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(Company's Full Name)

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(Business Address; No. Street City / Town / Province)

|                           |
|---------------------------|
| c/o ATTY. JENNIFER C. LEE |
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Contact Person

|           |
|-----------|
| 7918-8188 |
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Company Telephone Number

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Month

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Day

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FORM TYPE

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Annual Meeting

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Secondary License Type; If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number / Section

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Total No. of Stockholders

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Domestic

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To be accomplished by SEC Personnel concerned

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Remarks = Pls. use black ink for scanning purposes

**Performance Report for the Fourth Quarter of 2022**

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14 February 2023

This document was prepared by FREIT Fund Managers, Inc. (FFMI) for Filinvest REIT Corp. (FILRT or the “Company”) in compliance with the reportorial requirements of the REIT Implementing Rules & Regulations under Republic Act No. 9856.

Note: The financial information of Filinvest REIT Corp. is not yet available as of February 14, 2023. An amended report shall be filed as soon as the Audited Financial Statements become available.

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## **Executive Summary:**

2022 was a very challenging year for the commercial REITs. Commercial REITs became less attractive brought about by sustained high inflation that was followed by consecutive jumbo rate hikes from the Bangko Sentral of the Philippines (BSP). The commercial office leasing business has also seen headwinds as companies continued to implement hybrid work set-ups. Amidst all of these challenges, Filinvest REIT Corp. (FILRT) showed resilience and demonstrated a relatively good performance for the year. The company's strategies have all been instrumental in ensuring the company continues to deliver consistent dividends and dividend growth as well as resilience through economic cycles, namely:

1. The property should be located in key Central Business Districts in Metro Manila and major regional hubs or key cities in the Philippines;
2. High and stable occupancy from income-generating real estate for at least three (3) years;
3. Grade A commercial properties and assets, but may be related to other types of real estate properties, including but not limited to retail, residential, leisure and industrial;
4. Organic and inorganic growth through stable rental revenue, more efficient cost of operations and new asset acquisitions.

FILRT ended the year with a 7.35% dividend yield (over end-2022 closing price), while sustaining higher than industry rates, both in terms of occupancy and average rental revenues per sqm. It also increased its gross leasable area (GLA) by 9.65% with the acquisition of a prime property in Boracay. The acquisition not only expanded the asset-type but also broadened the income profile of the Company to expand beyond the office-leasing driven business districts of the Company's properties. This is a key step towards its aim to diversity its asset-type and into hospitality which will provide an added boost in dividends for its shareholders on the back of the expected rapid growth of tourism in the Philippines.

## A. ASSET PERFORMANCE

Occupancy rates and rental rates per sqm of FILRT's properties performed better than industry. FILRT's occupancy rate at 87.6% for Alabang and 100.0% for Cebu were above industry, while its rental rates for Alabang and Cebu, P709-827/sqm. and P632/sqm., respectively were at the higher end of the industry ranges. See industry data below:

|                                    | Alabang |           | Cebu  |          |
|------------------------------------|---------|-----------|-------|----------|
|                                    | FILRT   | Industry* | FILRT | Industry |
| Supply Occupancy rate              | 87.6%   | 70%       | 100%  | 78%      |
| Supply Rental Rate Php range/sq. m | 709-827 | 600-900   | 632   | 500-700  |

*\*Source: Colliers International Q4 2022 Property Market Briefing*

The table below shows the average occupancy rates of the buildings under FILRT as at December 31, 2022:

