C O V E R S H E E T

SEC Registration Number

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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		1		B	u	i	l
d	i	n	g	,		N	o	r	t	h	g	a	t	e		C	y	b	e	r	z	o	n	e	,		F	i	l
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Form Type	Department requiring the report	Secondary License Type, If Applicable
1 7 A	S E C	N / A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	**8846-0278**	**N/A**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
16,319	**May 30**	**December 31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Venus A. Mejia	**venus.mejia@filinvestgroup.com**	**8846-0278**	**N/A**

CONTACT PERSON's ADDRESS

5th-7th Flr. Vector One Bldg. 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.*

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.*

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATIONS CODE AND SECTION
141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the calendar year ended **December 31, 2023**

2. SEC Identification Number **A2000-00652** 3. BIR Tax ID **204-863-416-000**

4. Exact name of issuer as specified in its charter **FILINVEST REIT CORP.**
(formerly CYBERZONE PROPERTIES, INC.)

5. Province, Country or other jurisdiction of incorporation or organization **Philippines**

6. Industry Classification Code: _______ (SEC Use Only)

7. Address of issuer's principal office **5th – 7th Floors Vector 1 Building, Northgate Cyberzone, Filinvest Corporate City, Alabang, Muntinlupa City 1770**

8. Issuer's telephone number, including area code **02-8846-0278**

9. Former name, former address, and former fiscal year, if changed since last report
CYBERZONE PROPERTIES INC.

10. Securities registered pursuant to Section 8 and 12 of the SRC

Title of Each Class	Number of shares of Common Stock Outstanding	Amount of Debt Outstanding
Common Stock, ₱0.50[1] par value	4,892,777,994[2]	
Loans Payable		6,000,000,000

11. Are any or all of these securities listed on the Philippine Stock Exchange?
Yes [x] No [ ]

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

Stock Exchange: **Philippine Stock Exchange**
Securities Listed: **Common Shares**

12. Indicate by check mark whether the issuer:

(a) has filed reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Section 11 of the RSA Rule 1(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);
Yes [X] No [ ]

[1] Based on the approval of the Securities and Exchange Commission of the Company's amended Articles of Incorporation dated July 2, 2021.

[2] Based on the approval of the Securities and Exchange Commission of the Company's amended Articles of Incorporation dated July 2, 2021.

(b) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates: P13.3B

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [ ] No [ ] Not applicable

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders;
2023 Audited Financial Statements of Filinvest REIT Corp., with reference to Part II of 17A

(b) Any information statement filed pursuant to SRC Rule 20;
Not applicable

(c) Any prospectus filed pursuant to SRC Rule 8.1.
Not applicable

TABLE OF CONTENTS

Part 1 – BUSINESS AND GENERAL INFORMATION

Item 1. Business

1.1 Organization, Brief Description and Recent Developments

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

In August 12, 2021, the Company completed its initial public offering, and was listed and currently traded in the Philippine Stock Exchange (PSE) as a Real Estate Investment Trust (REIT) entity.

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

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

FILRT, formerly CPI, began commercial operations on May 1, 2001. FILRT is registered with the Philippine Economic Zone Authority (PEZA) as an Economic Zone Facilities Enterprise, which entitles FILRT to certain tax benefits and non-fiscal incentives such as paying a 5% tax on its gross income in lieu of payment of local and national taxes. FILRT is a qualified enterprise for the purpose of VAT zero-rating of its transaction with its local suppliers of goods, properties and services related to its provision of services to PEZA-registered enterprises. The VAT-zero rating shall not apply to FILRT’s facilities at Filinvest Axis Tower One, Vector Three and Filinvest Cyberzone Cebu Tower 1. FILRT owns and operates the IT buildings in Northgate Cyberzone, an 18.7-hectare Special Economic Zone within Filinvest City in Alabang Muntinlupa. The land where FILRT built its buildings in Northgate Cyberzone is owned by its parent FLI, under a long-term land lease agreement. It also has a Build-Transfer-Operate (BTO) agreement with the Cebu Province for a project named Filinvest Cyberzone Cebu occupying a land area of 12,290 square meters which currently has two operational buildings and two more under construction.

FILRT became one of the first companies to operate as a major BPO-centric lease provider outside Makati, Bonifacio Global City, and Ortigas. Anticipating the traffic congestion in these districts, FILRT took advantage of building on the land owned by FLI in Alabang, Muntinlupa City.

A PEZA-registered IT Park, as defined by PEZA, is an area that provides infrastructures and other support facilities required by IT Enterprises, as well as amenities required by professionals and workers involved in IT Enterprises, who will have easy access to such amenities. The combined competitive advantage of its location and the benefits of its PEZA registration attract BPO companies to lease office spaces in Northgate Cyberzone.

As of end 2023, there are sixteen (16) fully operational office buildings in Northgate Cyberzone as follows:

Existing Buildings						
Building Name	**GLA (SQM) Office & Retail**	**2023 Average Occupancy Rate**	**PEZA Registered**	**Certifications**	**Rental Income (in millions)**	**Valuation (in millions)**
Plaz@ A	10,860	100%	Yes	EDGE	106	1,697
Plaz@ B	6,488	71%	Yes	N.A.	45	1,015
Plaz@ C	6,540	100%	Yes	N.A.	53	971
Plaz@ D	10,860	66%	Yes	EDGE	70	1,412
Plaz@ E	14,859	100%	Yes	N.A.	145	2,603
Capital One	18,000	100%	Yes	N.A.	182	3,022
5132 Building	9,409	100%	Yes	N.A.	91	1,465
iHub 1	9,480	58.%	Yes	N.A.	46	1,315
iHub 2	14,181	89%	Yes	N.A.	104	1,953
Vector One	17,764	100%	Yes	EDGE	164	2,787
Vector Two	17,889	100%	Yes	EDGE	157	2,918
Vector Three	36,345	74%	Yes	LEED Gold	245	5,754
Filinvest One	19,637	55%	Yes	EDGE	108	3,311
Filinvest Two	23,784	59%	Yes	EDGE	99	3,728
Filinvest Three	23,784	45%	Yes	EDGE	101	3,761
Axis Tower One	40,869	95%	Yes	LEED Gold	316	6,304

FILRT also owns Filinvest Cyberzone Cebu (FCC) Tower One located in Cebu Cyberzone, Cebu City:

Building Name	**GLA (SQM) Office & Retail**	**2023 Average Occupancy Rate**	**PEZA Registered**	**Rental Income (in millions)**	**Valuation (in millions)**
FCC Tower One	20,612	100%	Yes	165	2,789

FILRT also owns a lot located in Station Zero in Boracay, Aklan and is leased to Boracay Seascapes, Inc., which is the hotel owner and operator of the Crimson Resort and Spa Boracay.

Asset	**GLA (SQM)**	**2023 Average Occupancy Rate**	**PEZA Registered**	**Rental Income (in millions)**	**Valuation (in millions)**
Boracay Lot	29,086	100%	No	73	1,078

Moving forward, FILRT will remain to be focused on its office space leasing business and will continue to look for opportunities to expand its portfolio of investment properties both in existing and new locations. With the Northgate Cyberzone property fully developed in terms of land space, FILRT has the option to replace existing structures with taller structures to increase GLA or it may expand beyond the property into the land owned by FLI and FAI within the Filinvest City through several land use arrangements – purchase, lease, or joint venture. Future expansion of FILRT can come not just from the projects of its sponsor FLI, which includes Axis Towers 2,3, and 4 in Alabang and Cyberzone Cebu, Towers 2, 3 and 4 over the next few years, but also from the assets owned by other entities within the Filinvest group, and potentially from non-Filinvest entities. The Company is also looking at other potential properties in Cebu for development into other office spaces. Beyond these two locations, FILRT is also looking at the potential of other cities as possible sites for future Cyberzones. FILRT is not limiting its expansion to Office leasing business, it can also expand into other segments like retail leasing assets, commercial centers or malls, industrial or innnovation parks and hospitality projects.

1.2 Equity investment

The Company was the holding company of ProOffice Works Services, Inc. (ProOffice). On March 18, 2019, ProOffice was incorporated to engage in the business of administration, maintenance and management of real estate developments and projects. ProOffice started its commercial operations on August 1, 2019. On December 23, 2020, the Company entered into a Deed of Assignment to sell its interest in ProOffice to FLI for a total consideration of 17.16 million. Accordingly, the Company lost control over ProOffice. The transaction has no material impact to the consolidated financial statements.

1.3 Target Market & Revenue Contribution

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

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

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

According to the IBPAP, the Philippine BPO Industry surpassed the employment and revenue goals set for this year. In addition to exceeding the expected growth for the year, the 2021 numbers also exceeded the retargeted projections for 2022, which called for 1.43 million full-time employees (FTEs) and $29.1 billion in revenue.
Between 2021 and 2022, there is potential for the IT-BPM sector in the Philippines to have annual headcount growth of 5.0 percent and revenue growth of 5.5 percent.
The surge can be credited to pent-up demand from international clients, increased trust in work-from-home (WFH) arrangements by clients of contact centers and business process services, and expansion in growing sub-segments such e-commerce, financial technology, healthcare, and technology.
*(*Source: https://www.magellan-solutions.com/blog/philippine-bpo-industry-statistics-2022/*

Business process outsourcing in the Philippines accounts for 10 to 15 percent of the global BPO market, where the local BPO sector has grown at a compound annual rate of 10% over the past decade. The Philippines has also consistently ranked among the top five outsourcing destinations in the world.

The IT-BPM industry has delivered a multitude of direct and indirect benefits and remains a critical pillar of the Philippine economy, especially when it comes to job creation for millions of Filipinos.

The Philippines' Business Process Outsourcing or BPO industry has been the backbone of the country's economy since its beginnings in the early '90s contributing nearly $30 billion to the country's economy each year. Now more than ever, the Philippines' Business Process Outsourcing industry continues to be a lifesaver, not just for the economy, but for over 1.3 Million Filipinos. According to a 2023 article, https://www.magellan-solutions.com/blog/philippine-bpo-statistics-2023/ he industry is expected to reach its goal of 1.7 million full-time employees (FTEs) and US$35.9 billion in revenue by 2023, experiencing a significant increase from the previous year.. In addition, to call center employees, the Philippines expands its outsourcing workforce to non-voice and technical specialization in digital like social media managers, web developers, data analysts, and more.

27% of the BPO sector's workforce disperse across the countryside. Emerging and established hubs expect to erect their offices in provincial areas. (*Source: *https://www.*usource.me/philippines-bpo-employment-statistics-2022/)

Transactions in 2022 were up by 43% from Y2021, representing a vacancy rate of 18.8% in Y2022. Vacancies in flexible workspace showed a drastic decrease in Y2022 compared to Y2020. Vacancies in office spaces are foreseen to further increase to 20.0% in Y2023 due to the supply glut. Office space vacancies increased from 2.0 million sqm. in Y2021 to 2.5 million sqm in Y2022." (Source: Colliers International and SKF Q4 2022).

The Philippines' steady growth trajectory continues to attract many investors from abroad to establish or expand their operations here. BPOs are also seen to continue to diversify from voice services to more specialized and higher-skilled processes such as healthcare outsourcing, legal outsourcing, and animation which will make it more resilient from a slowdown in growth. According to the revised 2022 Roadmap outlined by the IT & Business Processing Association of the Philippines (IBPAP), they expect headcount growth at 2.7 percent to 5 percent, or around 1.37 million to 1.43 million full-time employees, and industry revenues amounting of $29.09 billion with a Compound Annual Growth Rate (CAGR) of 3.2 percent to 5.5 percent in the next two years.
Sources: IT and Business Process Association Philippines (IBPAP) Website: https://manilastandard.net/business/it-telecom/340042/bpo-sector-expects-recovery-with-revenue-of-29b-by 2022.html

Filinvest REIT Corp. (FILRT) Tenancy profile
FILRT has the following profile of tenants in Northgate Cyberzone and Cebu Cyberzone as of end 2023:

Tenant sector breakdown by 2023 total rent

Tenant Mix	No. of Tenant	GLA sqm	% as to Leased GLA
BPO	27	213,025	77.9%
Traditional offices	21	24,614	9.0%
Co-working	2	5,182	1.9%
Retail	12	1,726	0.6%
Hospitality	1	29,086	10.6%
Offshore gaming services	-	-	0.0%
	48	**273,633**	**100.0%**

The tenant mix for 2023 comes with the addition of new tenant types such as a hotel, Crimson Boracay, and co-working, FLX. FLX is a co-working and flexible workspace solutions provider, which is a joint venture between Filinvest Land Inc. (FLI) and KMC Solutions. It started with a lease on a floor at Axis Tower One and has since expanded to another floor in the same tower. It plans to expand its footprint nationwide utilizing FLI's existing office buildings. FILRT's tenant portfolio remains to be POGO-free.

