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(Company's Full Name)

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

c/o Atty. Katrina O. Clemente-Lua
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Contact Person

7918-8188
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Company Telephone Number

**Definitive Information Statement**

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Month

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Day

Fiscal Year

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FORM TYPE

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Month

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Day

Annual Meeting

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Secondary License Type; If Applicable

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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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Foreign

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To be accomplished by SEC Personnel concerned

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File Number

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## **NOTICE OF ANNUAL STOCKHOLDERS' MEETING**

### **TO ALL STOCKHOLDERS:**

**NOTICE IS HEREBY GIVEN** that the Annual Stockholders' Meeting of **FILINVEST REIT CORP.** ("FILRT") will be conducted virtually on **April 19, 2023 (Wednesday)** at **9:00 AM** at which meeting the following matters shall be taken up:

- I. Call to Order
- II. Proof of Notice of Meeting
- III. Certification of Quorum
- IV. Approval of the Minutes of Annual Stockholders' Meeting held on April 20, 2022
- V. Presentation of the Management Report
- VI. Ratification of the Audited Financial Statements for the year ended December 31, 2022
- VII. General Ratification of the Acts, Resolutions and Proceedings of the Board of Directors, Board Committees and Management up to April 19, 2023
- VIII. Election of the Members of the Board of Directors, including three (3) Independent Directors, to serve for 2023-2024
- IX. Appointment of the External Auditor
- X. Approval of the Amendment of By-laws
- XI. Other Matters
- XII. Adjournment

In view of the current circumstances, stockholders may attend and participate in the meeting only by remote communication, voting *in absentia* and/or appointing the Chairperson of the meeting as their proxy. The procedure and requirements for online registration for remote communication and voting *in absentia* are explained in the Information Statement.

Only Stockholders of Record as of 5:00 PM of March 01, 2023 shall be entitled to vote at this meeting. Votes cast remotely or *in absentia* should be received by the Corporation on or before April 11, 2023.

Stockholders who wish to vote by proxy shall submit the same on or before April 11, 2023 to the Office of the Corporate Secretary, located at Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City 1550, Metro Manila on or by email to [FILRTASM@filinvestreit.com](mailto:FILRTASM@filinvestreit.com). A proxy submitted by a corporation should be accompanied by a Corporate Secretary's certificate quoting the board resolution designating a corporate officer to execute the proxy. In addition to the above requirement for corporations, a proxy form given by a broker or custodian bank in respect of shares of stock carried by such broker or custodian bank for the account of the beneficial owner must be accompanied by a

certification under oath stating that the broker or custodian bank has obtained the written consent of the account holder.

**PLEASE NOTE THAT THE CORPORATION IS NOT SOLICITING PROXIES.**

The nomination and election of the members of the Board of Directors should be in accordance with the nomination forms, procedures and requirements adopted by the Board of Directors. Any stockholder may obtain the required nomination form from, and must submit his nominations to, the Corporate Secretary at Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City 1550, Metro Manila, not later than March 06, 2023.

All nominations shall be in writing duly signed by the nominating stockholders or their duly authorized (in writing) representatives, with the written acceptance and conformity of their nominee. The nomination must indicate whether the nominees are intended to be independent directors. Further, all nominations should include (i) the curriculum vitae of the nominee, (ii) a statement that the nominee has all the qualifications and none of the disqualifications, (iii) information on the relationship of the nominee to the stockholder submitting the nomination, and (iv) all relevant information about the nominee's qualifications, such as the nominee's age, educational attainment, full disclosure of work and/or business experience and/or affiliations. The directors and independent directors shall be elected from among FILRT's stockholders. All nominees for directors and independent directors must possess the minimum requirements/qualifications and none of the disqualifications prescribed by the Securities and Exchange Commission and in FILRT's Revised Manual on Corporate Governance.

The Corporation's Information Statement, Management Report, and 2022 Audited Financial Statements will be made available in the company website at <https://www.filinvestreit.com/> and in the Philippine Stock Exchange EDGE disclosure system no later than March 24, 2023. Pursuant to SEC Memorandum Circular No. 6, Series of 2020, please be informed that there will be a visual and audio recording of the meeting.

Please be guided accordingly.



**KATRINA O. CLEMENTE-LUA**  
Corporate Secretary

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

### **Call to Order**

The Chairman will formally commence the meeting at approximately 9:00 a.m. on April 19, 2023.