| BUILDING     |                        | GLA            | OCCUPANCY RATE |
|--------------|------------------------|----------------|----------------|
| 1            | Plaza A                | 10,860         | 100%           |
| 2            | Plaza B                | 6,488          | 85%            |
| 3            | Plaza C                | 6,540          | 100%           |
| 4            | Plaza D                | 10,860         | 83%            |
| 5            | Plaza E                | 14,859         | 100%           |
| 6            | Capital One            | 18,000         | 100%           |
| 7            | 5132 Building          | 9,409          | 100%           |
| 8            | iHub1                  | 9,481          | 54%            |
| 9            | 1Hub2                  | 14,181         | 96%            |
| 10           | Filinvest One          | 19,637         | 100%           |
| 11           | Filinvest Two          | 23,784         | 100%           |
| 12           | Filinvest Three        | 23,784         | 45%            |
| 13           | Vector One             | 17,764         | 98%            |
| 14           | Vector Two             | 17,889         | 100%           |
| 15           | Vector Three           | 36,345         | 68%            |
| 16           | Axis Tower One         | 40,869         | 91%            |
| 17           | Cyberzone Cebu Tower 1 | 20,612         | 99%            |
| 18           | Boracay *              | 29,086         | 100%           |
| <b>TOTAL</b> |                        | <b>330,449</b> | <b>88%</b>     |

*\* Starting November 15, 2022*

### Office Industry Benchmarks

“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).

### Office Leasing Summary

| Quarterly Signed Leases                | GLA (Sqm.) |
|--|------------|
| Total signed leases (end of March)     | 264,620    |
| Total signed leases (end of June)      | 266,435    |
| Total signed leases (end of September) | 265,807    |
| Total signed leases (end of December)  | 259,986    |

As of end December 2022, new leases of 5,087 sqm have been successfully signed. In terms of tenant retention, a total of 22,891 sqm have been renewed or 96% of 23,819 sqm of expiring leases in 2022. For 2023, the WALE is forecasted to increase as renewals and new leases for the year set in.

|  |         |
|--|---------|
| TOTAL GLA (Sqm.)   | 301,362 |
| Weighted Average Lease Expiries (WALE) (Number of Years) | 3.2     |

### B. OTHER PERFORMANCE METRICS

The table below shows the tenancy mix as of December 31, 2022, where a bulk or 89% of FILRT's tenants belong to the resilient and robust BPO sector.

| Tenant Mix          | Percentage              |
|---------------------|-------------------------|
|                     | As at end December 2022 |
| BPO                 | 89%                     |
| Traditional         | 10%                     |
| Retail              | 1%                      |
| <b>Total Leased</b> | <b>100.0%</b>           |

### C. ASSET & DIVIDEND GROWTH FROM PROPERTY ACQUISITION

In the fourth quarter of 2022, FILRT increased its portfolio size by 9.65% in Gross Leaseable Area (GLA) from 301,363 sqm. to 330,449 sqm. The company acquired a 29,086 sqm land located in the most prime section of Boracay, Aklan from its ultimate parent company, Filinvest Development Corporation (FDC), with a valuation of Php 1.077 billion. This acquisition is expected to generate a minimum earnings yield of six percent (6%) on the acquisition price. Effectively, this will translate to a minimum additional Php 0.015 per share available for dividends, or an incremental 0.27% dividend yield based on the end-2022 closing price of Php 5.50 per share (or 0.21% based on IPO price of Php 7.00). Additionally, the variable lease component from the gross room revenues of its occupant, Crimson Boracay, will provide an additional income and dividend boost for the Company.

The property's tenant is the Crimson Resort and Spa Boracay (CRSB), which is a property of an affiliate under its parent company, Filinvest Development Corporation (PSEI: FDC). The property is located at Station Zero, which is in the more exclusive section of Boracay and has its own private beach front. The Crimson Resort and Spa Boracay was recently recognized by Conde Nast Johanssen as an "excellent resort for families" and was also named by Time Magazine in their "50 Best Places to Visit" list.

This infusion is a step towards a more diversified portfolio for FILRT, which adds a high-grade asset outside of Alabang and Cebu, where most of the Company's assets are currently located. This also diversifies the asset-type mix of FILRT into the growing Philippine hospitality and leisure segment for which FILRT can reap the benefits in line with the expected rapid growth of Philippine tourism.

