of December 31, 2022, an increase of ₱ 263.5 million, or 411.5%, from other current assets of ₱ 64.1 million as of December 31, 2021. This increase was due to the Input VAT net of Output Vat and unclaimed creditable withholding taxes generated during the year.

Investment properties

The Company's investment properties fair value were ₱ 44,531.1 million as of December 31, 2022, an decrease of ₱898.6 million, or 2.0%, from investment properties of ₱ 45,429.7 million as of December 31, 2021, based on the fair market valuation report of independent third party

Intangible assets

The Company's intangible assets comprising BTO rights and the right-of-use assets from such BTO and land lease arrangements were ₱2,885.5million as of December 31, 2022,, a decrease of ₱232.2 million, or 7.4%, from intangible assets of ₱,117. million as of December 31, 2021. The decrease was primarily due to the fair valuation of the property computed during the year.

Liabilities

The Company's liabilities were ₱8,854.7 million as of December 31, 2022, a decrease of ₱866.2 million, or 10.8%, from liabilities of ₱7,988.5 million as of December 31, 2021.

Accounts payable and accrued expenses

The Company's accounts payable and other current liabilities were ₱1,699.2 million as of December 31, 2022, an increase of ₱476.6 million, or 39.0%, from accounts payable and other current liabilities of ₱1,222.7 million as of December 31, 2021, this mainly arises from the payable to Filinvest Development Corporation ("FDC") for the purchase price of Boracay Lot, that is due for the immediate next year. The remaining balance is classified under Due to related party account.

Lease liabilities – current portion

The Company's lease liabilities – current portion were ₱2.0 million as of December 31, 2022, an increase of ₱.2 million, or 7.6%, from lease liabilities – current portion of ₱1.8 million as of December 31, 2021 due to the escalation considered in current portion computation.

Bonds payable

The Company's bonds payable was ₱6.0 billion as of December 31, 2022, an increase of ₱12.96 million, or 0.2%, from bonds payable of ₱5,987 million as of December 31, 2021 due to amortization of bond issuance costs.

Performance Indicators

Financial Ratios	Particulars	Year Ended 12/31/23	Year Ended 12/31/22	Year Ended 12/31/21
Current Ratio	Current Assets Current Liabilities	0.87 : 1	0.28 : 1	2.13 : 1
Solvency Ratio	Net Income + Depreciation Total Liabilities	0.15 : 1	0.19 : 1	0.27 : 1

Debt-to-Equity Ratio	$\frac{\text{Long-term debt}}{\text{Equity}}$	0.15 : 1	0.15 : 1	0.14 : 1
Asset-to-Equity Ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	1.21 : 1	1.22 : 1	1.18 : 1
Interest rate coverage ratio	$\frac{\text{EBIT}}{\text{Interest and other financing charges}}$	4.14 : 1	6.33 : 1	7.12 : 1
Debt service coverage ratio	$\frac{\text{Net operating income}}{\text{Loan payment}}$	0.29 : 1	nil	7.24 : 1
Earnings per share	$\frac{\text{Net Income}}{\text{Outstanding shares}}$	0.36 : 1	0.35 : 1	2.44 : 1
Return on assets	$\frac{\text{Net income}}{\text{Total Assets}}$	0.03 : 1	0.03 : 1	0.04 : 1
Return on equity	$\frac{\text{Net income}}{\text{Shareholder's Equity}}$	0.03 : 1	0.04 : 1	0.05 : 1
Debt-to-Assets	$\frac{\text{Bonds Payable + Loans Payable}}{\text{Total Assets}}$	0.12 : 1	0.12 : 1	0.12 : 1

*EBITDA refers to earnings before interest, taxes, depreciation, amortization and excludes net fair value change in investment properties and nonrecurring gain

Movement of Earnings per share (EPS) thru the years is directly related to the movement of net income.