### **Proof of Notice and Certification of Quorum**

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

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

The following are the procedures for the meeting:

- Stockholders who wish to appoint the Chairman as proxy may submit the same on or before April 11, 2023 to the Office of the Corporate Secretary, located at Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City 1550, Metro Manila, or by email to [FILRTASM@filinvestland.com](mailto:FILRTASM@filinvestland.com).
- Stockholders who wish to attend the meeting via remote communication and/or vote in absentia online must register at the following web address: [https://shareholders.filinvest.com.ph/FILRT\\_SHAREHOLDERSYSTEM](https://shareholders.filinvest.com.ph/FILRT_SHAREHOLDERSYSTEM). After validation, the stockholders will receive an email with instructions on how to access the voting ballot and the meeting. The details of the process are provided in the Information Statement.
- The votes will be tabulated by the Office of the Corporate Secretary and the stock transfer agent. The results will be reported in the meeting.
- Any comments and questions on the agenda should be emailed to [FILRTASM@filinvestland.com](mailto:FILRTASM@filinvestland.com) on or before April 11, 2023. The Board of Directors and/or officers will endeavor to answer these questions during the meeting. Due to time constraints, any questions that will not be addressed during the meeting may be answered by email.
- There will be an audio and visual recording of the meeting

### **Approval of the Minutes of the Annual Stockholders' Meeting held on April 20, 2022**

The minutes of the meeting held on April 20, 2022 can be viewed at the Company website, [https://www. https://www.filinvestreit.com/](https://www.filinvestreit.com/). A copy of the minutes is also attached as **Annex "B"** of the Information Statement.

### **Presentation of the Management Report**

The President, Ms. Maricel Brion-Lirio, will report on the Company's 2022 performance and the outlook for this year.

### **Ratification of the Audited Financial Statements for the year ended December 31, 2022**

The audited financial statements refer to the financial operations, balance sheet and income statement of FILRT as of and for the year ended December 31, 2022. The Company's audited financial statements for 2022 will be attached to the Information Statement and will be made available on the Company website.

### **Ratification of the Acts and Resolutions of the Board of Directors, Board Committees and Management from the Date of the Last Annual Stockholders' Meeting up to April 19, 2023**

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

### **Election of the Members of the Board of Directors, including three (3) Independent Directors, to serve for 2023-2024**

In accordance with the Company's Revised Manual on Corporate Governance and By-Laws, the stockholders must elect the members of the Board of Directors of the Company comprised of seven (7) directors, including three (3) independent directors, who shall hold office for a term of one (1) year, or until their successors shall have been duly elected and qualified. There will be an election of the members of the Board during the annual stockholders' meeting to serve for the year 2023 to 2024.

The Nominations Committee will evaluate the nominees for the Board, including three (3) nominees for independent directors, and determine whether that they have all the qualifications and none of the disqualifications to serve in the Board of Directors. The Final List of Candidates and the qualifications of each nominee director will be discussed in the Definitive Information Statement.

### **Appointment of the External Auditor**

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

### **Approval of the Amendment of By-laws**

The proposed amendments to the By-laws will be presented for approval of the stockholders. The details of the proposed amendments are provided in the Information Statement.

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 20-IS**

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

1. Check the appropriate box:  
 Preliminary Information Statement  
 Definitive Information Statement
2. Name of Registrant as specified in its charter: **FILINVEST REIT CORP.**
3. Province, country or other jurisdiction of incorporation or organization:  
**Philippines**
4. SEC Identification Number: **A200000652**
5. BIR Tax Identification Code: **204-863-416**
6. Address of principal office: **5<sup>th</sup> to 7<sup>th</sup> Floors, Vector One Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City, Metro Manila**  
Postal Code: **1781**
7. Registrant's telephone number, including area code: **(02) 8846 0278**
8. Date, time and place of the meeting of security holders:  
Date: **April 19, 2023 (Wednesday)**  
Time: **9:00 a.m.**  
Place: **No physical meeting**  
Online web address for registration for remote participation and voting:  
[https://shareholders.filinvest.com.ph/FILRT\\_SHAREHOLDERSYSTEM](https://shareholders.filinvest.com.ph/FILRT_SHAREHOLDERSYSTEM)
9. Approximate date on which the Information Statement is first to be sent or given to security holders:  
**On or before March 24, 2023**
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Common Shares of Stock Outstanding	Amount of Debt Outstanding
<b>Common</b>	<b>4,892,777,994</b>	

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

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

**The Philippine Stock Exchange, Inc. - common shares**

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

## **PART I**

### **INFORMATION REQUIRED IN INFORMATION STATEMENT**

#### **A. GENERAL INFORMATION**

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

- (a) The annual stockholders' meeting of **FILINVEST REIT CORP.** (the "Company" or "FILRT") is scheduled to be held on **April 19, 2023** at **9:00 a.m.** through virtual meeting. The presiding officer shall call and prescribe the stockholders' meeting at the principal office of the corporation or, if not practicable, in the city or municipality where the principal office of the corporation is located.