**D. CURRENT SHARE PRICE AND MARKET CAPITALIZATION AS OF DECEMBER 31, 2022**

|   |               |
|---|---------------|
| Number of Outstanding Shares:                     | 4,892,777,994 |
| Market Price per Share (as at December 29, 2022): | PhP 5.50      |
| Market Capitalization (in millions):              | PhP 26,910    |

**E. INVESTMENT RETURN**

**a. TOTAL RETURN TO INVESTORS**

**2022 Total Return to investor vs. end-December 2021:**

|   |        |
|---|--------|
| Annualized Dividend Yield at end-December 2022 price (actual payments for the year) | 7.3%   |
| Market Price appreciation/(depreciation) vs. end-December 2021                      | -25.7% |
| Total Investment return   | -18.3% |

**Total Return to IPO investor:**

|  |        |
|--|--------|
| Actual Dividend yield at IPO Price (actual payments) | 9.0%   |
| Market Price appreciation/(depreciation)             | -21.4% |
| Total Investment return                              | -12.5% |

## b. CASH DIVIDENDS SUMMARY

The following table shows the higher dividend yields and dividends paid based on payment date and cut-off dates for 2022 versus 2021 (after IPO). The dividend yields of FILRT for the period 2022 based on payment dates and cut-off dates were at 7.35% and 6.60%, respectively.

|                               |                | 2021 Dividends        |                      | 2022 Dividends        |                      |
|-------------------------------|----------------|-----------------------|----------------------|-----------------------|----------------------|
| Cutoff Date*                  | Payment Date   | Based on Payment Date | Based on Cutoff Date | Based on Payment Date | Based on Cutoff Date |
| IPO Date: Aug. 12, 2021       |                |                       |                      |                       |                      |
| June 30, 2021                 | Sept. 30, 2021 | 0.112                 | 0.112                |                       |                      |
| Sept. 30, 2021                | Dec. 20, 2021  | 0.112                 | 0.112                |                       |                      |
| Dec. 31, 2021                 | March 20, 2022 |                       | 0.112                | 0.112                 |                      |
| March 31, 2022 <sup>1</sup>   | May 27, 2022   |                       |                      | 0.116                 | 0.116                |
| June 30, 2022                 | Sept. 20, 2022 |                       |                      | 0.088                 | 0.088                |
| Sept. 30, 2022                | Dec. 20, 2022  |                       |                      | 0.088                 | 0.088                |
| Dec. 31, 2022 <sup>2</sup>    | March 24, 2023 |                       |                      |                       | 0.071                |
| Total Dividends per share     |                | 0.224                 | 0.336                | 0.404                 | 0.363                |
| Annualized                    |                | 0.448                 | 0.448                | 0.404                 | 0.363                |
| Price at IPO                  |                | 7.0                   | 7.0                  | 7.0                   | 7.0                  |
| Annualized Dividend Yield     |                | 6.4%                  | 6.4%                 | 5.8%                  | 5.2%                 |
| Price as at December 31, 2021 |                | 7.4                   | 7.4                  |                       |                      |
| Annualized Dividend Yield     |                | 6.1%                  | 6.1%                 |                       |                      |
| Price as at December 29, 2022 |                |                       |                      | 5.5                   | 5.5                  |
| Annualized Dividend Yield     |                |                       |                      | 7.35%                 | 6.60%                |

<sup>1</sup> As per disclosure by FILRT, "This dividend declaration is made pursuant to its required dividend distribution for the year 2021, and to distribute dividends resulting from the first quarter of year 2022 operations. The dividends will be taken from its unrestricted retained earnings as of March 31, 2022."

<sup>2</sup> Dividends as declared on February 14, 2023

\*Cutoff Date as disclosed in PSE Edge

\*\*Cutoff Date refers to the date from which dividends declared came from. Payment date refers to the date when the declared dividends are actually paid