FILRT has the largest BPO companies in the Philippines as its current tenants. Some of its major tenants are Capital One, Genpact, Concentrix CVG, Synchrony, Accenture, and Optum Global Solutions Inc, among others. In recent years, to reduce its concentration risk, FILRT has worked to diversify the types of BPO companies leasing its office spaces.

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

FILRT offers two types of leasing: standard office spaces and build-to-suit office spaces. Standard office spaces refer to the standard properties designed, developed, and constructed by FILRT to cater to the general needs of any prospective tenant specifically Multinational BPO firms, Regional Office Head Quarters (ROHQ). These properties would have the basic features and amenities that FILRT has determined. Build-to-suit office spaces are properties designed and built according to the clients' specifications. Majority of the Company's business is from leasing out its standard office spaces with build-to-suit projects accounting for only about 5% of FILRT's total leasing business.

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

- A minimum lease term of 3 years for leasing of standard office spaces and 10 years for build-to-suit office spaces, with most leases on a 5-year average lease term
- 5% escalation in lease rates starting on the 3rd year for a 5-year lease term and 5% escalation in lease rates starting on the 2nd on a 3-year lease term.
- The tenant must put up a security deposit worth 3 months of rent that generally increase subject to corresponding rent adjustment/ escalation. This security deposit will be forfeited in case the tenant pre-terminates the contract without prior notice or before the pretermination option, or if there are issues encountered such as non-payment of rent.
- For POGO, six (6) months security deposits and at three (3) to six (6) months advance rent based on rate of last year of lease term but payable upfront. Note that we continue our focus to lease to global BPO and ROHQ and Traditional firms and not POGOs
- When the Contract of Lease is signed, the tenant must pay advance rent for 3 months.
- Pretermination option after the 3rd year with 6 months prior written notice from the tenant and subject to three (3) months penalties payable to FILRT.
- The tenant is subject to rental penalties and interest if unable to pay rent

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

1.4 Lease Marketing

FILRT has engaged ProOffice Works Services Inc (ProOffice) to provide property management service including leasing of spaces. ProOffice primarily makes use of in-house leasing and marketing teams of an affiliate Filinvest Cyberparks Inc (FCI). One of regular practices is to approach its existing lessees in the property if they are interested to expand.

Another approach being used by ProOffice to attract new lessees is through the services of professional, multinational commercial real estate leasing agents /brokers (including, but not limited to Jones Lang LaSalle, Santos Knight Frank, Colliers, CB Richard Ellis and Leechiu Property Consultants). These brokers work on a non-exclusive basis and earn commissions based on the term of the lease except for the Filinvest Cebu Cyberzone buildings located in IT Park Metro Cebu City wherein Santos Knight Frank is the exclusive leasing agent but also earn commission base on the term of the lease

1.5 Competition

The Company faces significant competition in the office leasing market in Metro Manila and Metro Cebu. The Company believes that it competes with companies in the office leasing industry such as Megaworld Corporation, SM Prime Holdings, Inc., Ayala Land, Inc., Robinsons Land, Inc and Eton Properties Philippines, Inc.in Metro Manila, and Ayala Land, Inc., and Megaworld Corporation in Metro Cebu. According to "*Business and Properties - Competition*" and industry report of Jones Lang Lasalle Philippines, the office supply in Metro Manila is expected to grow by 1.5 million sq.m. from 2021 to 2025, and that office supply in Metro Cebu is expected to grow by 358,950 sq.m. from 2021 to 2025.

The Company may have to compete on pricing to maintain its competitiveness, which may decrease its margins. The Company may also need to incur additional operating and capital expenditure to maintain or improve the quality of its properties. Further, the increase in office supply, the effect of the work-from-home set up on demand for office space, and potential downside risks to demand recovery such as covid-19 pandemic may lead to slower or negative net absorption of tenants leading to higher vacancy rates and downward pressure on rental rates.

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

Based on Colliers' Q4 2023 Property Market Report, Alabang is still one of the cheapest options for BPOs, Traditional and ROHQ locators in terms of rental rate which attract them to locate their new office sites or expand as they can minimize on their capitalization and operational costs. Further, since it is still a tenants' market due to impact of the pandemic, transacted rates in all locations remain lower compared to during pre-pandemic period.

Cost of Office Spaces:		
Location	**Transacted rents for offices in Metro Manila in Php/sq.m. for Q4 2023**	**Est. Total Vacant as of end 2023 (GLA sq. m.)**
Makati CBD (Prime and Grade A Buildings)	1,100 – 1,500	313,000
BGC	900 – 1,500	378,000
Ortigas, Pasig, Mandaluyong,	650 - 850	442,000
Quezon City	600 - 800	382,000
Bay City	550 - 850	450,000
Alabang/Muntinlupa	500 - 750	259,000

**Source: Colliers International Q4 2023 Property Market Briefing*

Industry Occupancy Benchmarks

Occupancy rates and rental rates per sqm of FILRT's properties performed better than industry. FILRT's average occupancy rate for as of end of year 2023 was 81% for Alabang and 100% for both Cebu and Boracay. In addition, rental rates for Alabang performed better than the industry range, while Cebu was within industry range.

	Alabang		**Cebu**	
	FILRT	**Industry**	**FILRT**	**Industry**
Supply Occupancy rate	81%	70%	100%	77%
Supply Rental Rate Php range/sq. m	525-985	500-750	490-740	450-500

**Source: Colliers and JLL 4Q 2023 reports*

Some of the Company's major competitors include:

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

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

developments. RLC believes their strength to be their branding, the quality of their office spaces, and the location of these office spaces being in the heart of Metro Manila.

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

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

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

1.6 Intellectual Property and Trademarks

The following trademarks were registered with the Philippine Intellectual Property Office (IPO) with a term of ten (10) years:

Mark	**Date of Registration**
FILREIT	01 August 2021
FILRT	01 August 2021
FILINVEST REIT CORP.	8 October 2021
FILINVEST REIT CORPORATION	8 October 2021
FILINVEST REIT	12 November 2021

1.7 Government and Environmental Regulations

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

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

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

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

Enterprises offering IT services (such as call centers, and BPO using electronic commerce) are entitled to fiscal and non-fiscal incentives if they are PEZA-registered locators in a PEZA-registered IT Park, IT Building, or Ecozone. An IT Park is an area capable of providing infrastructures and other support facilities required by IT enterprises, as well as amenities required by professionals and workers employed in these enterprises, or easy access to such amenities. An IT Building is an edifice, a portion or the whole of which, provides such infrastructure, facilities, and amenities. PEZA requirements for the registration of an IT Park or IT Building may differ depending on location. These PEZA requirements include clearances or certifications issued by the city or municipal legislative council, the DAR, the National Water Resources Board ("NWRB"), and the DENR.

Prior to becoming a REIT, the Company enjoys a preferential tax rate of 5% on gross income from 16 of its buildings in Northgate Cyberzone, from tenants that are also PEZA registered. Likewise, the BPO/IT companies who lease office space in Northgate or Cebu Cyberzone which are PEZA-registered enjoy certain tax incentives as follows:

- Exemption from the payment of all national and local taxes, such as gross receipts tax, value-added tax, ad valorem tax, excise tax, income tax, documentary stamp tax, percentage taxes, and all other taxes found in the National Internal Revenue Code.
- Exemption from the payment of all local government impost, fees, licenses, or taxes including local business tax, transfer tax on the sale of real property, real estate taxes (except real estate tax on the land), community tax, mayor's permit fee, sanitary fee, other regulatory fees and other taxes and fees found in the Local Government Code and particularly in the Tax Ordinance of the local government unit where the economic zone is located.
- In lieu of the exemption from national and local taxes, the ECOZONE enterprise shall pay a 5% preferential tax on gross income, which is split between the City Treasurer of Muntinlupa (2/5) and BIR (3/5). For an ECOZONE export enterprise, the following are allowable deductions from net sales/revenues:
  - Direct salaries, wages, or labor expenses
  - Service or production supervision salaries
  - Raw materials
  - Goods in process
  - Finished goods
  - Supplies and fuels used in production
  - Depreciation of machinery, equipment and buildings owned and/or constructed
  - Financing charges associated with fixed assets
  - Rent and utility charges for buildings, equipment, and warehouses, or handling goods
- Exemption from duties and taxes on imported capital equipment, spare parts, raw materials, and supplies.
- Exemption from wharfage dues, export tax, impost, or fee
- For the first five years of operation, additional deduction equivalent to one-half of the wages paid corresponding to the increment in the number of direct labors for skilled and unskilled workers

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.

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

1.8 Employees and Labor

Management believes that FILRT's current relationship with its service providers is generally good. The Company has not experienced a work stoppage or any labor related disturbance as a result of labor disagreements. FILRT currently has no direct employees and all services including technical, administrative, and accounting functions are outsourced to its affiliates.

There are no significant arrangements between FILRT and its outsourced service providers to assure that the persons assigned to FILRT will remain and not compete with it upon their termination. FILRT, however, relies on its good relationship with its service providers to ensure loyalty.

1.9 Related Party Transactions

A summary of the FILRT's related party transactions in 2023 and2022 are shown in the following table:

	2023				
	Amount/ Volume	**Outstanding balance**	Terms	Conditions	Note
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)					
Parent Company					
Rental revenue	**₱44,361,578**	**₱9,897,942**	Noninterest-bearing; due and demandable	Unsecured	13 (b)
Affiliate					
Rental revenue	**165,062,344**	**42,425,693**	Noninterest-bearing; collectible every 20th day of the month	Unsecured	13 (b)
	₱209,423,922	**₱52,323,635**			
Other noncurrent asset (Note 8)					
Affiliate					
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)					
Parent Company					
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)
Affiliate					
Service and energy fees	**(313,270,603)**	**(30,645,407)**	Noninterest-bearing	Unsecured	13 (d)
Service fee Management fee	**(₱112,442,972)**	**(₱23,581,967)**	Noninterest-bearing; payable on demand	Unsecured	13 (d)
manpower cost	**(96,409,720)**	**(5,599,017)**	Noninterest-bearing; payable on demand	Unsecured	13 (d)
		(₱433,216,146)			
Other noncurrent liabilities					
Parent Company					
Security deposit	**(₱444,395)**	**(₱9,198,714)**	Noninterest-bearing; refundable at the end of lease term	Unsecured	13 (b)
Affiliate					
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)					
Parent Company					
Rental revenue	₱37,368,094	₱9,897,942	Noninterest-bearing; due and demandable	Unsecured	13 (b)
Affiliate					
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)					
Affiliate					
DCS connection charge	₱–	₱247,677,426		No impairment	13 (e)

	2022				
	Amount/ Volume	Outstanding balance	Terms	Conditions	Note
Amortization	(12,576,448)	(63,222,855)			
	(₱12,576,448)	₱184,454,571			
Accounts payable and accrued expenses (Note 9)					
Parent Company					
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)
Affiliate					
Service and energy fees	(282,054,896)	(27,500,652)	Noninterest-bearing	Unsecured	13 (d)
Affiliate					
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					
Parent Company					
Security deposit	(₱27,000)	(₱7,854,359)	Noninterest-bearing; refundable at the end of the lease term	Unsecured	13 (b)
Affiliate					
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

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 April 1, 2021 to March 31, 2031
Chroma Hospitality Inc.	May 2, 2017 to June 1, 2027
Festival Supermall, Inc.	May 2, 2017 to June 1, 2027
Corporate Technologies Inc. (CTI)	May 15, 2018 to November 14, 2023
Sharepro Inc.	July 1, 2022 to March 31, 2031
Filinvest Cyberparks Inc. (FCI)	August 1, 2022 to January 31, 2033 July 1, 2021 to June 30, 2026
ProOffice Works Services Inc.	October 15, 2022 to January 14, 2028
Filinvest Hospitality Corp	May 2, 2017 to June 1, 2027
OurSpace Solution, Inc (OSSI)	June 15, 2022 to September 14, 2032 August 1, 2023 to September 14, 2032

The Company, as a Lessor, has office space rental agreements with the following related parties: A total of 12,918.48 square meters of space or 4.3% of its current office GLA are leased to affiliates

c. Lease agreements with related parties - Company as lessee

The Company, as a lessee, entered into a land lease agreement with FLI in Northgate Alabang with total land area of 60,660 sqms. 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 18):

- 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 18):

- 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. Upon expiration of the Lease Period, this Contract shall be renewed for another twenty-five (25) years, with the same terms and conditions except for the rental rate and other commercial terms which shall be subject to negotiation and mutual agreement by parties.

In addition, the Company, as a lessee, entered into a land lease agreement with FAI on the location of the parking currently leased out to third parties. Rental is based on a certain percentage of income earned from the parking space. This is terminated on January 30, 2022.