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

- (b) This information statement shall be sent or given to stockholders no later than **March 24, 2023**.

##### **Item 2. Dissenters' Right of Appraisal**

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

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

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



which vote is taken on the corporate action, excluding any appreciation or depreciation in value in anticipation of the vote on the corporate action.

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

There is no matter to be taken up at the annual meeting on **April 19, 2023** which would entitle a dissenting stockholder to exercise the right of appraisal.

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

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

## **B. CONTROL AND COMPENSATION INFORMATION**

### **Item 4. Voting Securities and Principal Holders Thereof**

- (a) As of February 28, 2023, the total number of shares outstanding and entitled to vote in the annual stockholders' meeting is 4,892,777,994 common shares. Each share is entitled to (1) one vote in accordance with the By-Laws of the Company.
- (b) The record date for purposes of determining the stockholders entitled to vote is **March 01, 2023**.
- (c) Stockholders are entitled to cumulative voting in the election of directors of the Company, as provided for in the Revised Corporation Code. Under Section 23 of the Revised Corporation Code, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit: Provided, That the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the whole number of directors to be elected. The stockholder

must be a stockholder of record as of March 01, 2023 in order that he may exercise cumulative voting rights. There are no conditions precedent to the exercise of the stockholders' cumulative voting right.

(d) Security Ownership of Certain Record and Beneficial Owners

The names, addresses, citizenship, number of shares held, and percentage to total of persons owning more than five percent (5%) of the outstanding voting shares of the Company as of February 28, 2023 are as follows:

Title of Class	Name and Address of Record Owner/ Relationship with Company	Name of Beneficial Owner/ Relationship with Record Owner	Citizenship	No. of Shares Held	% Held
Common	<b>Filinvest Land, Inc.</b>  Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City, Metro Manila  Majority Owner of the Company	FLI <sup>1</sup>	Filipino	3,095,498,345 (D)	63.27%
Common	<b>PCD Nominee Corporation (Filipino)</b> G/F, Philippine Stock Exchange Tower Ayala Avenue, Makati City	Please see footnote 2 below. <sup>2</sup>	Filipino	1,726,114,971	35.28%

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 (5%) of the Company's outstanding shares or who has voting power or investment power with respect to shares comprising more than five percent (5%) of the Company's outstanding common stock.

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

As of February 28, 2023, 1,698,682,935 common shares or 34.72% of the outstanding common shares of the Corporation are owned by the public.

As of March 1, 2023, 70,261,264 common shares or 1.44% 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 February 28, 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)	Filipino	Negligible

<sup>1</sup> 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.

<sup>2</sup> Based on the report provided by the Company's stock transfer agent, one participant holds 5% or more of the Company's outstanding shares, namely CITIBANK N.A. (5.630%).

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percentage of Ownership
		8,594,934 (I) <sup>3</sup>		0.18%
Common	Maricel Brion-Lirio	6,002 (D) 0 (I)	Filipino	Negligible
Common	Tristaneil D. Las Marias	2 (D) 0 (I)	Filipino	Negligible
Common	Francis Nathaniel C. Gotianun	2 (D) 414,900 (I)	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	100,000 (D) 173,000 (I)	Filipino	Negligible Negligible
Common	Maria Victoria Reyes-Beltran	60,000 (I)	Filipino	Negligible
N. A.	Katrina O. Clemente-Lua	0	Filipino	N. A.
Common	Jennifer C. Lee	1,500 (D)	Filipino	Negligible
N. A.	Raymond Wilfred L. Castañeda	0	Filipino	N. A.
N. A.	Patricia Carmen D. Pineda	0	Filipino	N. A.
	TOTAL	106,014 (D) 9,242,834 (I)		Negligible 0.19%

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

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

### **Item 5. Directors and Principal Officers**

Members of the Board serve for a term of one (1) year and until their successors shall have been duly elected and qualified. The business experience of the directors and officers of the Company named below covers at least the past five (5) years.

The record of attendance of the directors at the meetings of the Board of Directors held in 2022 is as follows:

Directors	No. of Board Meetings Held	No. of Board Meetings Attended	Percent Present
Lourdes Josephine Gotianun-Yap	8	8	100%
Maricel Brion-Lirio	8	8	100%
Tristaneil D. Las Marias	8	8	100%
Francis Nathaniel C. Gotianun	8	8	100%
Val Antonio B. Suarez (Independent Director)	8	8	100%
Virginia T. Obcena (Independent Director)	8	8	100%

<sup>3</sup> Includes 900,000 indirect shares through shares of stock in FILRT under the name Joseph Patrick G. Yap, Jr., Isabelle Therese G. Yap and Joseph &/or Josephine Yap, and the 7,694,934 indirect shares beneficially owned through shares of stock in Filinvest Land, Inc. under the name Joseph &/or Josephine Yap