Other Information:

- 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 relevant financial statements of Filinvest REIT Corp., including the notes thereto.
- The performance of the Company and its industry is interconnected to the performance and state of the Philippine economy as a whole particularly the 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.
- The Company has no knowledge of any material off-balance sheet transactions, arrangements, obligations and other relationships to the Company with unconsolidated entities or other persons created during the reporting period that would address the past and would have material impact on future operations.
- There are no known trends, events, or uncertainties that have had or are reasonably expected to have favorable or unfavorable material impact on liquidity and on net sales or revenues or income from continuing operations of Filinvest REIT Corp.
- 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.
- Except as disclosed in the Notes to the Consolidated Financial Statements and Management's Discussion and Financial Condition and Results of Operations, there are no unusual items and material changes from period to period affecting assets, liabilities, equity, net income or cash flows for the interim period.
- There was no seasonal factor that had a material effect on the financial condition and results of operations.
- On December 12, 2022, the company purchased 3 parcels of land located in Barangay Yapak, Boracay with an aggregate area of 29,086 sqm from FDC. The parties agreed to a total purchase price of ₱1,047.1 million, ₱314.1 million, representing 30% of purchase price was paid during the year and the remaining 70% amounting to ₱732.9 million payable in equal quarterly installment starting in March 2023 up to December 2024. The source of payment for this capital expenditure is the unrestricted cash of the company generated from previous year operations. The related liability as of December 31, 2023 amounts to ₱352.4.
- On February 26, 2024, the company declared quarterly cash dividends in the amount of ₱0.067 per share to all stockholders of record as of March 11, 2024 and with payment date of March 26, 2024.

Bonds Issuance

On July 7, 2017, the Company issued fixed rate bonds with aggregate principal amount of Php6,000.0 million and term of five and a half (5.5) years from the issue date or in January 2023. The fixed rate is 5.05% per annum, payable quarterly in arrears starting October 7, 2017. The proceeds of the bonds were used to finance capital expenditures of the Company.

On January 9, 2023, the Company completed the payment on of the Company's five (5) years and six (6) months fixed rate retail bonds in the aggregate amount of Php 6,000,000,000.00.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

- (1) There has been no change during the two (2) most recent fiscal years or any subsequent interim period in the independent accountant who was previously engaged as principal accountant to audit FILRT's financial statements.
- (2) There has been no disagreement with FILRT's independent accountants on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

Information on Independent Accountant

(a) Audit and Audit-Related Fees

The aggregate fees billed to the Company for professional services rendered by the external auditor for the examination of the financial statements amounted to Php 0.64 million and Php0.53 million in 2023 and 2022, respectively. The Company did not pay additional fees for other services of the external auditor in 2023 and 2022.

(b) Tax Fees

There are no tax fees paid by the Company for 2023 and 2022.

(c) All Other Fees

The Company did not pay the external auditors other fees for 2023 and 2022.

(d) Approval Policies and Procedures of the Management / Audit and Risk Management Oversight Committee for Independent Accountant's Services

In giving its stamp of approval to the audit services rendered by the independent accountant and the rate of the professional fees to be paid, the Audit and Risk Management Oversight Committee, with inputs from the Management of the Company, makes a prior independent assessment of the quality of audit services previously rendered by the accountant, the complexity of the transactions subject of the audit, and the consistency of the work output with generally accepted accounting standards. Thereafter, the Audit and Risk Management Oversight Committee makes the appropriate recommendation to the Board of Directors of the Company.

Market for Issuer's Common Equity and Related Stockholder Matters

The shares of the Company were listed on the Philippine Stock Exchange (PSE) on August 12, 2021 under the symbol "FILRT". The following table shows, for the periods indicated, the high, low and period end closing prices of the shares as reported in the PSE:

	Period	High	Low	End
2023	4 th Quarter	3.11	2.55	2.58
	3 rd Quarter	3.98	2.89	3.04
	2 nd Quarter	5.45	3.81	3.85
	1 st Quarter	5.85	5.10	5.23
2022	4 th Quarter	6.20	5.20	5.50
	3 rd Quarter	7.00	6.00	6.20
	2 nd Quarter	7.50	6.51	6.80
	1 st Quarter	7.86	6.98	7.10
2021	4 th Quarter	7.99	7.20	7.40
	3 rd Quarter	7.58	6.96	7.22

On February 29, 2024, FILRT's shares closed at the price of Php3.18 per share. The number of shareholders of record as of said date was 16,506. Common shares outstanding as of February 29, 2023 is 4,892,777,994.