Service agreements with related parties

- The Company entered into a service agreement with FAI whereby the Company shall pay service fees for general office admin 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 investment strategies and oversee and coordinate property acquisition, property management, leasing, operational and financial reporting, appraisal, audits, market review, accounting and reporting procedures, as well as financing and asset disposition plans 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 premises.

- 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.

d. BOT Agreement

On September 16, 2015, the Company entered into a BOT agreement with PDDC (Philippine DCS

Development Corp, an affiliate). 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 DCS connection charges to PDDC for the buildings in Northgate, connected to the DCS plant. This is to be amortized over the service period of 20 years.

The amortization of DCS connection charge were recognized as part of utilities expense in statement of comprehensive income. Connection and service charges incurred for these buildings as of December 31, 2022 and 2021, aggregated to 294.6 million and 256.7 million, respectively (see Note 11).

e. *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.

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

1.10 Major Risk Factors

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

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

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

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

3. Pandemic and lockdowns that might trigger some BPO locators to pre-terminate and/or downsize.

4. Work from home and hybrid on site –WFH set ups might reduce the space requirements of the prospective tenants.

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

In September 14, 2022, the Fiscal Incentives Review Board, an inter-agency body officiated by the Department of Finance, issued Resolution No. 026-22 allowing concerned companies in the BPO sector to transfer registration from PEZA to the Board of Investments which allow them to conduct 100% WFH arrangements without adverse effects on their tax incentives. Thereafter, in October 21, 2022, PEZA issued Resolution Memorandum Circular No. 2022-067 stating they shall continue to provide non-fiscal incentives to PEZA-registered entities that shall subsequently register with the Board of Investments to support the IT-BPM sector.

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

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

The business and operations of the Company have been and will continue to be adversely affected by the global outbreak of COVID-19.

The profitability of the Company depends on the rental of office and retail space of the Properties. The uncertainty and disruption brought by COVID-19 could adversely affect the demand for the Company's rental space and the ability of the Company to effectively operate.

In addition, the continued spread of COVID-19 has led to disruption and volatility in the global capital markets. It is possible that the continued spread of COVID-19 could cause a global economic slowdown or recession. The deterioration of the regional economy and financial markets in general will have a material adverse effect on the Company's business, financial condition, and results of operations.

The duration of border controls, travel and movement restrictions and the longer-term effects of the COVID-19 pandemic on the business of the Company, whether any further restrictions will be imposed by the Government in response to COVID-19, and the recovery trajectory for the Company remains uncertain. Even when restrictions are lifted, there may be a period of significantly reduced economic activity, increased unemployment, and reduced consumer spending. Should this be the case, this will continue to affect the Company's business operations, financial condition, results of operations and prospects.

The loss of the Properties' PEZA-accreditation or other similar benefits could result in the loss of tenants.

The Properties are Grade A, PEZA-accredited buildings that offer competitive amenities and the latest technologies to the Company's lessees. If the PEZA-accreditation of the Properties is lost or revoked (whether by industry-wide regulations or otherwise), the Company's tenants may find the Properties (or the Philippines in general) as a less desirable or less compelling venue or destination for the operations, and may decide not to renew their leases at the Properties. Similarly, potential tenants may decide not to lease at all. The loss of the Properties' PEZA-accreditation may have a material adverse effect on the Company's business, financial condition, and results of operations. *See also "—Risks Relating to the Company's Business—The Company's* *operations are covered by certain tax exemptions and incentives, the loss of which could increase the Company's tax liability and decrease any net income the Company might have in the future."*

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

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

2.1 Land Bank

The Company, together with FLI and Filinvest Alabang, Inc. (FAI) (collectively known as the Filinvest Consortium), owned a 19.2-hectare lot in Cebu's South Road Properties (SRP). However, in October 2020, FILRT formerly CPI sold 1.5-hectare of its share of the land in SRP to a third party. The balance was declared as property dividend to FLI in December 4, 2020. As of December 2021, FILRT does not own any rawland.

On December 12, 2022, the Company entered 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 16). The acquisition of the land will directly contribute to the Company's income starting January 2023.

The Company also leases land or takes on partners that will provide the land to be used for the development. The Company is not prohibited from acquiring any land if there are opportunities in the future with good project potential.

2.2 Northgate Cyberzone

The Northgate Cyberzone, an 18.7-hectare PEZA-registered IT park with multinational tenants is approximately 15 kilometers south of the Makati City central business district, a 30 minute to one hour drive. The IT Park was designed, master-planned, and built around the specific needs of BPOs, from infrastructure to support businesses that help sustain the workforces of these companies. The property was envisioned to be an attractive alternative to the congested major central business districts of the Metro where BPOs have primarily located their offices. Given the accessibility of Alabang area through the South Luzon Expressway and Skyway as well as Northgate being located near public transportation hubs in the area, it was a natural choice of location for the IT park.

The IT Park forms part of Filinvest City in Alabang, a master-planned urban development consisting of residential, commercial, and industrial properties. FILRT leases the land from FLI, and 280,750 sqm. of leasable spaces distributed in 16 buildings in the IT park, which it then leases to BPO companies.

2.3 Filinvest Cyberzone Cebu (FCC)

FILRT's other major location is the Filinvest Cyberzone Cebu, which is a 1.2-hectare joint project with the Provincial Government of Cebu operating under a 25-year Build Transfer Operate (BTO) scheme plus 5-year extension. Seeing the potential of Cebu, which is identified as one of the next big cities for BPO companies to locate in, FILRT decided to venture into Cebu through the development of Filinvest Cyberzone Cebu. The project is located adjacent to the Cebu IT Park in Salinas Lahug, Cebu City.

Currently, FILRT has one completed building on the property which is Filinvest Cyberzone Cebu Tower 1 with total Office and Retail GLA of 20,612 square meters and is currently 100% occupied as of end of 2023.

In February 11, 2021, FILRT transferred back to FLI its rights for Filinvest Cyberzone Cebu Towers 2, 3, and 4 under the BTO agreement.

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

FILRT will continue to look for other locations that will provide good opportunity for growth. It can also enter into land acquisition or joint venture agreement to any landowner, for project development.

Item 3. Legal Proceedings

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

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

There were no matters submitted to a vote of FILRT's shareholders, through the solicitation of proxies or otherwise, in 2023.

Part II – OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information
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	4th Quarter	3.10	2.58	2.58
2023	3rd Quarter	3.76	2.98	3.04
2023	2nd Quarter	5.44	3.85	3.85
2023	1st Quarter	5.82	5.13	5.23

On December 29, 2023, FILRT's shares closed at the price of Php2.58 per share. The number of shareholders of record as of said date was 16,319. Common shares outstanding as of December 29, 2023 is 4,892,777,994.

<u>Stockholders</u>

As of December 31, 2023, the following are the stockholders of the Company:

Name of Stockholder	Number of Common Shares Held	Percentage
1. FILINVEST LAND, INC.	3,095,498,345	63.27%
2. PCD NOMINEE CORPORATION (FIL)	1,580,911,117	32.31%
3. PCD NOMINEE CORPORATION (NF)	194,398,818	3.97%
4. PRYCE CORPORATION	11,804,500	0.24%
5. PGI RETIREMENT FUND INC.	9,728,000	0.20%
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. Marietta V. Cabreza	5,000	Negligible
13. Ricardo R. Cabreza	3,000	Negligible
14. Vivien C. Ramirez	3,000	Negligible
15. Charmaine C. Cabrera	3,000	Negligible
16. Amy Rose I. Palileo	2,000	Negligible
17. Ivan Rick Q. Repe	1,000	Negligible
18. Alfredo C. Tagalicud, Jr.	1,000	Negligible
19. Leira Micah Gianni Roman	1,000	Negligible
20. Ofelia R. Blanco	1,000	Negligible
21. Jennifer T. Ramos	700	Negligible
22. Lourdes Josephine G. Yap	2	Negligible
23. Maricel Brion-Lirio	2	Negligible
24. Tristaneil D. Las Marias	2	Negligible
25. Virginia T. Obcena	2	Negligible
26. Val Antonio B. Suarez	2	Negligible
27. Francis Nathaniel C. Gotianun	2	Negligible
28. Gemilo J. San Pedro	2	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 (5^{th}) 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	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

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 provisions of the Act and the Rule. Distributable income is not a measure of performance under the PFRS.

The computation of distributable income 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.

Item 6. Bonds and Loans Issuance

Bonds Payable

On July 7, 2017, the Group 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 or in January 2023. 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 P6,000.0 million.

As of December 31, 2023 and 2022, the outstanding balance of bonds payable amounted to nil and P6,000.0 million, respectively.

The interest expense charge to the statements of comprehensive income amounted to nil, P307.2 million and P307.2 million in 2023, 2022 and 2021, respectively.

Amortization of transaction costs included under interest and other financing charges in the statement of comprehensive income amounted to nil P13.0 million and P12.9 million in 2023, 2022 and 2021, respectively.

The bonds require the Group to maintain a maximum debt-to-equity ratio of 2.33x and minimum debtservice coverage ratio of 1.1x. As of December 31, 2022, the Group 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 repriceable 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.%.

Total interest expense charged to the statements of comprehensive income amounted to 389.6 million and 7.9 million in 2023 and 2021, respectively (nil in 2022).

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 5,985.4 million (nil as of December 31, 2022).

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

Results of operations year ended December 31, 2023 compared with 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 Deferred	 - -	 - -	 - -	 0.00% 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, 202 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, 202 to ₱678.6 million for the year ended December 31, 202. 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 is 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.

Financial Condition as of December 31, 2023 compared to as 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 are ₱ 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.

<u>Liabilities</u>

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 – current portion

The Company's security deposit was ₱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 was ₱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.

<u>Performance Indicators</u>

Financial Ratios	Particulars	For the year ended December 31, 2022	For the year ended December 31, 2022	For the year ended December 31, 2021
Earnings per Share	<u>Net Income</u>	0.36	-0.14	2.44

	Weighted Ave. number of outstanding shares			
Debt to Equity Ratio	Loans Payable+Bonds Payable+Lease Liabilities / Total Stockholder's Equity	1.15: 1	1.15: 1	1.14: 1
Current Ratio	Current Asset / Current Liability	0.87: 1	0.28: 1	2.13: 1
Debt Ratio	Total liabilities / Total assets	0.17: 1	0.18: 1	0.15: 1
Income before income tax, interest, and other financing charges, depreciation, and amortization (IBITDA) to total interest paid	IBITDA / Total interest paid	6.26 : 1	6.64: 1	7.87: 1
Quick asset ratio	Current assets – Inventories / Current liabilities	0.72: 1	0.24: 1	2.08: 1
Solvency ratio	Net Income + Depreciation / Total liabilities	0.15: 1	0.1: 1	0.29 : 1
Interest coverage ratio	Income before income tax (IBIT) + interest and other financing charges / Interest and other financing charges	4.14 : 1	6.33: 1	7.12: 1
Net profit margin	Net Income / Revenue	0.44: 1	0.53: 1	0.66: 1
Return on equity	Net income / Shareholder's Equity	0.03: 1	0.04: 1	0.05: 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.

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.

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

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

SGV has been recommended for election as external auditor for the year 2022. FILRT, in compliance with SRC Rule 68(3)(b)(iv) relative the seven-year rotation requirement of its external auditors, has designated Ms. Wanessa Salvador as its engagement partner starting CY 2020. Thus, Ms Salvador is qualified to act as such until year 2025.

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

Part III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

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

Lourdes Josephine Gotianun Yap *Chairperson of the Board of Directors*	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.
Maricel Brion-Lirio *Director, President, and Chief Executive Officer*	Mrs. Lirio, 54, Filipino, was 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.
Tristaneil D. Las Marias *Director*	Mr. Las Marias, 50, Filipino, was 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 Specialist 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.
Francis Nathaniel C. Gotianun *Director*	Mr. Gotianun, 40, Filipino, was first elected as Director of the Company on September 30, 2020. His appointment as Director of the Company became effective on July 2, 2021 after the 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). He is the Senior Vice-President of Filinvest Hospitality Corporation, a subsidiary of FDC, the primary role of which is to evaluate, plan, develop and optimize potential and current hospitality investments of the Filinvest Group. He serves as a director of Filinvest Mimosa, Inc., 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.
Val Antonio B. Suarez *Independent Director*	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.
Virginia T. Obcena *Independent Director*	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.
Gemilo J. San Pedro *Independent Director*	Mr. San Pedro, 69, Filipino, was first elected as Director of the Company on September 30, 2020[3]. 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.
Ana Venus A. Mejia *Treasurer and Chief Finance Officer*	Ms. Mejia, 58, Filipino, is the Treasurer; 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. She is a Certified Public Accountant and a *magna cum laude* graduate of Pamantasan ng Lungsod ng Maynila. She obtained her Master's Degree from the Kellogg School of Management of Northwestern University and the School of Business and Management at the Hong Kong University of Science and Technology.
Maria Victoria Reyes-Beltran *Compliance Officer*	Ms. Reyes-Beltran, 57, Filipino, was appointed as Compliance Officer of FILRT on 18 November 2021. She also served as Senior Vice-President – General Counsel and Compliance Officer of Filinvest Land, Inc. ("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

[3] 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).