<b>Directors</b>	<b>No. of Board Meetings Held</b>	<b>No. of Board Meetings Attended</b>	<b>Percent Present</b>
Gemilo J. San Pedro (Independent Director)	8	8	100%

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

<p><b>Lourdes Josephine Gotianun-Yap</b>  <i>Chairperson of the Board of Directors</i></p>	<p>Mrs. Yap, 67, 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 a Director, President and Chief Executive Officer (“CEO”) of Filinvest Development Corporation (FDC) and the CEO of Filinvest Land, Inc. (FLI), and a Director in Eastwest Banking Corporation (EWBC), all publicly-listed companies. She is the Chairperson and CEO of Filinvest Alabang, Inc. (FAI), a director of FDC Utilities, Inc. (FDCUI) and in other companies within the Filinvest Group. She obtained her Master’s Degree in Business Administration from the University of Chicago in 1977.</p>
<p><b>Maricel Brion-Lirio</b>  <i>Director, President and Chief Executive Officer</i></p>	<p>Ms. Lirio, 53, Filipino, was first elected as Director, President and Chief Executive Officer of FILRT on February 11, 2021. Prior to that, she was the Executive Vice-President and Chief Operating Officer of FILRT and Senior Vice President-Offices and Vice President-Project Group Head of FAI. She was also formerly a Senior Assistant Vice President and Marketing Director for Philam Properties Corporation, National Sales Manager for Triumph International (Phils.) Inc., Marketing and Leasing Manager of D.C. Realty and Finance Corp., Marketing Services and Customer Relations Manager of Mazda and BMW Philippines and a money market trader of CityTrust Banking Corp., a Citibank N.A. subsidiary. She obtained her Bachelor’s Degree in Mass Communications from Assumption College Makati. She also attended the Business Management Program of Asian Institute of Management and earned units in the Graduate School of Management at the University of San Francisco, California.</p>
<p><b>Tristaneil D. Las Marias</b>  <i>Director</i></p>	<p>Mr. Las Marias, 48, Filipino, was first elected as Director of FILRT on September 30, 2020. He also serves as the President and Chief Strategy Officer of FLI. He is also the President of Property Specialists Resources, Inc. and a director in other companies under the Filinvest Group. He started in 1997 as Head of Regional Projects and went on to hold a higher position as Senior Vice-President and Cluster Head for Visayas and Mindanao projects as well as Southwest and Central Luzon of FLI. Prior to joining the Filinvest Group, he was Assistant Vice President and Head of Marketing and Business Development of Landtrade Properties and Marketing Corporation and a Project Officer of Landco Pacific Corporation. He obtained his Bachelor of Arts, Major in Management Economics degree from Ateneo de Manila University. He also obtained his Certificate from the Advanced Management Program of the Harvard Business School in 2022.</p>

<p><b>Francis Nathaniel C. Gotianun</b>  <i>Director</i></p>	<p>Mr. Gotianun, 39, Filipino, was first elected as Director of the Company on September 30, 2020. However, his appointment as Director of the Company became effective only 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. and as the President and CEO of The Palms Country Club Inc. and Chairman of ProOffice Work Services, Inc. and Pro-Excel Property Managers, Inc. He is also a director of FLI and FDC, both publicly-listed companies. He obtained his Bachelor’s Degree in Commerce from the University of Virginia in 2005 and his Master’s in Business Administration degree in IESE Business School – University of Navarra in 2010.</p>
<p><b>Val Antonio B. Suarez</b>  <i>Independent Director</i></p>	<p>Mr. Suarez, 64, Filipino, is an independent director of FILRT, having been first elected on April 6, 2017. He is the Managing Partner of the Suarez &amp; Reyes Law Offices and was the former President and Chief Executive Officer of The Philippine Stock Exchange, Inc. Mr. Suarez is also an independent director of FDC, FLI and Lepanto Consolidated Mining Company, all publicly listed companies, and a member of the Integrated Bar of the Philippines (Makati Chapter) and the New York Bar. He obtained his Bachelor of Laws degree from the Ateneo de Manila University Law School and a Master of Laws degree from Georgetown University Law Center.</p>
<p><b>Virginia T. Obcena</b>  <i>Independent Director</i></p>	<p>Ms. Obcena, 75, 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 &amp; Co. (SGV &amp; Co.). She obtained her Bachelor of Science in Business Administration degree, Magna cum Laude, at the University of the East and her Master in Business Administration degree at the University of the Philippines. She is a Certified Public Accountant.</p>
<p><b>Gemilo J. San Pedro</b>  <i>Independent Director</i></p>	<p>Mr. San Pedro, 68, Filipino, was first elected as Director of the Company on September 30, 2020. However, his appointment as Director of the Company became effective only on July 2, 2021 after the approval by the Securities and Exchange Commission of the Company’s Amended Articles of Incorporation increasing the number of directors from five (5) to seven (7). 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 &amp; Co. He was a partner in SGV &amp; Co. from 1991 to 2015 and Professional Practice Director and Quality and Risk Management</p>