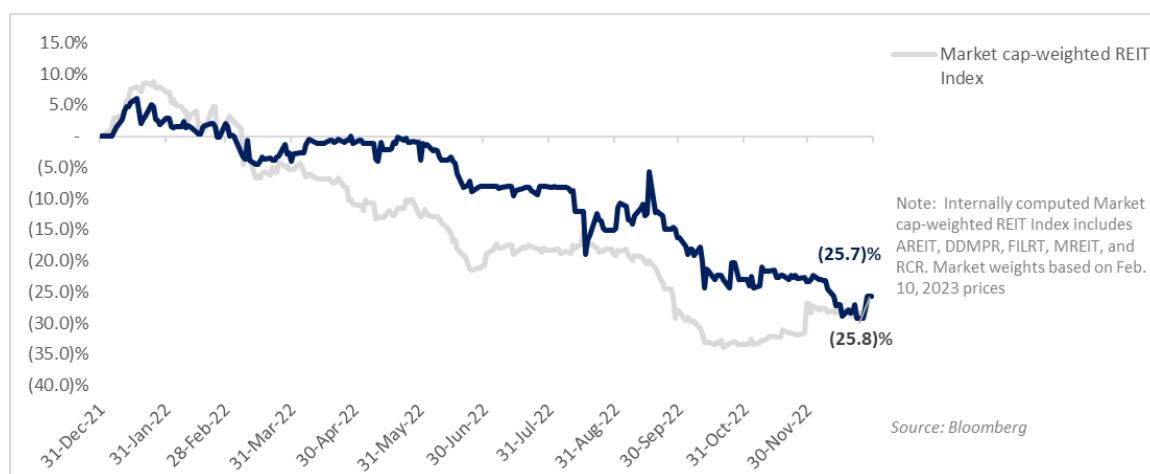
### REIT Benchmarks: 10-year Government Yield (BVAL)

Daily average for the year: 6.34%  
Beginning of the period, as at Jan. 3, 2022: 4.81%  
Ending of the period, as at Dec. 29, 2022: 6.99%



## c. SHARE PRICE MOVEMENT

FILRT's stock price was performing better than the market-cap weighted commercial REIT composite sector for most part of 2022 but eventually capitulated to the trend by the end of the year to be in step with the sector. FILRT stock declined by -25.7% compared to the closing price of the previous year 2021. Total return, therefore, has been negatively affected by the drop in the share price by the end of 2022 which ended the year tracking closely with the broader local commercial REITs. The continued rise in inflation that led to consecutive jumbo hikes from the BSP as well as headwinds on the office leasing property business have all contributed to the REITs decline. The dividend yield of FILRT, however, continue to be strong when compared to government bonds.





FREIT FUND MANAGERS, INC.

### CERTIFICATION

This PERFORMANCE REPORT was prepared and assembled under our supervision in accordance with existing rules of the Securities and Exchange Commission. The information and data provided herein are complete, true, and correct to the best of our knowledge and/or based on authentic records.

By:

**FREIT FUND MANAGERS, INC.**  
**Fund Manager for Filinvest REIT Corp.**

  
**VEN CHRISTIAN S. GUCE**  
**President and CEO**

  
**YASMIN M. DY**  
**Chief Finance Officer**

SUBSCRIBED AND SWORN to before me this **FEB 14 2023** at Mandaluyong City with the Affiants exhibiting to me their identification documents as follows:

| Name   | Competent Evidence of Identity        | Date and Place Issue      |
|--|---------------------------------------|---------------------------|
| <b>FREIT Fund Managers, Inc.</b><br><i>Represented by:</i> |                                       |                           |
| Ven Christian S. Guce                                      | Passport ID No. P8034465B             | DFA Manila / 29-Oct- 2021 |
| Yasmin M. Dy   | United Multi-Purpose ID<br>0508859384 | Social Security System    |

Doc No. **283** ;  
Page No. **58** ;  
Book No. **7** ;  
Series of 2023.

**JOVEN G. PAVILLANO**  
NOTARY PUBLIC FOR CITY OF MANDALUYONG  
COMMISSION NO. 0285-23 UNTIL DECEMBER 31, 2024  
IBP LIFETIME NO. 011302; 12-28-12; RIZAL  
ROLL NO. 53370  
PTR NO. 5110440; 1-3-13; MANDALUYONG  
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025  
UG03 CITYLAND SHAW TOWER,  
SHAW BLVD. MANDALUYONG CITY