	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 course on Structuring International Joint Venture at the University of California, Davis Campus.
Katrina O. Clemente-Lua *Corporate Secretary and Corporate Information Officer*	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 15 February 2022. She joined the Corporate and Tax Advisory Division of the Legal Department of Filinvest Land, Inc. ("FLI") in October 2018. She is also the Corporate Secretary and Corporate Information Officer of FLI. 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.
Jennifer C. Lee *Assistant Corporate Secretary*	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.
Raymond Wilfred L. Castañeda *Data Protection Officer*	Mr. Castañeda, 47, Filipino, is the Data Protection Officer of FILRT. He concurrently serves as President and Chief Operations Officer of 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 *Investor Relations Officer*	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 Controllership 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.

Other Significant Employees

FILRT has no significant employees.

Family Relationship

Mr. Francis Nathaniel C. Gotianun, Director, is the nephew of Mrs. Lourdes Josephine G. 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

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 convicted judicially or administratively of an offense or judicially declared insolvent, spendthrift, or incapacitate to contract.

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 related 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 21, 2017, which is pending as of the date of this Information Statement.

Item 10. Executive Compensation

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 Castaneda (Data Privacy Officer)	2023 Estimated	-	-	-	-
Maricel Brion-Lirio (President/CEO) Ana Venus Mejia (Treasurer/CFO)) Raymond Castaneda (Data Privacy Officer))	2022				
Maricel Brion-Lirio (CEO) Michael Mamalateo (SAVP)* Yasmin M. Dy (AVP)* Ana Venus Mejia (CFO, Compliance Officer) Raymond Castaneda (Data Protection Officer)	2021	-	-	-	1.5
All officers and directors as a group unnamed	2023 Estimated	-	-	-	-
	2022	-	-	-	-

	2021	1.5	-	-	1.5

** Resigned on February 28, 2021*

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. Aside from Ms. Yasmin Dy and Mr. Michael Mamalateo, who both resigned from FILRT on February 28, 2021, FILRT did not have any other directors, officers or employees that receive compensation.

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

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.

Key Management Personnel

The key management functions of the Group are handled by FCI starting March 2021. For the years ended December 31, 2023, and 2022, compensation of other key management personnel directly paid by the Group pertains to short-term employee benefit amounting nil in 2023 and 2022, respectively.

Item 11. Security Ownership of Certain Beneficial Owners and Management

The names, addresses, citizenship, number of shares held, and percentage of total of persons owning more than five percent (5%) of the outstanding voting shares of FILRT as at 31 December 2023 are as follows:

Title of Class of Securities	**Name/Address of Record Owner and Relationship with FILRT**	**Name of Beneficial Owner/Relationship with Record Owner**	**Citizenship**	**No. of shares Held**		**% of Ownership**
Common	Filinvest Land Inc, *79 EDSA, Highway Hills, Mandaluyong City*	FLI[4]	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 4 below[5]	Filipino	1,580,911,117	(D)	32.31%

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 the annual report, was directly or indirectly the beneficial owner of more than five percent

[4] 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.

[5] Based 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.

(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 December 31, 2023, 194,398,818 common shares or 3.97% of the outstanding common shares of the Corporation are owned by foreigners.

The names, citizenship, number of shares held and percentage to total of persons forming part of the Board and Management of the Company as of December 31, 2023 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
Common	Tristaneil D. Las Marias	2 (D) 0 (I)	Filipino	Negligible
Common	Francis Nathaniel C. Gotianun	2 (D) 414,900 (1)	Filipino	Negligible
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
N.A.	Maria Victoria M. Reyes-Beltran	0 (D) 90,000 (I)	Filipino	Negligible
N. A.	Raymond Wilfred L. Castañeda	0	Filipino	N. A.
N. A.	Patricia Carmen D. Pineda	0	Filipino	N. A.
N. A.	Katrina O. Clemente-Lua	0	Filipino	N. A.
N. A.	Jennifer C. Lee	1,500 (D)	Filipino	N. A.
	TOTAL	1,514 (D) 3,078,200 (I)		Negligible 0.06%

Voting Trust Holders of 5% or more
There are no persons holding 5% or more of a class of shares under any voting trust or similar agreement.

Changes in Control
There are no arrangements that may result in change in control of the Company.

Item 12. Certain Relationships and Related Transactions

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

Part IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

Compliance with Leading Practices on Corporate Governance

FILRT is in substantial 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, Related-Party Transaction Committee, and Compensation Committee; (c) the conduct of regular quarterly board meetings and special meetings, the faithful attendance of the directors at these meetings and their proper discharge of duties and responsibilities as such directors; (d) the submission to the SEC and the Philippine Stock Exchange of reports and disclosures required under the rules of the Philippine Stock Exchange, the Securities Regulation Code, the REIT Law, and their Implementing Rules and Regulations; (e) FILRT's adherence to national and local laws pertaining to its operations; and (f) the observance of applicable accounting standards by FILRT.

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

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

Part V – STATUS OF IMPLEMENTATION OF THE REINVESTMENT PLAN

Section 5.e of the Implementing Rules and Regulations of the Real Estate Investment Trust (REIT) Act of2009 (R.A. No. 9856) issued on Jan 20, 2020, primarily requires the submission of a Reinvestment Plan with a firm undertaking to reinvest (a) any proceeds realized by the Sponsor/Promoter from the sale of REIT shares or other securities issued in exchange for income-generating Real Estate transferred to the REIT and (b) any money raised by the Sponsor/Promoter from the sale of any of its income-generating Real Estate to the REIT, in any Real Estate, including any redevelopment thereof, and/or Infrastructure Projects in the Philippines. This reinvestment shall be made within one (1) year from the date of receipt of proceeds or money by the Sponsor/Promoter.

FILRT did not receive any proceeds from its IPO. The Sponsor FLI received the proceeds from the secondary offering on August 12, 2021. As such the reinvestment plan was submitted by FLI, and accordingly the progress reports thereon are also submitted by FLI. On September 28, 2022, FLI submitted its Final Reinvestment Report on the Application of Proceeds from the mentioned secondary offering.

Item 14 – Final Reinvestment Report on the Disbursement of Proceeds from the Initial Public Offering ("IPO") of Filinvest REIT Corp. ("FILRT")

Below is an excerpt from the report filed by FLI to the SEC on September 28, 2022

Gross Proceeds from IPO	Php	12,583,246,445
Purchase of shares during the stabilization period		- 2,281,800
Underwriters and IPO-related fees		- 316,945,306
Net Proceeds received		12,264,019,339
Disbursements for Transaction Costs, Aug. 12- Sept. 30		- 132,542,601
Disbursements for Transaction Costs, Oct. 1- Dec. 31		- 1,571,600
Available for Reinvestment		12,129,905,138
Disbursements for Reinvestment Aug 12- Sept 30		- 1,566,787,667
Disbursements for Reinvestment Oct 1-Dec. 31		- 872,622,139
Disbursements for Reinvestment Jan.1- March 31, 2022		- 2,016,678,604
Disbursements for Reinvestment April 1-June 30, 2022		- 2,725,572,490
Disbursements for Reinvestment July 1-August 11, 2022		- 4,948,244,238
Balance of IPO Proceeds as of August 11, 2022		0

For the details of the capital expenditures, please refer to attached Exhibit on the submission of the above report filed by sponsor FLI on September 28, 2022 on the application of proceeds from the sale of shares of FILRT, owned by FLI, via secondary sale.

Sustainability


FILINVEST
Capital One

EESG Highlights

Environment

2
LEED Gold Certifications

6
Level 1 EDGE Certifications

1
Level 2 EDGE Certification (Net Zero Ready)

8 of 16
buildings enjoy 100% Renewable Electricity supply

44.8%
of electricity used was sourced from renewables (2022: 32%, 2021: 26%)

9.3%
of treated effluent attributable to FILRT is reused

+6.3%
jump in avoided carbon emissions due to increase in use of renewables

Social

510
indirect jobs generated through support service contractors

More than
19,000
workforce employed by tenants occupying FILRT buildings

60%
of executives seconded from Filinvest units are female

64%
of all employees seconded from Filinvest are female

Economic

₱161 million
paid in taxes and licenses

₱1.1 billion
paid to supply chain

How We Create Value

Our Capitals	Business Model/Process	Outputs and Outcomes	Contributions to UN SDGs
Financial Property valuation of ₱47.9 billion (as of December 31, 2023) Market capitalization of ₱12.6 billion (as of December 31, 2023)	FILRT's business model is focused on long-term growth, incorporating sustainability, risk management, and a prudent capital management approach, intended to yield stable revenues and dividends for its shareholders. Adoption of the following investment criteria for asset infusion in the portfolio: *Grade A assets related to office, retail, residential, hospitality and industrial properties in high value locations* *Three-year operating history with stable revenues* *Incorporation of sustainability principles in the design and operations of real estate assets*	Steady portfolio growth with stable recurring income and dividends *Revenues* *Net Income* *Distributable Income*	**SDG 8** Decent Work and Economic Growth
Manufactured and Intellectual Properties in FILRT portfolio: *Sixteen Grade A office buildings in Filinvest City, Alabang, Muntinlupa City* *One Grade A building in Cebu* *One prime lot in Boracay Island, Malay, Aklan* Filinvest's institutional knowledge and experience of 57 years in property development and management		Property assets located in strategic locations in Muntinlupa, Cebu and Boracay Gross leasable office space of 299,158 square meters Gross leasable retail space of 2,204 square meters Leasable prime lot of 29,086 square meters 83% average occupancy in 2023 77% contract renewal rate of 2023 expiring leases Weighted average lease expiry of 6.9 years (WALE) as of end-2023	**SDG 9** Industry, Innovation and Infrastructure **SDG 11** Sustainable Cities and Communities
Relationship Contribution of Sponsor FLI's trusted real estate brand to the growth of the nation and its economy for 57 years, helping millions of Filipinos achieve their dreams PEZA accreditation of all office properties in the portfolio		Opportunity for members of the investing public to own high value properties that have recurring returns and stable growth 1,697.5 million shares owned by the public, equivalent to 34.7% of issued and outstanding shares Total dividends paid in 2023 totaling ₱0.284 per share Dividend yield of 11.0% based on 2023 closing price	**SDG 8** Decent Work and Economic Growth

Our Capitals	Business Model/Process	Outputs and Outcomes	Contributions to UN SDGs
Natural High value properties in strategic locations where natural resources needed to sustain operations are available and adequate Green building designs that feature energy and water efficiency, optimal resource use, people-centric amenities and resiliency towards natural risk events		LEED v4 Certification for Neighborhood Development Plan for Filinvest City (location of 16 buildings) Two LEED Gold, six EDGE Level 1 and one EDGE Level 2 certified buildings Responsible housekeeping which results in resource and energy efficiencies, reduced wastes and compliance with environmental laws Availability of an e-transport system called Filinvest City 360 Eco-Loop, 2.2 kilometers of pedestrian and bike paths, and a multi-modal transport hub to connect with the rest of the metropolis Green spaces with linear parks, river park and water garden occupying more than 30% of the total development Over 4,900 trees and seedlings planted Reduced energy consumption versus baselines due to use of decentralized cooling, potentially reducing energy consumption by 40% Compliance with all environmental permits and reportorial requirements; zero environmental cases in 2023	**SDG 9** Industry, Innovation and Infrastructure **SDG 11** Sustainable Cities and Communities **SDG 13** Climate Action **SDG 14** Life Under Water **SDG 15** Life on Land
Human Filinvest's strong and experienced cross-functional team of property development, property management and fund management professionals Competent service providers from Filinvest's supply chain		Jobs generated and safe working spaces for tenants' workforce, Filinvest employees and support staff Almost 19,000 employees of tenants working in FILRT offices in Alabang 55 seconded talents of Filinvest Group involved with FILRT operations 64% females in the seconded workforce Engaged 6 service providers for outsourced services, with 510 indirect jobs provided	**SDG 3** Good Health and Well Being **SDG 5** Gender Equality **SDG 8** Decent Work and Economic Growth

As the Philippines' first sustainability-themed real estate investment trust, Filinvest REIT (FILRT) has continued to build on its EESG accomplishments since its launch. Driven mainly by a desire to integrate sustainability into the core of the business, and supported by the desire of the tenants who adopted their own sustainability goals, FILRT provides an enabling environment to attain shared EESG objectives such as fostering environmental protection and providing green and inclusive spaces for people to work in.

The best ESG practices of yesterday are now business-as-usual today. Pioneering sustainability work in the Offices segment of Filinvest's real estate business have already proven the business case on which investment in various solutions were justified. As ideas on what sustainability is and how it should be practiced continue to evolve, FILRT will continue to replicate and expand the current notable accomplishments and develop innovative solutions to deliver more shared value for its stakeholders. There is no direction but forward, fast forward.