	<p>Leader from 2004 to 2015. He is also an independent director of FLI, a publicly-listed company. He finished his Bachelor of Science in Commerce-Major in Accounting degree at Rizal Memorial Colleges, Davao City, in 1976. He obtained his Master of Business Administration, concentration in Finance and International Business, at the Graduate School of Business, New York University, (now Stern Graduate School) USA, in 1983.</p>
<p><b>Ana Venus A. Mejia</b>  <i>Treasurer and Chief Finance Officer</i></p>	<p>Ms. Mejia, 57, Filipino, is the Treasurer and Chief Finance Officer of FILRT. She also serves as the Executive Vice President, Treasurer and Chief Finance Officer of FLI. She also serves as director in various entities within the Filinvest Group. Prior to joining Filinvest, she worked with Shoemart and SGV &amp; Co. She is a Certified Public Accountant and a <i>magna cum laude</i> graduate of Pamantasan ng Lungsod ng Maynila. She obtained her Master's Degree from the Kellogg School of Management of Northwestern University and the School of Business and Management at the Hong Kong University of Science and Technology.</p>
<p><b>Maria Victoria Reyes-Beltran</b>  <i>Compliance Officer</i></p>	<p>Ms. Reyes-Beltran, 56, Filipino was appointed as Compliance Officer of FILRT on November 18, 2021. She also serves as Senior Vice-President – General Counsel and Compliance Officer of FLI. Prior to joining FLI, she served as Director of the Office of Internal Legal Counsel of R.G. Manabat &amp; Co., a professional partnership firm affiliated with KPMG International. She also served as General Counsel of the Corporate Legal Unit of JG Summit Holdings, Inc. and Universal Robina Corporation, its subsidiaries, and regional operations in Southeast Asia as well as Corporate Secretary of the printed media unit of the group. She obtained her Bachelor of Arts degree major in Philosophy from the University of the Philippines and her Bachelor of Laws degree from San Beda College of Law. She completed her Master of Laws in International Commercial Law at the Ateneo School of Law and course on Structuring International Joint Venture at the University of California, Davis Campus.</p>
<p><b>Katrina O. Clemente-Lua</b>  <i>Corporate Secretary and Corporate Information Officer</i></p>	<p>Ms. Clemente-Lua, 39, Filipino, was appointed as FILRT's Corporate Secretary on March 21, 2023 and Corporate Information Officer on March 15, 2022. Ms. Lua was previously appointed as FILRT's Assistant Corporate Secretary on February 15, 2022. She joined the Corporate and Tax Advisory Division of the Legal Department of FLI in October 2018. Prior to joining FLI, she served as the Legal Counsel of Philippine Stratbase Consultancy, Inc. and Executive Director of Stratbase ADR Institute. She was previously an associate of Carag Jamora Somera &amp; Villareal Law Offices as well as Senior Corporate Affairs Officer of Anchor Land Holdings. She obtained her Bachelor of Arts degree in Legal Management from De La Salle University and her Juris Doctor degree from Ateneo de Manila University.</p>
<p><b>Jennifer C. Lee</b>  <i>Assistant Corporate Secretary</i></p>	<p>Ms. Lee, 38, 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</p>

	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.
<b>Raymond Wilfred L. Castañeda</b> <i>Data Protection Officer</i>	Mr. Castañeda, 46, Filipino, is the Data Privacy 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.
<b>Patricia Carmen D. Pineda</b> <i>Investor Relations Officer</i>	Ms. Pineda, 50, Filipino, is the Investor Relations Officer of FILRT. She also serves as the Senior Assistant Vice-President and Group Investor Relations Head of FDC. She was previously the Head of Investor Relations for Metropolitan Bank & Trust Company. She also served as the Head of Investor Relations Concurrent Head of Controllershship and Analysis for Manila Water Company, Inc. and Investor Relations Manager for Ayala Land, Inc. She holds a Bachelor of Science degree, major in Economics from the University of the Philippines, and a Master of Science degree in Finance from the same university.