Stockholders

The top 20 Stockholders of FILRT's common shares as of February 29, 2024 are as follows:

Name of Stockholder	Number of Common Shares Held	Percentage
1. Filinvest Land, Inc.	3,095,498,345	63.27%
2. PCD Nominee Corporation (Filipino)	1,562,610,117	31.94%
3. PCD Nominee Corporation (Non-Filipino)	196,647,318	4.02%
4. Pryce Corporation	24,542,000	0.50%
5. PGI Retirement Fund, Inc.	13,028,000	0.27%
6. Manuel I. Gutierrez or Martina Maria Elizabeth Gutierrez	170,000	Negligible
7. G. D. Tan & Co. Inc.	150,000	Negligible
8. Mercedes S. Del Rosario or Miguel Carlos S. Del Rosario or Paolo Jose S. Del Rosario	53,900	Negligible
9. Myra P. Villanueva	14,200	Negligible
10. Myrna P. Villanueva	14,200	Negligible
11. Milagros P. Villanueva	14,200	Negligible
12. Mark Louie De Santos Apao	10,000	Negligible
13. Juan Carlos V. Cabreza	5,000	Negligible
14. Marietta V. Cabreza	5,000	Negligible
15. Ricardo R. Cabrera	3,000	Negligible
16. Vivien C. Ramirez	3,000	Negligible
17. Charmaine C. Cabrera	3,000	Negligible
18. Amy Rose I. Palileo	2,000	Negligible
19. Leira Micah Gianni Roman	1,000	Negligible
20. Ofelia R. Blanco	1,000	Negligible

Recent Sale of Unregistered Securities

No securities were sold by the Company in the past three (3) years, which were not registered under the Securities Regulation Code.

Declaration of Dividends

The Company has adopted a dividend policy in accordance with the provisions of the REIT Law, pursuant to which the Company's shareholders may be entitled to receive at least ninety percent (90%) of the Company's annual Distributable Income no later than the fifth (5th) month following the close of the fiscal year of the Company.

The following table shows the cash dividends declared by the Company's BOD on the outstanding capital stock:

Dividend Declaration	Record Date	Dividend per Common Shares	Total Dividends Declared	Payment Date
August 31, 2021	September 15, 2021	0.112	547,991,135	September 30, 2021
November 18, 2021	December 03, 2021	0.112	547,991,135	December 20, 2021
February 15, 2022	March 02, 2022	0.112	547,991,135	March 20, 2022
April 20, 2022	May 06, 2022	0.116	567,562,247	May 27, 2022
August 09, 2022	August 31, 2022	0.088	430,564,463	September 20, 2022
November 15, 2022	December 01, 2022	0.088	430,564,463	December 20, 2022
February 14, 2023	03 March 2023	0.071	347,387,238	March 24, 2023
May 31, 2023	June 15, 2023	0.071	347,387,238	June 30, 2023

August 10, 2023	August 31, 2023	0.071	347,387,238	September 20, 2023
November 9, 2023	November 29, 2023	0.071	347,387,238	December 15, 2023

Compliance with Leading Practices on Corporate Governance

The Company is in compliance with its Revised Manual for Corporate Governance as demonstrated by the following: (a) the election of three (3) independent directors to the Board; (b) the appointment of members of the Audit and Risk Management Oversight Committee, Corporate Governance Committee, Compensation Committee and Related-Party Transaction Committee of the Company; (c) the conduct of regular board meetings and special meetings, the faithful attendance of the directors at these meetings and the proper discharge of the duties and responsibilities as such directors; (d) the submission to the SEC of reports and disclosures required under the Securities Regulation Code; (e) the Company’s adherence to national and local laws pertaining to its operations; and (f) the observance of applicable accounting standards by the Company.