Economic

Direct and indirect jobs generated

Business opportunities for support service providers and vendors

Addressing tenants' business needs

Post-COVID and macroeconomic trends' impact on the office leasing industry

Social

Occupational health and safety

Workforce mobility

Flexible work arrangements

Human capital development and talent connection

Disaster resiliency

Environmental

Resource efficiency

Energy conservation and efficiency

Water security, conservation and efficiency

Municipal and hazardous wastes management

Green building design and green communities

Governance

Regulatory compliance

Emerging regulations

Transparency

Good governance

Scope, Materiality, and Stakeholder Engagement

This ESG report covers all assets in the FILRT portfolio which are under its direct management as of December 31, 2023. This includes 15 office buildings located in Northgate Cyberzone, Alabang and one office building in Cebu City. Excluded are the lot property in Boracay and the Capital One building in Alabang which are under the direct management of the lessees.

The operations of FILRT mainly involve asset leasing and property management. It does not engage in the development and construction of physical assets. All personnel involved in the management of the company and assets are seconded from other entities in the Filinvest group and thus FILRT does not have any direct employees. In consideration of the nature of the business, comprehensive narratives related to human capital are attributed to and covered under the sustainability reports of publicly listed Filinvest Development Corporation (FDC) and Filinvest Land, Inc. (FLI).

Through interactions with key stakeholders such as the lessees and their employees, Filinvest-seconded employees, supply chain and the shareholders, a set of risk and sustainability topics that are material to both business and stakeholders were mapped out and, together with the Filinvest group sustainability framework and regulatory disclosure requirements of the SEC regulator, became the basis for reporting on EESG accomplishments.

Engagement channels with key stakeholders of FILRT are established where concerns and feedback are gathered and discussed.

Engagement Channels with Stakeholders

Stakeholder	Concerns	Engagement channels and responses
Lessees	· Location and lease rates · Support facilities and utilities · Enabling environment to attain their own sustainability commitments, e.g. · Energy efficiency · Renewable energy supply · Water conservation · Waste management · Health and safety	· Annual survey form to gather feedback · Monthly touchpoints with tenants on EESG performance review · Additional partnerships for circular economy solutions and securing more renewables
Filinvest-seconded employees	· Occupational Health and Safety · Workload and Benefits · Employee Engagement · Career Development	· Review and modification of employee benefits and work arrangements · Safety trainings and audits · Training programs on core, leadership and functional competencies
Supply Chain, Service Providers	· Indirect jobs generation · Accreditation · Transaction and payments efficiency	· Central procurement · Harmonization of procurement and financial information systems across the Filinvest Group
Shareholders, Investors, Lenders	· Share price stability and growth · Reliable cash flows and dividends · New assets infusion · Good governance and transparent disclosures (incl. EESG)	· Structured disclosures · Analysts' briefings · Press releases · Prompt response to queries on financial and non-financial performance
Local and National Government Agencies	· Taxes · Disaster Readiness and Response · Compliance · Good Governance	· Timely regulatory filings and permit renewals · Sustained PEZA accreditation · Participation in public consultations on new government policies · Coordination on disaster preparedness / shared drills
The Physical Environment	· Energy efficiency · Climate change mitigation & adaptation · Water security · Waste management · Green designs	· Consistent compliance with all environmental regulations and permit conditions · District cooling system for energy efficiency · Procurement of renewable energy through the Green Energy Options Program · Wastewater treatment and reuse · E-jeepneys and dedicated pedestrian paths & bike lanes · Building and neighborhood green certifications, e.g. EDGE, LEED

GREEN

We manifest responsibility towards the environment that provides ecosystem services which sustain our operations

Green Designs for Sustainable Communities

We commit to developing green communities and infrastructure that feature designs that minimize negative impact and enhance positive impact, not only on the physical environment but also on people and communities.

Closed Loops and Circular Economy

We commit to maximize all opportunities in contributing to a circular economy where material resources are utilized in an efficient manner and kept useful for a long time, wastes are minimized and made useful, and natural systems are regenerated.

Net Zero

We commit to achieving net zero emissions in our value chain in the best practical way and at the soonest, in alignment with the country's development strategy, climate change targets and timelines.

INCLUSIVE

We support the underserved by providing innovative solutions and exploring where others are not. We create value for both shareholders and stockholders. We champion equality and diversity in all aspects of operations

Serving the Unserved and Underserved

We commit to finding new solutions to address the pain points of the unserved and underserved segments of society through innovations in delivering products and services.

Nurturing Talent – Equal Opportunities for Jobs, Development and Growth

We commit to strengthening our human capital that will support our business growth aspirations, by nurturing capabilities and bringing out the best in our talents irrespective of background.

Engaging Communities

We commit to listening to and engaging with all relevant stakeholders where we operate, so that we could work together to attain common goals.

RESILIENT

We are ready for disruptions, challenges, and opportunities that come our way.

Resilient Assets

We commit to retrofit existing assets and acquire or develop future assets to be resilient against all types of physical risk events such as climate-related or geological phenomena and manmade disruptions.

Resilient Operations

We commit to strengthening our capabilities in business continuity across the group, ensuring that our people are resilient to be able to serve customers well during disruptions, response capabilities across the Group are integrated, and operations protocols developed and regularly tested.

Agile Organization

We commit to always look ahead and continually transform and strengthen our human capital, technical practices, business processes, culture and leadership so that the Group is ready to address current and emerging global and local risks and opportunities that have an impact on our long term ability to create and deliver value for our stakeholders.

Sustainability Framework

FILRT's sustainability commitments align with that of the Filinvest group. Three key focus areas summarize the key commitments that address shareholder and stakeholder issues to ensure the company continues to generate value in its many forms, in the long term.

Under the **GREEN** pillar, three sub-focus areas have been identified which resonate directly with FILRT's business model as a sustainability-themed REIT. Green Designs for Sustainable Communities has been the philosophy for developing the current office assets of FILRT, and Circular Economy principles also guide not just property management but also the surrounding Filinvest City ecosystem where Northgate Cyberzone is located. Further, the commitment to achieve Net Zero helps the company address the own needs of tenants to meet their own decarbonization targets.

Under the **INCLUSIVE** pillar, FILRT's operations are supported by seconded Filinvest employees who are the subject of Nurturing Talent: Opportunities for Job Development and Growth. The benefits of an enabling environment of FILRT not only support Filinvest employees but also the workforce directly employed by its tenants which number in the thousands who are mostly from communities in the south of Manila, in a way, it is Serving the Underserved.

Under the **RESILIENT** pillar, there is a particular focus of Filinvest on establishing and enhancing the resiliency of both assets and operations, especially in light of disruptive risk events that the country is vulnerable to. At the heart of resiliency is people, thus organizational agility towards both risks and opportunities, is a continuing concern for the entire Filinvest group.

Commitment To Being Green

Under the aspiration to be GREEN, the company counts among the real estate leaders in the Philippines that embraced the principles of environmental responsibility early on, driven by complementing objectives of operational efficiency and environmental protection. In recent times, another key driver has emerged: meeting the needs of the tenants to meet their own ESG targets.

FILRT's tenants are mostly multinationals which have adopted their own sustainability commitments and targets, and most common among them is a Net Zero commitment. FILRT provides an enabling environment for the tenants to achieve their ESG goals. Not responding to this need will inevitably increase the risk of tenants choosing other office space providers.

Pushing Beyond Yesterday's Best Practices

Upon its launch in 2021 as a sustainability-themed REIT, FILRT has highlighted the ESG-related features of its building assets as well as the Filinvest City ecosystem that surrounds it. Filinvest City in Alabang was the first township to receive a LEED Gold certification for Neighborhood Development, having incorporated many features in city design such as the provision of green spaces, pedestrian and bike paths, electric jeepney service, in addition to a centralized sewerage system and an irrigation system that makes use of treated effluent. Northgate Cyberzone features the largest district cooling system (DCS) in the country which serves most of the office buildings. Plans are under way to replicate the DCS scheme to other Filinvest townships where demand for cooling water is high.

The best practices of yesterday have become business-as-usual in the present day. Filinvest continues to manifest its leadership in sustainability by investing further in state-of-the-art sustainability solutions that push the boundaries of ESG practice.

The sewage treatment facility is undergoing an expansion and redesign that will allow it to generate potable water from sewage. Due for completion in 2025, it will help enhance the township's water security as well as attain consistent compliance with the nutrient removal requirements of the revised effluent standards. The reuse of treated effluent for irrigation of public spaces continues to be practiced across Filinvest City.

Filinvest City has installed electric vehicle charging stations available to the public. FILRT is on its way to complying with Republic Act 11697 (Electric Vehicle Industry Development Act) which requires at least 5% of parking spaces be dedicated to electric vehicles. There is close coordination with the tenants on the growth of demand for charging stations.

A partnership with Green Antz was sealed to help address the recycling of soft plastics and upcycle them into paving blocks.

Green Certifications:
A Testament to Green Design

During the FILRT launch, two buildings have already secured LEED Gold certifications: Axis 1 and Vector 3 which were relatively newly completed buildings in the portfolio. For the assets that were built long before the IPO, the decision was to secure a green building certification that is more appropriate to pre-existing buildings, such as Excellence in Design for Greater Efficiencies (EDGE) developed by the International Finance Corporation, which has been growing in popularity among real asset owners. It has three key assessment criteria: energy savings, water savings and embodied carbon.

In 2023, FILRT had secured Level 1 EDGE Certifications for six properties and a Level 2 EDGE Certification for Filinvest One building in Northgate Cyberzone, covering a total of 137,556.73 square meters or 41.6% of the gross leasable area of FILRT.

Filinvest One's Advanced (or Level 2) EDGE certification is considered Zero Carbon Ready, and is targeted to attain an EDGE Zero Carbon certification after the mandatory waiting time of at least one year.

FILRT aspires to secure EDGE certifications for the remaining properties in order to attain more than 200,000 square meters of gross floor area certified which makes it eligible for being tagged as an EDGE Champion.

Together with the LEED Gold certifications, a total of 221,753 square meters gross floor area of FILRT has already been certified as of end of 2023.

EDGE Level 1
Requires 20% or more savings in energy, water and embodied carbon in materials

EDGE Level 2
requires 40% or more on-site energy savings

EDGE Zero Carbon
100% renewables onsite or offsite, at least 1 year after EDGE Advanced Level certification with 75% occupancy

EDGE Certifications

Building	EDGE Certificate	Energy Savings	Water Savings	Less Embodied Carbon in Materials	Gross Floor Area (m^2)
Filinvest One	Level Two (EDGE Advanced)	48%	38%	50%	137,556
Filinvest Two	Level One	24%	51%	38%	
Filinvest Three	Level One	25%	49%	36%	
Vector One	Level One	25%	29%	66%	
Vector Two	Level One	29%	29%	65%	
Plaza A	Level One	25%	42%	65%	
Plaza D	Level One	25%	33%	61%	

Greenhouse Gas Emissions (in tonnes CO_2e)

GHG Emissions	2023	2022	2021
Scope 1 *	107	232	335
Scope 2 (common areas only) **	5,991	7,719	7,587
Scope 2 (total area)	17,068	34,241	NOT REPORTED
Scope 3 ***	8,759	6,270	7,793
Scopes 1, 2, & 3 (common area)	14,857	14,221	NOT REPORTED
Scopes 1, 2, & 3 (total area)	25,934	27,685	NOT REPORTED
Avoided GHG emissions due to RE consumption	13,874	13,057	NOT REPORTED
GHG Intensity based on occupied/ leased area, tonnes CO_2e/sqm	0.1134	0.1127**	NOT REPORTED

* *Scope 1 is due to stationary fuel consumption only.*

** *Scope 2 uses emission factor of 0.7122 tonnes CO2-e per MWH, provided by DOE (2017). Updated emission factor for Philippine grid due to interconnection of Luzon/Visayas with Mindanao grid in 2023 is not yet published. Scope 2 does not include electricity sourced from renewables.*

*** *Scope 3 is due to the electricity, attributable to connected FILRT buildings, used by the District Cooling System, a 'third party' service provider which is a joint venture between Filinvest Land and ENGIE.*

** *Restated figures due to adjustment of denominator (carved out leased area of Capital One)*

Marching Forward, Towards Net Zero

FILRT's approach to its Net Zero aspirations has consistently been two-pronged: attain quick wins through energy efficiency solutions and secure more supply of electricity from renewable sources.

The best practices of yesterday which are now business-as-usual, such as conversion to LED lighting and installation of variable frequency drives, have been completed in recent years. Energy audits were undertaken in compliance with the Department of Energy's directives and audit reports submitted accordingly.