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

The members of the board committees, pursuant to appointments made during the organizational meeting of the Board of Directors of the Company on April 20, 2022 are as follows:

<b>Audit &amp; Risk Management Oversight Committee</b>	Virginia T. Obcena (Chairperson and Independent Director), Val Antonio B. Suarez (Independent Director) and Gemilo J. San Pedro (Independent Director)
<b>Compensation Committee</b>	Val Antonio B. Suarez (Chairman and Independent Director), Lourdes Josephine Gotianun-Yap, and Virginia T. Obcena (Independent Director)
<b>Corporate Governance Committee</b>	Val Antonio B. Suarez (Chairman and Independent Director), Virginia T. Obcena (Independent Director), and Gemilo J. San Pedro (Independent Director)
<b>Related-Party Transaction Committee</b>	Virginia T. Obcena (Chairperson and Independent Director), Val Antonio B. Suarez (Independent Director), and Gemilo J. San Pedro (Independent Director)

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

There will be an election of the members of the Board during the annual stockholders' meeting. The stockholders of the Company may nominate individuals to be members of the Board of Directors. The deadline for submission of nominees was on March 06, 2023.

All nominations for directors, including the independent directors, shall be addressed to and received by:

**THE NOMINATIONS COMMITTEE**  
c/o THE CORPORATE SECRETARY  
FILINVEST REIT CORP.  
Filinvest Building, 79 EDSA, Highway Hills  
Mandaluyong City 1550, Metro Manila

and signed by the nominating stockholder/s together with the acceptance and conformity by the nominees. All nominations should include (i) the *curriculum vitae* of the nominee, (ii) a statement that the nominee has all the qualifications and none of the disqualifications, (iii) information on the relationship of the nominee to the stockholder submitting the nomination, and (iv) all relevant information about the nominee's qualifications.

The Corporate Governance Committee, convened to serve as the Nominations Committee, created under the Company's Revised Manual on Corporate Governance (the "Revised Manual") endorses the nominees of FILRT to the Board of Directors for reelection/election at the upcoming annual stockholders' meeting, in accordance with the qualifications and disqualifications set forth in the Company's Revised Manual, as follows:

### **Qualifications**

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

### **Permanent Disqualifications**

The following shall be permanently disqualified for election as director:

- (1) Within five (5) years prior to the election or appointment, the director, trustee, or officer was convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years;
- (2) Within the tenure, the director, trustee, or officer was convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years;
- (3) Within five (5) years prior to the election or appointment, the director, trustee, or officer was convicted by final judgment for violating the Revised Corporation Code;



- (4) Within the tenure, the director, trustee, or officer was convicted by final judgment for violating the Revised Corporation Code;
- (5) Within five (5) years prior to the election or appointment, the director, trustee, or officer was convicted by final judgment for violating the Securities Regulation Code;
- (6) Within the tenure, the director, trustee, or officer was convicted by final judgment for violating the Securities Regulation Code;
- (7) Within five (5) years prior to the election or appointment, the director, trustee, or officer was found administratively liable, by final judgment, for any offense involving fraudulent acts punishable under Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines, Republic Act No. 8799, otherwise known as the Securities Regulation Code, and other laws, rules or regulations enforced or implemented by the Commission;
- (8) Within the tenure, the director, trustee, or officer was found administratively liable, by final judgment, for any offense involving fraudulent acts punishable under Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines, Republic Act No. 8799, otherwise known as the Securities Regulation Code, and other laws, rules or regulations enforced or implemented by the Commission;
- (9) Within five (5) years prior to the election or appointment, the director, trustee, or officer was convicted or found administratively liable by a foreign court or equivalent foreign regulatory authority for acts, violations or misconduct similar to those enumerated in paragraphs (a) and (b) of Section 26 of the Revised Corporation Code;
- (10) Within the tenure, the director, trustee, or officer was convicted or found administratively liable by a foreign court or equivalent foreign regulatory authority for acts, violations or misconduct similar to those enumerated in paragraphs (a) and (b) of Section 26 of the Revised Corporation Code; or
- (11) Within five (5) years prior to the election or appointment, or within the tenure, the director, trustee or officer was found administratively liable, by final judgment, for refusal to allow the inspection and/or reproduction of corporate records.

### **Temporary Disqualifications**

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

- (1) Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists;
- (2) Absence or non-participation for whatever reason/s at more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12)-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election;
- (3) Dismissal or termination for cause as director of any Corporation as provided for in the Company's Revised Manual. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;
- (4) If the beneficial equity ownership of an independent director in the Corporation or its subsidiaries and affiliates exceed two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with;
- (5) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

### **Nominated Directors for 2022-2023**

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

Below is the final list of candidates prepared by the Corporate Governance Committee and the following individuals have been nominated for re-election as directors, including independent directors at the Annual Stockholders' Meeting on 19 April 2023:

1. Mrs. Lourdes Josephine Gotianun-Yap
2. Mrs. Maricel Brion-Lirio
3. Mr. Tristaneil D. Las Marias
4. Mr. Francis Nathaniel C. Gotianun
5. Atty. Val Antonio B. Suarez (Independent Director)
6. Ms. Virginia T. Obcena (Independent Director)
7. Mr. Gemilo J. San Pedro (Independent Director)

The qualifications of the above nominees for the Board of Directors are discussed in pages 7- to 9 of this Information Statement.