In order to keep itself abreast with the leading practices on corporate governance, the Company encourages the members of top-level management and the Board to attend and participate at seminars on corporate governance conducted by SEC-accredited institutions.

The Company welcomes proposals, especially from institutions and entities such as the SEC, the Institute of Corporate Directors and SyCip Gorres Velayo & Co., to improve corporate governance.

There is no known material deviation from the Company’s Revised Manual on Corporate Governance.

For Approval by the Stockholders at the 2024 Annual Stockholders' Meeting**FILINVEST REIT CORP.****MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING**

Held on 19 April 2023 at 9:00 a.m.
Conducted virtually *via* Microsoft Teams

I. ATTENDANCE**STOCKHOLDERS PRESENT/REPRESENTED:**

Present by proxy	3,179,562,839	64.98%
Present by remote communication and voting <i>in absentia</i>	6	<0.01%
Total Attendance	3,179,562,845	64.98%

ALSO PRESENT:**Board of Directors:**

Name	Position/Board Committees
Lourdes Josephine Gotianun Yap	Chairperson Member - Compensation Committee
Maricel Brion-Lirio	President and CEO
Francis Nathaniel D. Gotianun	Director
Tristaneil D. Las Marias	Director
Virginia T. Obcena	Independent Director Chairperson - Audit & Risk Management Oversight Committee Chairperson - Related-Party Transaction Committee Member - Compensation Committee Member - Corporate Governance Committee
Gemilo J. San Pedro	Independent Director Member - Audit & Risk Management Oversight Committee Member - Corporate Governance Committee Member - Related-Party Transaction Committee
Val Antonio B. Suarez	Lead Independent Director Chairman - Compensation Committee Chairman - Corporate Governance Committee

Name	Position/Board Committees
	Member - Audit & Risk Management Oversight Committee Member - Related-Party Transaction Committee

Filinvest REIT Corp. (“FILRT”) Officers:

Name	Position
Ana Venus A. Mejia	Treasurer and Chief Finance Officer
Maria Victoria R. Beltran	Compliance Officer
Katrina O. Clemente-Lua	Corporate Secretary and Corporate Information Officer
Jennifer C. Lee	Assistant Corporate Secretary
Patricia Carmen R. Pineda	Investor Relations Officer
Raymond Castañeda	Data Privacy Officer

FREIT Fund Managers, Inc. (FILRT’s Fund Manager) Officers:

Name	Position
Ven Christian S. Guce	President and CEO
Elsie D. Paras	Senior Vice President
Yasmin M. Dy	CFO and Treasurer
Michael B. Mamalateo	Senior Assistant Vice President - Business Development

Representatives of the Independent External Auditor – SyCip Gorres Velayo & Co. (“SGV & Co.”):

Name	Position
Michael C. Sabado	Partner-In-Charge for Filinvest Development Corporation
Wanessa Salvador	Partner-In-Charge
Martin C. Guantes	Assurance Head
Anna Kosette E. Bartolome	Manager

Representative of the Stock Transfer Agent – Stock Transfer Service, Inc.

Name	Position
John Kristofer Paolo L. Herrera	Processor

II. NATIONAL ANTHEM

The meeting started with the singing of the Philippine National Anthem.

III. PRESIDING OFFICER AND SECRETARY

The Chairperson of the Board of Directors of Filinvest REIT Corp. (the “Company” or “FILRT”), Ms. Lourdes Josephine Gotianun-Yap, presided over the meeting, while the Corporate Secretary, Ms. Katrina O. Clemente-Lua, recorded the minutes thereof.

IV. CALL TO ORDER

The Chairperson called the meeting to order and introduced the members of the Board of Directors. The Chairperson also acknowledged the presence of the Company’s senior management officers, representatives of SyCip Gorres Velayo & Co. (“SGV & Co.”), and representatives of Stock Transfer Service, Inc., who joined the meeting through the live webcast.