In 2023, FILRT's Scope 1, 2 and 3 greenhouse gas emissions, based on total area, saw a slight decrease by 6.7%.

FILRT continues to actively source for more electricity supply from renewables through the Department of Energy's Green Energy Options Program (GEOP). In 2023, 50% of the 16 buildings in Alabang enjoyed 100% renewable energy supply through a partnership with FDC Retail Electricity Supply, a sister utility company. In 2023, renewables comprised

In 2023, the FILRT portfolio's electricity use intensity improved to

189.92 KWH/sqm

from 195.72 sqm in 2022.

Energy use intensity improved to

0.684 GJ/sqm

from 0.705 GJ/sqm in 2022.

Renewable Electricity Consumption

Building	2023 renewable electricity consumption (KWH), based on common area	2023 renewable electricity consumption (KWH), based on total area
Vector One*	900,146	2,724,061
Vector Two*	900,146	2,724,061
Vector Three	1,749,394	4,688,435
iHub 1	448,234	1,156,393
iHub 2	527,526	2,183,082
Filinvest One	729,915	2,132,217
Filinvest Two	754,332	1,446,918
Plaza A	614,795	2,424,980
Total consumption of the 8 RE-connected buildings above	6,624,488	19,480,147
Total electricity consumption of non-RE buildings	8,411,601	23,965,465

** Vector One and Two share a common electricity meter.*

44.8% of the total electricity requirement of the office portfolio, seeing a significant increase from 32% in 2021 and 26% in 2021.

The medium term goal of FILRT is to secure 100% RE supply for all its properties. This is highly dependent on the availability and cost of bulk renewables supply in the Philippine market.

A renewables supply contract for additional five buildings is being finalized for execution in early 2024, which will result in 13 out of 17, or 76%, of office buildings enjoying electricity supply from renewables.

More details of the environmental performance of FILRT's operations in 2023, covering energy, water, solid wastes, hazardous wastes and environmental compliance, can be found at the EESG Performance Index section of this report.

Eight buildings enjoyed
100% renewable electricity supply
in 2023.

Five more buildings are slated to receive RE supply in early 2024.

Commitment To Being Inclusive

As a conglomerate that aims to help enable Filipinos to achieve their dreams, it has always embedded inclusion in its values and business strategy. Filinvest is well known for gender blindness and nurturing women leaders in its organization. Its services and products focus on markets that are largely underserved, and in the case of FILRT, a part of the core business model is financial inclusion for its investor base.

Opportunities for the Filipino Retail Investor

Real Estate Investment Trusts (REITs) allow the ordinary investing member of the public to own high value assets and benefit from regular cash flows through guaranteed dividends, without having to directly manage assets in the traditional manner. This is a win-win shared value offering that Filinvest offers to every Filipino small-scale investor.

In a country where the engagement of the regular Filipino in capital markets is muted, primarily due to low financial literacy, prevalence of horror stories of investments in unregistered securities, or the lack of awareness or availability of investment mechanisms for the retail investor, the chances of co-owning prime real estate, that would otherwise be out of reach to an ordinary Filipino, is made possible through the REIT scheme that is sanctioned by regulators.

REIT offerings are supportive of the government's push for financial inclusion as these allow everyday Filipinos to participate in profitable and secure investment opportunities in real estate without having to manage properties.

Benjamin Diokno
Former Secretary, Department of Finance

Enabling Environment for Jobs in Metro Manila's South

A key selling point of FILRT's office assets in Alabang is that the tenants have easy access to talents originating from the south of Metro Manila. With traffic being a common pain point for the workforce for many years already, especially at the heart of the National Capital Region, the proximity of Alabang to the less-congested residential districts of Muntinlupa, Las Pinas, Paranaque and Laguna, enable people to find meaningful employment with little time wasted in travel to and from work.

In 2023, an average of 18,875 tenant employees were working in FILRT offices in Alabang based on the monitoring information provided by locators to the property manager. Between January and December there was a 27% growth in the count of employees doing on-site work. This may be interpreted as a reflection of the fundamental need of employees to have a distinct and dedicated space for doing work outside the home, fostering human relationships that can't be delivered by remote work, enhancing productivity and maintaining mental health. According to an article in Forbes, in a work-at-home environment, the inability to disconnect can increase stress and health problems.

As an enabler for tenants and their employees, FILRT recognizes that these days, office spaces are seen as the new hospitality, and employees as the new customers. The work environment that FILRT provides prioritizes people's general welfare and mental well-being.

People who shift to working from home can temporarily increase the amount of work they get done in a given day. But over the medium to long term, long-distance employment can't deliver key benefits—including learning and new friendships—that come from face-to-face contact. In-person work fosters innovation, the effects of which on productivity almost certainly exceed the gains from working harder at home for possibly unsustainable stretches. An even slightly higher growth rate once people return to offices will quickly outpace the one-time gain from saved commuting time.

Remote work is bad for productivity—and for your career

Edward Glaeser & David Cutler
The Washington Post (September 24, 2021)

In addition to the tenants' workforce, a separate set of indirect jobs are also provided by FILRT through the engagement of the service providers that "keep the lights burning". In 2023, a total of 510 indirect jobs were sustained by six service providers that provide housekeeping, maintenance and security services to the various buildings of FILRT.

Gender Blindness as the Norm

In 2023,

64%

of the Filinvest talents involved in FILRT and

60%

of the leadership team are women.

Filinvest REIT does not have direct employees. Instead, the men and women that are involved in the company's operations are seconded from various Filinvest business units, but are nevertheless beneficiaries of the Filinvest Group's human capital policies, strategies and initiatives.

Gender blindness when it comes to hiring and promotions has always been part of Filinvest's culture. The progression of one's career is only anchored on competencies and actual performance, not gender, race, religion, ethnicity, educational background, social status or family ties.

Of the current set of leaders assigned to FILRT, 60% are women who have long track records in running the business.

More information on the career development and engagement initiatives of employees can be found at the sustainability reports of the REIT sponsor Filinvest Land Inc., and its parent, Filinvest Development Corporation.

Commitment To Being Resilient

FILRT's ability to create and deliver value, particularly in the Philippine setting which is characterized by numerous threats from natural calamities, is anchored on embedding resiliency in the business: from the design of its real estate assets, to the contingency plans by the property manager, and most importantly, on the agility of the Filinvest organization and its people to withstand disruptions or shocks, to come out standing and even pursue new opportunities arising from the trends that influence the world today. At the center of it all remains the steadfast commitment to serve the needs of the customer.

Strengthening the Organizational Structure for Future Readiness

To facilitate the future-readiness and resilience against disruptions of the Filinvest group, a set of change initiatives aimed at strengthening governance, foster better collaboration and enable faster execution among the business units was started in mid-2023. Key developments include the formation of an executive council consisting of business unit heads, as well as functional councils among the centers of excellence in finance, sustainability, risk management, human resources, communications, safety and security, and legal, consisting of champions and their associates from the strategic business units. The intention is to allow business units to standardize function's practices, share lessons learned and cross-fertilize on best practices.

Standardization and Harmonization of Resilience Protocols

Spearheaded by the new leaders in the parent company FDC, a flagship project on the assessment and redesign of information systems was conceptualized, starting with finance and procurement, to enable the conglomerate and its units to have a common language on business parameters and a unified platform to have quick and easy access to consolidated data and analytical outputs. An intended outcome of this is to enable fast and informed decision making by leaders and managers.

Also being strengthened are the risk management processes and business continuity protocols which are intended to be harmonized among business units so that excess capacities of one may be shared with the others in the course of responding to a disruptive event. Critical processes are being mapped out and revised protocols during incidents being documented so that ultimately the customer's experience is managed all the way to service restoration and recovery.

FILRT's ability to create and deliver value, particularly in the Philippine setting which is characterized by numerous threats from natural calamities, is anchored on embedding resiliency in the business.

Part VII - EXHIBITS AND SCHEDULES

Item 15. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

The 2023 Audited Financial Statements of the Company (with the auditors' SGV, name of certifying partner and address) and Statement of Management's Responsibility are attached hereto as **Annex "A"**.

(b) Reports on SEC Form 17-C

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

Report	Report Date	Annex
Disclosure re: Filinvest REIT Corp.'s 5 years and 6 months fixed rate retail bonds in the amount of Php 6,000,000,000.00	January 9, 2023	Annex "A"
Results of the Board of Directors Meeting held on February 14, 2023	February 14, 2023	Annex "B"
Press Release: Filinvest REIT Corp. (FILRT) shows resilience, takes key step to drive sustainable dividend yields and long-term growth	February 14, 2023	Annex "C"
Disclosure re: FREIT FUND MANAGERS, INC. Performance Report for the Fourth Quarter of 2022	February 14, 2023	Annex "D"
Disclosure re: Notice of Analysts' Briefing on the FY2022 financial and operating performance	March 17, 2023	Annex "E"
Results of the Board of Directors Meeting held on March 21, 2023	March 21, 2023	Annex "F"
Press Release: Filinvest REIT Corp. (FILRT) FY2022 net income reaches P1.31B	March 22, 2023	Annex "G"
Results of the Annual Stockholders' Meeting held on April 19, 2023	April 19, 2023	Annex "H"
Results of the Organizational Meeting held on April 19, 2023	April 19, 2023	Annex "I"
Press Release: Filinvest REIT Corp. (FILRT) underscores portfolio diversification and leasing updates in Stockholders' Meeting	April 19, 2023	Annex "J"
Disclosure re: Notice of Analysts' Briefing - FILRT Participation in the PSE STAR Investor Day	May 4, 2023	Annex "K"
Disclosure re: FREIT FUND MANAGERS, INC. Performance Report for the First Quarter of 2023	May 15, 2023	Annex "L"
Press Release: Filinvest REIT Corp. (FILRT) records 17% net income growth QoQ to ₱304 million	May 16, 2023	Annex "M"
Results of the Board of Directors Meeting held on May 31, 2023	May 31, 2023	Annex "N"
Press Release: Filinvest REIT Corp. (FILRT) declares dividends	May 31, 2023	Annex "O"
Press Release: Filinvest REIT diversifies revenue sources in renewed push to improve occupancy	July 10, 2023	Annex "P"
Results of the Board of Directors Meeting held on August 10, 2023	August 10, 2023	Annex "Q"
Press Release: Filinvest REIT Corp. (FILRT) sustains quarterly dividend declaration; New leases keep occupancy rate above industry	August 11, 2023	Annex "R"
Disclosure re: FREIT FUND MANAGERS, INC. Performance Report for the Second Quarter of 2023	August 14, 2023	Annex "S"
Amended Disclosure re: Results of the Board of Directors Meeting held on August 10, 2023	August 17, 2023	Annex "T"
Disclosure re: SEC's Approval of the Amendments to FILRT's By-Laws	August 24, 2023	Annex "U"
Press Release: Filinvest REIT wins global Sustainability Leadership Stevie Award	September 13, 2023	Annex "V"
Press Release: Path to EDGE Champion- Filinvest REIT marks achieving global green certification for 6 buildings	September 26, 2023	Annex "W"
Disclosure re: FILRT_Change in accounting policy used in the valuation of its investment properties from Cost Method to Fair Value Method	October 20, 2023	Annex "X"

Results of the Board of Directors Meeting held on November 9, 2023	November 9, 2023	Annex “Y”
Press Release: Filinvest REIT Corp. (FILRT) delivers robust dividends to shareholders	November 9, 2023	Annex “Z”
Disclosure re: FREIT FUND MANAGERS, INC. Performance Report for the Third Quarter of 2023	November 14, 2023	Annex “AA”
Disclosure re: Three-year Investment Strategy of Filinvest REIT Corp.	December 20, 2023	Annex “BB”

FILINVEST
LAND, INCORPORATED

79 EDSA, Highway Hills, Mandaluyong City
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September 28, 2022

THE PHILIPPINE STOCK EXCHANGE
Philippine Stock Exchange Plaza6th
Floor, PSE Tower
Bonifacio Global City, Taguig

Attention: Ms. Alexandra Tom Wong
OIC, Disclosure Department

Subject: Final Report on the Disbursement of Proceeds from the Initial Public Offering ("IPO") of Filinvest REIT Corp. ("FILRT")

Dear Ms. Tom Wong,

We are pleased to submit our Final Report on the Application of Proceeds for the IPO of FILRT , duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

On August 12, 2021, Filinvest Land, Inc received net proceeds from the IPO of FILRT amounting to Twelve Billion Two Hundred Sixty Four Million Nineteen Thousand Three Hundred Thirty Nine Pesos (Php12,264,019,339).

As of August 11, 2022, FLI already disbursed the total net proceeds amounting to Twelve Billion Two Hundred Sixty Four Million Nineteen Thousand Three Hundred Thirty Nine Pesos (Php12,264,019,339).