### **Independent Directors**

The Corporate Governance Committee, convened to serve as the Nominations Committee, upon nomination by Ms. Jhonna Cañeja and following the guidelines provided under the Company's Revised Manual on Corporate Governance, named Atty. Val Antonio B. Suarez, Ms. Virginia T. Obcena and Mr. Gemilo J. San Pedro as nominees for election as independent directors for this year's annual meeting. Ms. Cañeja is not related, whether by affinity or consanguinity, to any of these nominees.

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

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

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

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

requirements of Section 17.2 of the Securities Regulation Code and includes, among others, any person who:

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

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

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

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

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

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

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

- i. He becomes an officer or employee of the Company, or becomes any of the persons enumerated under item (A) hereof;
- ii. His beneficial security ownership exceeds ten percent (10%) of the outstanding capital stock of the Company;
- iii. He fails, without any justifiable cause, to attend at least fifty percent (50%) of the total number of board meetings during his incumbency unless such absences are due to grave illness or death of an immediate member of the family;

- iv. Such other disqualifications as the Company's Revised Manual may provide.

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

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

The Corporate Governance Committee, convened to serve as the Nominations Committee, receives nominations for independent directors as may be submitted by the stockholders. After the deadline for the submission thereof, the Corporate Governance Committee meets to consider the qualifications as well as grounds for disqualification, if any, of the nominees based on the criteria set forth in the Company's Revised Manual on Corporate Governance, Rule 38 of the Securities Regulation Code, and SEC Memorandum Circular No. 09, Series of 2011 as amended by SEC Memorandum Circular No. 04, Series of 2017. All nominations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees. The Corporate Governance Committee shall then prepare a Final List of Candidates enumerating the nominees who passed the screening.

The name of the person or group of persons who recommends nominees as independent directors shall be disclosed along with his or their relationship with such nominees. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as independent directors. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the annual meeting.

The conduct of the election of independent directors shall be in accordance with the provisions of the Company's Revised Manual on Corporate Governance and the Amended By-laws consistent with Rule 38 of the Securities Regulation Code.

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

### **Other Significant Employees**

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

### **Family Relationships**

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

### **Involvement in Certain Legal Proceedings**

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

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

- a) Subject to any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- b) Subject to any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- c) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- d) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

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

#### *Manila Paper Mills International, Inc. Complaint*

On February 24, 2016, a complaint for syndicated estafa was filed by Manila Paper Mills International, Inc. ("MPMII") with the Office of the City Prosecutor of Dasmariñas, Cavite against certain directors and an officer of FLI, in their capacity as such, including Lourdes Josephine Gotianun – Yap and Val Antonio B. Suarez. The allegations in the complaint 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 6. Compensation of Directors and Executive Officers**

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

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (₱ million)</b>	<b>Bonus (₱ million)</b>	<b>Other Annual Compensation (₱ million)</b>	<b>Total (₱ million)</b>
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 does not have any other directors, officers or employees that receive compensation.

Except for a per diem of Php50,000.00 being paid to each of the Independent Directors for every meeting attended, there are no other arrangements for the payment of compensation or remuneration to the Directors of the Company in their capacity as such.

There are no actions to be taken at the annual meeting of the stockholders on April 19, 2023 with respect to any bonus, profit sharing or other compensation plan, contract or arrangement, and pension or retirement plan, in which any director, nominee for election as a director, or executive officer of the Company will participate. Neither are there any proposed grants or extensions to any such persons of any option, warrant or right to purchase any securities of the Company which are subject to the approval by the stockholders at the annual stockholders' meeting.

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

## **Board Evaluation and Assessment**

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

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

The criteria for Board self-assessment are:

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

## **Certain Relationships and Related Transactions**

In the normal course of business, the Company and the other members of the Filinvest Group of Companies (the "Group") enter into certain related-party transactions. The Company has entered into various transactions with related parties. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence (referred to as "Affiliates"). Related parties may be individuals or corporate entities.

The transactions with related parties for the year ended December 31, 2022 are discussed in the Company's 2022 Audited Financial Statements attached as Annex "C" to this Information Statement. Please see Note 16, pages 34 to 38 of the Notes to the Financial Statements accompanying the Company's 2022 Audited Financial Statements where the (a) business purpose of the arrangement; (b) identification of the related parties transacting business with the Company and nature of the relationship; and (c) any ongoing contractual or other commitments as a result of the arrangement, are stated. The transaction price for Related Party Transactions ("RPT") are as negotiated and on an arm's length basis. All material RPT with a transaction value that reaches ten percent (10%) of the Company's total assets are subject to the review and approved for fairness by the RPT Committee.