V. CERTIFICATION OF SERVICE OF NOTICE AND QUORUM

The Chairperson then requested the Corporate Secretary to report on the service of notice of the meeting, and whether there was a quorum at the meeting. The Corporate Secretary confirmed that, in accordance with the Securities and Exchange Commission (“SEC”) Notice dated March 13, 2023, the notice of the meeting, together with a copy of the Information Statement and the Audited Financial Statements, was posted on the Company’s website and disclosed through PSE EDGE. The Notice of Meeting was also published in the business sections of the Business Mirror and Malaya Business Insight on March 22, 2023, and March 23, 2023, both in print and online.

Based on the online registration and proxies received by the Office of the Corporate Secretary, with the assistance of the Company’s stock and transfer agent, Stock Transfer Service, Inc., the Corporate Secretary certified that out of the 4,892,777,994 total issued and outstanding shares of the Company as of the record date or on March 1, 2023, 3,179,562,845 shares representing 64.98% of the total issued and outstanding shares of the Company were present at the meeting.

There being a quorum, the Chairperson declared the meeting duly convened and open for business.

VI. INSTRUCTIONS ON THE RULES AND CONDUCT OF VOTING PROCEDURES

The Chairperson noted that while the Company is holding the meeting in virtual format, the Company endeavored to provide the shareholders the opportunity to participate in the meeting to the same extent possible as in an in-person meeting. She then asked the Corporate Secretary to share the rules of conduct and voting procedures for the meeting.

The Corporate Secretary explained that the rules of conduct and voting procedures were set forth in the Definitive Information Statement and in the Explanation of Agenda Items which forms part of the Notice of the Annual Stockholders' meeting. She highlighted the following points:

1. Stockholders who successfully registered under the shareholder registration system were provided the instructions to access the digital voting ballot as well as the virtual meeting.
2. The deadline for voting *in absentia* and through proxy was on April 11, 2023.
3. After the voting, the Office of the Corporate Secretary, together with the Company's stock transfer agent, tabulated all the votes cast *in absentia* as well as via proxy.
4. The results of the voting will be reported after each item is taken up during the meeting.
5. The stockholders were also given up to April 11, 2023 to submit any questions or comments they may have.

She further informed all the participants of the meeting that there would be a visual and audio recording of the entire proceedings.

VII. APPROVAL OF THE MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS HELD ON APRIL 20, 2022

The Chairperson inquired if copies of the minutes of the annual meeting of the stockholders held on April 20, 2022 were furnished to the stockholders.

The Corporate Secretary certified that an electronic copy of the minutes was included in the Information Statement of this year's annual stockholders' meeting and was made available on the Company's website. She reported that the resolution below was approved by at least a majority of the stockholders or total voting shares represented in the meeting based on the following tabulation of votes:

“RESOLVED, That the minutes of the annual meeting of the stockholders of the Company held on 20 April 2022 is hereby approved.”

	For	Against	Abstain
Number of Shares Voted	3,179,562,839	-	-
Percentage of Votes	100.00%	-	-

VIII. PRESENTATION OF THE PRESIDENT'S REPORT

The President and Chief Executive Officer of the Company, Ms. Maricel Brion-Lirio, presented her pre-recorded report on the Company's operations for the year ended December 31, 2022 and outlook for the year 2023.

The Chairperson thanked the President for her report, then proceeded to the next item in the agenda which was the ratification of the 2022 Audited Financial Statements.

IX. RATIFICATION OF THE AUDITED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022

The Chairperson asked the Corporate Secretary if the stockholders were furnished copies of the 2022 Audited Financial Statements.

The Corporate Secretary responded that an electronic copy of the 2022 Audited Financial Statements was made available on the Company's website as well as attached to the Information Statement. She reported that the resolution below was approved by at least a majority of the stockholders or total voting shares represented in the meeting based on the following tabulation of votes:

“RESOLVED, That the Company's Audited Financial Statements as of and for the year ending December 31, 2022 is hereby approved, confirmed and ratified.”