The details of the disbursements are as follows:

Gross Proceeds from IPO	Php	12,583,246,445
Purchase of shares during the stabilization period	-	2,281,800
Underwriters and IPO-related fees	-	316,945,306
Net Proceeds received		12,264,019,339
Disbursements for Transaction Costs, Aug. 12- Sept. 30	-	132,542,601
Disbursements for Transaction Costs, Oct. 1- Dec. 31	-	1,571,600
Available for Reinvestment		12,129,905,138
Disbursements for Reinvestment Aug 12- Sept 30	-	1,566,787,667
Disbursements for Reinvestment Oct 1-Dec. 31	-	872,622,139
Disbursements for Reinvestment Jan.1- March 31, 2022	-	2,016,678,604
Disbursements for Reinvestment April 1-June 30, 2022	-	2,725,572,490
Disbursements for Reinvestment July 1-August 11, 2022	-	4,948,244,238
Balance of IPO Proceeds as of August 11, 2022		0

Thank you.

Very truly yours,

ANA VENUS A. MEJIA
Chief Finance Officer

FILINVEST

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)

CITY OF MANDALUYONG) S.S.

I certify that on SEP 2 8 2022, before me a notary public duly authorized in the city named above to take acknowledgments, personally appeared:

	Competent Evidence of Identity	Date / Place Issued
Filinvest Land, Inc. *Represented by:* **Ana Venus Mejia**	TIN:	

who were identified by me through competent evidence of identity to be the same person described in the foregoing instrument, who acknowledged before me that their signatures on the instrument were voluntarily affixed by them for the purposes stated therein, and who declared to me that they have executed the instrument as their free and voluntary act and deed.

IN WITNESS WHEREOF, I hereunto set my hand and affix my notarial seal on the date and at the place above written.

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-21 UNTIL DECEMBER 31, 2022
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
ROLL NO. 53970
PTR NO. 4864924; 1-3-22; MANDALUYONG
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025
UG03 CITYLAND SHAW TOWER,
SHAW BLVD. MANDALUYONG CITY

Doc. No. 325;
Page No. 66;
Book No. 30;
Series of 2022.

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ANNEX A- Disbursements for the period July 1, 2022 to August 11, 2022

Project Name	Disbursing Entity	July 1, 2022-Aug. 11, 2022
Axis Three	Filinvest Land, Inc.	6,012,172
Axis Four	Filinvest Land, Inc.	640,399
Cebu Tower 3	Filinvest Land, Inc.	74,097,795
Cebu Tower 4	Filinvest Land, Inc.	75,685,665
Marina Town	Filinvest Land, Inc.	16,075,999
Columna	Filinvest Land, Inc.	9,355,918
387 Gil Puyat	Filinvest Cyberparks Inc	19,883,453
4Workplus	Filinvest Clark Mimosa Inc	4,107,727
7 Workplus	Filinvest Clark Mimosa Inc	1,399,801
The Crib Clark	Filinvest Clark Mimosa Inc	70,247,339
PDDC	Phil. DCS Development Corp.	177,408
Filinvest Innovation Park	Filinvest BCDA Clark Inc.	26,347,543
Marina Town Mall	Filinvest Land, Inc.	40,448,458
Clark Lifestyle Mall	Filinvest Clark Mimosa Inc	139,815,812
Panglao Oasis	Filinvest Land, Inc.	80,653,940
Alta Spatial	Filinvest Land, Inc.	58,716,265
Verde Spatial	Filinvest Land, Inc.	14,925,915
Bali Oasis	Filinvest Land, Inc.	22,282,320
Belize Oasis	Filinvest Land, Inc.	27,907,521
Raw Land	Filinvest Land, Inc.	17,242,043
Dreambuilders capex	Filinvest Land, Inc.	348,014,356
Futura East	Filinvest Land, Inc.	281,108,503
The Levels 2	Filinvest Land, Inc.	324,873,755

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Studio Towers	Filinvest Land, Inc.	94,370,290
Activa- Residential	Filinvest Land, Inc.	255,018,115
Activa - Offices	Filinvest Land, Inc.	95,670,383
One Filinvest	Filinvest Land, Inc.	422,300,388
Studio 7	Filinvest Land, Inc.	153,941,286
Futura Centro	Filinvest Land, Inc.	174,101,942
Sorrento Oasis	Filinvest Land, Inc.	155,760,833
Asiana Oasis	Filinvest Land, Inc.	7,145,354
Claremont	Filinvest Land, Inc.	157,524,758
Maldives Oasis	Filinvest Land, Inc.	150,351,401
New Leaf	Filinvest Land, Inc.	171,018,715
Ciudad de Calamba	Filinvest Land, Inc.	321,963,183
Centro Spatial Davao	Filinvest Land, Inc.	215,980,687
Fora Dagupan	Filinvest Land, Inc.	168,013,945
Marina Spatial Dumaguete	Filinvest Land, Inc.	124,741,978
New Fields	Filinvest Land, Inc.	200,468,808
Savannah Fields	Filinvest Land, Inc.	138,492,662
Alta Vida	Filinvest Land, Inc.	23,036,888
Anila Park	Filinvest Land, Inc.	49,622,112
Eight Spatial Davao	Filinvest Land, Inc.	74,033,034
Teresa	Filinvest Land, Inc.	94,700,011
The Leaf	Filinvest Land, Inc.	39,967,358
TOTAL		**4,948,244,238**

SGV
Building a better working world

SyCip Gorres Velayo & Co.
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1226 Makati City
Philippines

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AGREED-UPON PROCEDURES REPORT ON FINAL REPORT ON USE OF PROCEEDS FROM THE LISTING OF FILINVEST REIT CORP.

Ms. Ana Venus A. Mejia
Executive Vice President and Chief Finance Officer
Filinvest Land, Inc.
Filinvest Building, 79 EDSA, Highway Hills
Mandaluyong City 1550, Metro Manila

Purpose of this Agreed-upon Procedures Report

We have performed the procedures which were agreed to by Filinvest Land, Inc. (the "Company") solely to assist you in complying with the requirements of the Philippine Stock Exchange ("PSE") in relation to the Final Report on the use of proceeds from the initial public offering ("IPO") of the shares of Filinvest REIT Corp. ("FILRT") on August 12, 2022. This report covers additional disbursements for the period from July 1, 2022 to August 11, 2022 ("Subject Matter"). Accordingly, this may not be suitable for another purpose.

Restriction on Use

This agreed-upon procedures report ("AUP Report") is intended solely for the information and use of the Company and the PSE and is not intended to be and should not be used by anyone else.

Responsibilities of the Company

The Company has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Company is responsible for the Subject Matter on which the agreed-upon procedures are performed. The sufficiency of these procedures is solely the responsibility of the Company.

Practitioner's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the Philippine Standard on Related Services (PSRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness or the sufficiency of the agreed-upon procedures described below either for the purpose for which this AUP Report has been requested or for any other purpose.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

In performing the Agreed-Upon Procedures engagement, we complied with the ethical requirements in the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics). We are not required to be independent for the purpose of this engagement. We are the independent auditor of the Company and complied with the independence requirements of the Code of Ethics that apply in context of the financial statement audit.

Our firm applies Philippine Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements,* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We have performed the procedures described below, which were agreed upon with the Company in the terms of engagement dated April 13, 2022, on the Subject Matter.

1. We obtained the Final Report on Use of Proceeds from the IPO of FILRT for the period from August 12, 2021 to August 11, 2022 (the "Final Report") and checked the mathematical accuracy of the Final Report. No exceptions were noted.

2. We compared the "Disbursements for Reinvestment July 1, 2022 to August 11, 2022" in the Final Report to the list of disbursements for the period from July 1, 2022 to August 11, 2022 (the "Disbursement Schedule") and noted the amounts to be in agreement. Further, we noted that of the total disbursements reported for the period from July 1, 2022 to August 11, 2022 in the Disbursement Schedule, Php3,453.41 million and Php362.90 million pertain to disbursements made prior to July 1, 2022 and after August 11, 2022, respectively.

3. We compared the Disbursements Schedule with the schedule of Planned use of IPO proceeds as documented in the Amended Sponsor Reinvestment Plan dated July 22, 2022 (the "Amended Sponsor Reinvestment Plan") and noted that the projects in the Disbursement Schedule are included in the Amended Sponsor Reinvestment Plan and disbursements for each project are within the amount allocated in the Amended Sponsor Reinvestment Plan except for 21 projects as summarized in Appendix I.

4. We traced disbursements exceeding Php50 million to supporting documents such as bank statements and collection receipts. Differences in the amount per Disbursement Schedule samples selected and the related collection receipts pertain to withholding taxes.

Explanatory paragraph

The Company is responsible for the source documents that are described in the specified procedures and related findings section. We were not engaged to perform and we have not performed any procedures other than those previously listed. We have not performed procedures to test the accuracy or completeness of the information provided to us except as indicated in our procedures. Furthermore, we have not performed any procedures with respect to the preparation or verification of any of the source documents. We have no responsibility for the verification of any underlying information upon which we relied in forming our findings.

The agreed-upon procedures do not constitute an audit or a review of financial statements or part thereof, the objective of which is the expression of an opinion or conclusion on the financial statements or part thereof.

We undertake no responsibility to update this AUP Report for events and circumstances occurring after the AUP Report is issued.

SYCIP GORRES VELAYO & CO.

Wanessa G. Salvador

Wanessa G. Salvador
Partner

September 28, 2022
Manila, Philippines

Appendix I – Projects which exceeded the allocation based on the Amended Sponsor Reinvestment Plan (in millions):

Project	Budget	Total Disbursements Aug 12, 2021 - Aug 11, 2022	Excess over Allocated Budget
Cebu Tower 4	Php230.00	Php255.27	(Php25.27)
Filinvest Innovation Park	21.00	26.35	(5.35)
Clark Lifestyle Mall	442.00	481.35	(39.35)
Futura East	200.00	281.11	(81.11)
The Levels 2	215.00	324.87	(109.87)
Activa- Residential	300.00	350.69	(50.69)
One Filinvest	237.00	422.30	(185.30)
Studio 7	100.00	153.94	(53.94)
Futura Centro	100.00	174.10	(74.10)
Sorrento Oasis	100.00	155.76	(55.76)
Claremont	132.00	157.52	(25.52)
Maldives Oasis	100.00	150.35	(50.35)
New Leaf	58.00	171.02	(113.02)
Ciudad de Calamba	58.00	321.96	(263.96)
Centro Spatial Davao	170.00	215.98	(45.98)
Fora Dagupan	80.00	168.01	(88.01)
Marina Spatial Dumaguete	120.00	124.74	(4.74)
New Fields	136.00	200.47	(64.47)
Savannah Fields	110.00	138.49	(28.49)
Eight Spatial Davao	49.00	74.03	(25.03)
Teresa	55.00	94.70	(39.70)
Total	**Php3,013.00**	**Php4,443.03**	**(Php1,430.03)**

SUBSCRIBED AND SWORN TO before me this 28th day of September 2022 in Mandaluyong City, Metro Manila, affiant exhibiting to me her Philippine Passport No. , as competent evidence of her identity, bearing her photograph and signature, issued by the Department of Foreign Affairs