	For	Against	Abstain
Number of Shares Voted	3,179,562,839	-	-
Percentage of Votes	100.00%	-	-

X. GENERAL RATIFICATION OF ALL THE ACTS, RESOLUTIONS AND PROCEEDINGS OF THE BOARD OF DIRECTORS, BOARD COMMITTEES AND MANAGEMENT UP TO APRIL 19, 2023

The next item in the agenda was the ratification of all the acts, resolutions and proceedings of the Board of Directors, Board Committees and Management from the date of the last annual stockholders' meeting until April 19, 2023, a summary of which was included in the Information Statement sent to all the stockholders of record prior to the annual stockholders' meeting.

The Corporate Secretary reported that the resolution below was approved by at least a majority of the stockholders or total voting shares represented in the meeting based on the following tabulation of votes:

“RESOLVED, That all the acts, resolutions and proceedings of the Board of Directors, Board Committees and Management from the date of the last annual stockholders' meeting until April 19, 2023 are hereby approved, confirmed and ratified.”

	For	Against	Abstain
Number of Shares Voted	3,179,562,839	-	-
Percentage of Votes	100.00%	-	-

XI. ELECTION OF DIRECTORS

The Chairperson announced that the next item in the Agenda was the election of seven (7) directors, including three (3) independent directors of the Company for the year 2023 to 2024.

As requested by the Chairperson, the Corporate Secretary announced the names of the persons nominated for election as directors and independent directors of the Company and who were pre-screened by the Corporate Governance Committee, convened as the Nominations Committee, in accordance with the Company's Revised Manual on Corporate Governance and By-Laws, viz:

Directors:

1. Ms. Lourdes Josephine Gotianun Yap
2. Ms. Maricel Brion-Lirio
3. Mr. Francis Nathaniel C. Gotianun
4. Mr. Tristaneil D. Las Marias

Independent Directors:

5. Ms. Virginia T. Obcena
6. Mr. Gemilo J. San Pedro
7. Atty. Val Antonio B. Suarez

The Corporate Secretary reported that the resolution below was approved by at least a majority of the stockholders or total voting shares represented in the meeting based on the following tabulation of votes:

“RESOLVED, That the following persons are hereby declared as duly-elected directors of the Company, to serve for a term of one (1) year or until their successors shall have been elected and qualified in accordance with the By-Laws of the Company:

1. Ms. Lourdes Josephine Gotianun Yap
2. Ms. Maricel Brion-Lirio
3. Mr. Francis Nathaniel C. Gotianun
4. Mr. Tristaneil D. Las Marias

Independent Directors:

5. Ms. Virginia T. Obcena
6. Mr. Gemilo J. San Pedro
7. Atty. Val Antonio B. Suarez”

Nominee	For	Against	Abstain	Percentage
Lourdes Josephine Gotianun Yap	3,178,986,339	576,500	-	99.98%
Maricel Brion-Lirio	3,179,562,839	-	-	100%

Nominee	For	Against	Abstain	Percentage
Francis Nathaniel C. Gotianun	3,179,562,839	-	-	100%
Tristaneil D. Las Marias	3,179,562,839	-	-	100%
Virginia T. Obcena	3,179,562,839	-	-	100%
Mr. Gemilo J. San Pedro	3,179,562,839	-	-	100%
Val Antonio B. Suarez	3,178,986,339	576,500	-	99.98%

XII. APPOINTMENT OF INDEPENDENT EXTERNAL AUDITOR

Upon the recommendation of the Company's Audit and Risk Management Oversight Committee and confirmed by the Board of Directors, the stockholders approved the reappointment of the accounting firm of SGV & Co. as the Company's external auditor for the year 2023, as follows:

“RESOLVED, That the accounting firm of SyCip Gorres Velayo and Co. (SGV & Co.) be approved for reappointment as the Company's external auditor for the year 2023.”

	For	Against	Abstain
Number of Shares Voted	3,179,562,839	-	-
Percentage of Votes	100.00%	-	-

XIII. AMENDMENT OF BY-LAWS

The Chairperson presented the next agenda item which is the amendment of By-laws.

The Corporate Secretary explained that on August 9, 2022, the Board of Directors approved the amendment of Article V, Sections 1 and 7 of the Company's By-laws for the inclusion of the roles and functions of a Compliance Officer.

Moreover, on November 15, 2022, the Board of Directors approved the amendment to Article II, Section 6 of the By-Laws: (i) to allow the Assistant Corporate Secretary to act as Secretary for meetings of the stockholders in the absence of the Corporate Secretary; and (ii) to allow stockholders' meeting to be held virtually through videoconferencing or other alternative modes of communication.

The Corporate Secretary reported that the resolution below was approved by at least a majority of the stockholders or total voting shares represented in the meeting based on the following tabulation of votes:

“RESOLVED, That the amendments to the Company's By-Laws specifically, Article II, Section 6 and Article V, Sections 1 and 7 are hereby approved.”

	For	Against	Abstain
Number of Shares Voted	3,179,562,839	-	-
Percentage of Votes	100.00% of the total voting shares represented in this meeting or 64.98% of the total outstanding capital stock	-	-

XIV. OTHER MATTERS

After confirming with the Corporate Secretary that there were no other matters that require consideration by the stockholders, the Chairperson inquired whether there were questions or comments raised by the shareholders.

The Corporate Secretary said that shareholders were given up to April 11, 2023 to submit any questions or comments they may have on the materials distributed to all stockholders of record for this year's annual stockholders' meeting. The President and CEO, Ms. Maricel Brion-Lirio, was requested to answer to such questions or comments.

The following questions were raised by the shareholders:

1. You said before that FILRT was challenged in 2022 due to the hybrid work set-up of many tenants. How is the leasing business doing this year?

The President reported that tenants are starting to come back and pushing forward with their expansion plans. The Company is hopeful that this is a sign of reversal from the challenge faced due to the implementation of hybrid work set-ups in PEZA Special Economic Zones like the Northgate Cyberzone property in Alabang. As of the 1st quarter of 2023, the Company has finalized new leases and signed Letters of Intent totaling almost 10,300 square meters, which is more than double the new leases signed for the entire year of 2022. The tenants that signed are a mix of multinational BPO and traditional companies.

2. As a REIT, you give dividends on a regular basis. When are you giving the next dividends?

The President replied that, as a matter of practice, dividends were given on a quarterly basis. The Company has so far declared seven (7) dividends since its initial public offering in August 2021. The next dividend will be declared sometime in May.

XV. ADJOURNMENT

Prior to the adjournment, a video presentation was shown on the activities undertaken by the Filinvest Group to support its employees and communities.

There being no further business to transact, the Chairperson declared the meeting adjourned. She conveyed her gratitude to the stockholders for attending the meeting and for their continued trust and confidence in the Company and the Management.

CERTIFIED CORRECT:

KATRINA O. CLEMENTE-LUA
Corporate Secretary

ATTESTED BY:

LOURDES JOSEPHINE GOTIANUN YAP
Chairperson of the Board

2024 ANNUAL SHAREHOLDERS' MEETING

FILINVEST REIT CORP.

REQUIREMENTS AND PROCEDURE FOR ELECTRONIC VOTING *IN ABSENTIA* AND PARTICIPATION BY REMOTE COMMUNICATION

I. REGISTRATION

Filinvest REIT Corp. (the "Company") established a designated website in order to facilitate the registration of and voting *in absentia* by the stockholders at the Annual Stockholders' Meeting, as provided under Sections 23 and 57 of the Revised Corporation Code.

- a. Shareholders of record as of March 12, 2024 may access the shareholder registration system at the web address: https://shareholders.filinvest.com.ph/FILRT_SHAREHOLDERSYSTEM. The deadline for registration is April 08, 2024.
- b. To register, the stockholders are required to provide the following supporting documents:
 - i. For Individual Stockholders:
 1. A scanned copy of the stockholder's valid government-issued ID showing photo, signature and personal details, preferably with residential address (in JPG format). The file size should be no larger than 2MB;
 2. A valid and active e-mail address; and
 3. A valid and active contact number.
 - ii. For Individual Stockholders with Joint Accounts:
 1. A scanned copy of an authorization letter signed by all stockholders, identifying who among them is authorized to cast the vote for the account;
 2. A scanned copy of the authorized stockholder's valid government-issued ID showing photo, signature and personal details, preferably with residential address (in JPG format); The file size should be no larger than 2MB;
 3. A valid and active e-mail address; and
 4. A valid and active contact number.
 - iii. For Individual Stockholders under Broker Accounts:
 1. A broker's certification on the stockholder's number of shareholdings;
 2. A scanned copy of the stockholder's valid government-issued ID showing photo, signature and personal details, preferably with residential address (in JPG format). The file size should be no larger than 2MB;
 3. A valid and active e-mail address; and
 4. A valid and active contact number.