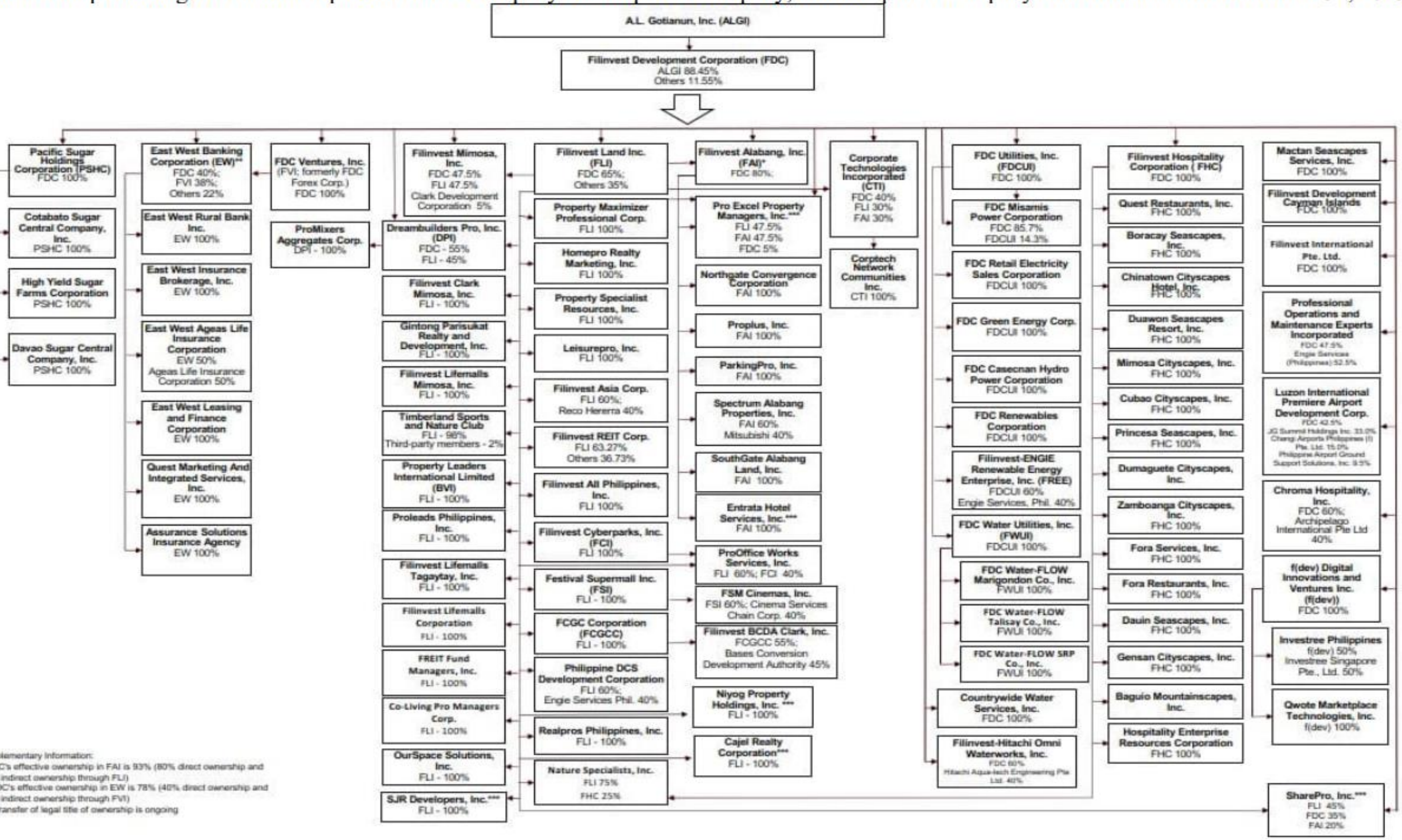
Doc. No. 343 ;
Page No. 70 ;
Book No. 30 ;
Series of 2022.

JOVEN G. S[illegible]LLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-21 UNTIL DECEMBER 31, 2022
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
ROLL NO. 53970
PTR NO. 4864924; 1-3-22; MANDALUYONG
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025
UG03 CITYLAND SHAW TOWER,
SHAW BLVD. MANDALUYONG CITY

(c.) Conglomerate

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

Part VIII – SIGNATURES

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

FILINVEST REIT CORP.
(FORMERLY CYBERZONE PROPERTIES, INC.)

By:

Signature: ______________________

Maricel Brion-Lirio

Title: President / CEO

Date:

Signature: ______________________

Ana Venus A. Mejia

Title: Treasurer and Chief Finance Officer

Date:

SUBSCRIBED AND SWORN BEFORE ME THIS APR 15 2024 IN MUNTINLUPA CITY AFFIANT EXHIBITED HIS ______ WITH NO. ______ ISSUED BY ______________.

DOC NO. 194
PAGE NO. 40
BOOK NO. 311
SERIES OF 2024

PATRICIO L. BONCAYAO, JR.
Notary Public
2nd Floor, KLC Bldg., Rotonda,
Alabang, Muntinlupa City
MCLE Compliance No. VII-0015578
Issued on 04-13-22; Valid until 4-14-2025
IBP Lifetime No. 019651; 11-06-15; Pasay City
PTR No. 10474126; 01-02-24; Muntinlupa City
NC-24-016; Muntinlupa City until 12-31-25
TIN: 137-734-581
Roll No. 33796
Tel. No. 8800-70-16
patricio_boncayao_lawoffice@yahoo.com.ph

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Company TIN: **204-863-416**

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FILINVEST
REIT • FR

Filinvest REIT Corp.
5th to 7TH Floor Vector One Bldg. Northgate Cyberzone,
Filinvest City, Alabang, Muntinlupa
Tel. No. (632) 8-846-0278
www.filinvestreit.com

**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

SUBSCRIBED AND SWORN to before me this ______ day of MAR 04 2024 affiants exhibits to me their SSS ID and Passport as follows:

	SSS ID No.	Passport No.
L. Josephine G. Yap		
Maricel Brion Lirio		
Ana Venus A. Mejia		

Doc. No. 242
Page No. 50
Book No. 10
Series of 2024

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

C O V E R S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	2	0	0	0	-	0	0	6	5	2

COMPANY NAME

FILINVEST REIT CORP.

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

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

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	8846-0278	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
16,319	May 30	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Venus A. Mejia	venus.mejia@filinvestgroup.com	8846-0278	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*

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.*

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

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

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
Assets						
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
Liabilities and Equity						
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 repriceable 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				
	Amount/ Volume	**Outstanding balance**	Terms	Conditions	Note
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)					
Parent Company					
Rental revenue	**₱44,361,578**	**₱9,897,942**	Noninterest-bearing; due and demandable	Unsecured	13 (b)
Affiliate					
Rental revenue	**165,062,344**	**42,425,693**	Noninterest-bearing; collectible every 20th day of the month	Unsecured	13 (b)
	209,423,922	**₱52,323,635**			
Other noncurrent asset (Note 8)					
Affiliate					
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)					
Parent Company					
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)
Affiliate					
Service and energy fees	**(313,270,603)**	**(30,645,407)**	Noninterest-bearing	Unsecured	13 (d)
Affiliate					
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					
Parent Company					
Security deposit	**(₱444,395)**	**(₱9,198,714)**	Noninterest-bearing; refundable at the end of lease term	Unsecured	13 (b)
Affiliate					
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)					
Parent Company					
Rental revenue	₱37,368,094	₱9,897,942	Noninterest-bearing; due and demandable	Unsecured	13 (b)
Affiliate					
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)					
Affiliate					
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)					
Parent Company					
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)
Affiliate					
Service and energy fees	(282,054,896)	(27,500,652)	Noninterest-bearing	Unsecured	13 (d)
Affiliate					
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					
Parent Company					
Security deposit	(₱27,000)	(₱7,854,359)	Noninterest-bearing; refundable at the end of the lease term	Unsecured	13 (b)
Affiliate					
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 April 1, 2021 to March 31, 2031
Chroma Hospitality Inc.	May 2, 2017 to June 1, 2027
Festival Supermall, Inc.	May 2, 2017 to June 1, 2027
Corporate Technologies Inc. (CTI)	May 15, 2018 to November 14, 2023
Sharepro Inc.	July 1, 2022 to March 31, 2031
Filinvest Cyberparks Inc. (FCI)	August 1, 2022 to January 31, 2033 July 1, 2021 to June 30, 2026
ProOffice Works Services Inc.	October 15, 2022 to January 14, 2028
Filinvest Hospitality Corp.	May 2, 2017 to June 1, 2027
OurSpace Solution, Inc (OSSI)	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*
O n 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)
	(₱151,996,178)

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)
	₱–	₱–	(₱151,996,178)

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	₱6745,763,019

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				
	Neither Past Due nor Impaired				
	High Grade	**Standard Grade**	**Past Due but not Impaired**	**Past Due and Impaired**	**Total**
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				
	Neither Past Due nor Impaired				
	High Grade	Standard Grade	Past Due but not Impaired	Past Due and Impaired	Total
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					
	< 30 days	30-60 days	61-90 days	91-120 days	>120 days	Total
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					
	On demand	**Within 1 year**	**> 1 – 3 years**	**> 3 – 5 Years**	**Over 5 years**	**Total**
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					
	On demand	Within 1 year	> 1 – 3 years	> 3 – 5 Years	Over 5 years	Total
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					
	On demand	**Up to a year total**	**> 1 – 3 years**	**> 3 – 5 Years**	**Over 5 years**	**Total**
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**

**Includes future interest payable.*

	2022					
	On demand	Up to a year total	> 1 – 3 years	> 3 – 5 Years	Over 5 years	Total
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.*

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.

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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

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.

INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

Annex I: Reconciliation of Retained Earnings Available for Dividend Declaration

Annex II: Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered

Annex III: Supplementary Schedules Required by Revised SRC Rule 68 (Annex 68-J)

- Schedule A. Financial Assets
- Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
- Schedule D. Long-term Debt
- Schedule E. Indebtedness to Related Parties
- Schedule F. Guarantees of Securities of Other Issuers
- Schedule G. Capital Stock

FILINVEST REIT CORP.

UNAPPROPRIATED RETAINED EARNINGS AVAILABLE FOR DIVIDEND DISTRIBUTION

December 31, 2023

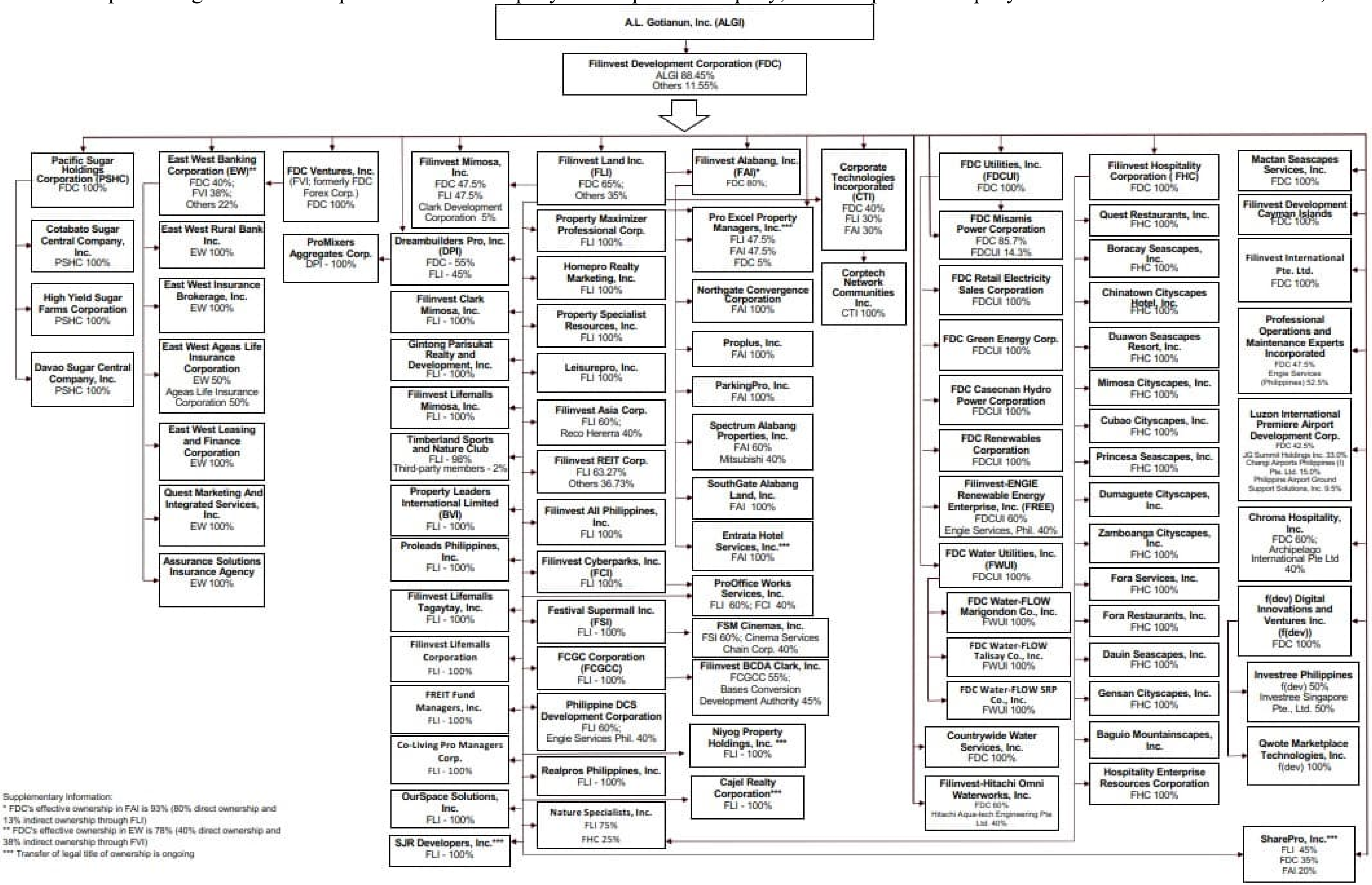
Unappropriated Retained Earnings, beginning of reporting period		₱347,450,550
Add: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of retained earnings appropriation	–	
Effect of restatements	35,691,024,048	
Others	–	
Less: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	(1,389,548,951)	
Retained earnings appropriated during the reporting period	–	
Effect of restatements	–	
Others *(effect of fair value change in investment properties and intangible assets in prior years)*	(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	₱–	
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
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**

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.

Title of Issue and type of obligation (i)	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

SGV
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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.

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

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