- iv. For Corporate Stockholders:
 - 1. A secretary's certificate attesting to the authority of the representative to vote for, and on behalf of the corporation;
 - 2. A scanned copy of a valid government-issued ID of the stockholder's representative showing photo, signature and personal details, preferably with residential address (in JPG format). The file size should be no larger than 2MB;
 - 3. A valid and active e-mail address of the shareholder's representative; and
 - 4. A valid and active contact number of the shareholder's representative.

Important Note: Incomplete or inconsistent information may result in unsuccessful registration. As a result, shareholders will not be able to access to vote electronically in absentia, but may still vote through a proxy, by submitting a duly accomplished proxy form on or before April 10, 2024.

- c. After registration, the Company will conduct the validation process. Upon validation, the Company will send an email to the shareholder, which shall be sent to the email address of the shareholder indicated in the registration form, containing instructions for voting *in absentia* and remote attendance for the meeting.

II. ELECTRONIC VOTING IN ABSENTIA

- a. Registered stockholders have until April 10, 2024, 11:59 PM (Philippine time) to cast their votes *in absentia*.
- b. All agenda items indicated in the Notice of Meeting will be set out in the digital absentee ballot and the registered stockholder may vote as follows:
 - i. For items other than the election of directors, the registered shareholder has the option to vote: For, Against, or Abstain. The vote is considered cast for all the stockholder's shares.
 - ii. For the election of directors, the registered stockholder has the option to:
 - 1. Distribute his votes equally among all the candidates;
 - 2. Abstain; or
 - 3. Cast such number of votes for each nominee as preferred by the stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected. Should the votes cast by the stockholder exceed the number of votes he is entitled to, the votes for each nominee shall be reduced in equal proportion, rounded down to the nearest whole number. Any balance shall be considered abstained.

Once voting on the agenda items is finished, the registered stockholder can proceed to submit the accomplished ballot by clicking the "Submit" button.

- c. The Office of the Corporate Secretary of the Company, with the assistance of representatives of the Company's stock transfer agent, Stock Transfer Service, Inc. (STSI), will count and tabulate the votes cast *in absentia* together with the votes cast by proxy.
- d. During the meeting, the Corporate Secretary shall report the votes received and inform the stockholders if the particular agenda item is carried or disapproved. The total number of votes cast for each item for approval and/or ratification under the agenda will be shown on the screen.

III. PARTICIPATION BY REMOTE COMMUNICATION

- a. Prior to the meeting, the Company will send email instructions to those stockholders who have successfully registered, which shall be sent to the email address of the stockholder indicated in the registration form, on how they can attend the meeting through remote communication and have access to the livestream of the meeting.
- b. Only those stockholders who successfully registered in the shareholder registration system, together with the stockholders who voted *in absentia* or by proxy, will be included in determining the existence of a quorum.
- c. Stockholders may send any questions and/or comments relating to the agenda on or before April 10, 2024 to FILRTASM@filinvestreit.com. Questions or comments received on or before April 10, 2024 may be responded to during the meeting. Any questions not answered during the meeting may be answered *via* email.
- d. Stockholders who register and vote on the website for voting *in absentia* are hereby deemed to have given their consent to the collection, use, storing, disclosure, transfer, sharing and general processing of their personal data by the Company and by any other relevant third party for the purpose of electronic voting *in absentia* for the Annual Shareholders' Meeting and for all other purposes for which the shareholder can cast his/her/its vote as a stockholder of the Company.

For any clarifications, please contact us through FILRTASM@filinvestreit.com.