## **Item 7. Independent Public Accountants**

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

The Company, in compliance with SRC Rule 68(3)(b)(iv) relative to the five-year rotation requirement of its external auditors, has designated Ms. Wanessa Salvador as its engagement partner starting CY 2019. Ms. Salvador is thus qualified to act as such until the year 2023.

The Audit and Risk Management Oversight Committee recommended the re-appointment of SGV & Co. as the Company’s external auditor for the year 2022-2023. The said recommendation was approved by the Board of Directors and will be presented for approval and ratification at the scheduled annual stockholders’ meeting. The representatives of SGV & Co. shall be present at the annual meeting where they will have the opportunity to make a statement if they desire to do so. They are expected to be available to respond to appropriate questions at the meeting.

## **Item 8. Compensation Plan**

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

## **C. ISSUANCE AND EXCHANGE OF SECURITIES**

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

No action will be taken at the annual stockholders’ meeting with respect to authorization or issuance of securities other than for exchange.

### **Item 10. Modification or Exchange of Securities**

There are no matters or actions to be taken up at the annual stockholders’ meeting with respect to the modification of the Company’s securities or the issuance or authorization for issuance of one class of the Company’s securities in exchange for outstanding securities of another class.

## **Item 11. Financial and Other Information**

### **(1) Financial Statements**

The Company’s Audited Financial Statements for the year ended December 31, 2022 is attached herewith as **Annex “C”** to form an integral part hereof.



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

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

## **(3) Legal Proceedings**

As of the date of this Information Statement, the Company is not subject to lawsuits and legal actions.

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

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

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

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

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

No action will be taken at the annual stockholders' meeting with respect to any restatement of any asset, capital or surplus account of FILRT.

## **D. OTHER MATTERS**

### **Item 15. Action with Respect to Reports**

- (1) Approval of the minutes of the annual meeting of stockholders held on April 20, 2022 attached hereto as **Annex "E"**;

Rationale: To allow the stockholders to confirm that the proceedings during the ASM were recorded accurately and truthfully.

The minutes of the meeting held on April 20, 2022 can be viewed at the Company website, <https://www.filinvestreit.com/>. A copy of the minutes is also attached as **Annex "E"** of the Information Statement.

- (2) Presentation of the Management Report;

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

The President, Ms. Maricel Brion-Lirio, will report on the Company's 2022 performance and the outlook for 2023.

- (3) Ratification of the Audited Financial Statements for the year ended December 31, 2022;

Rationale: To apprise the stockholders of the financial results of the Company's operations in 2022.

The audited financial statements refer to the financial operations, balance sheet and income statement of FILRT as of and for the year ended December 31, 2022. The Company's audited financial statements for 2022 is attached herewith as **Annex "C"** to form an integral part hereof and will be made available on the Company website.

All the above items are part of the agenda of the annual stockholders' meeting of the Company to be held on April 19, 2023 and are subject to the approval by the stockholders.

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

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

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

During the meeting of the Board of Directors held on August 09, 2022, where all directors were present and acted throughout, the Board unanimously approved the amendment of Article V Sections 1 and 7 of the Company's By-laws for the inclusion of the roles and functions of a Compliance Officer.

Moreover, during the meeting of the Board of Directors held on November 15, 2022, where all directors were present and acted throughout, the Board unanimously approved the amendment of Article II Section 6 of the Company's By-laws to allow: (1) the Assistant Corporate Secretary to act as Secretary for meetings of the stockholders in the absence of the Corporate Secretary, and (2) stockholders' meeting to be held virtually through videoconferencing or other alternative modes of communication.

Pursuant to the provisions of the Revised Corporation Code, the proposed amendments to the By-laws shall be submitted for stockholders' approval during their annual stockholders' meeting on April 19, 2023.

#### **Item 18. Other Proposed Actions**

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

Rationale: To ratify the actions and resolutions of the Board of Directors and management.

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

- (a) Appointment of the members of the board committees
  - (b) Appointment of officers
  - (c) Appointment and/or updating of bank signatories
  - (d) Renewal/availment of bank services and credit facilities
  - (e) Declaration of cash dividends
  - (f) Approval of Registration of the Corporation with government agencies and systems
  - (g) Approval of the retirement and cancellation of business permit
  - (h) Authority to apply for permits/clearances with various government agencies and designation of authorized representatives
  - (i) Approval of the date of annual stockholders' meeting, record date and the agenda of the meeting
  - (j) Approval of the audited financial statements
  - (k) Appointment of external auditor
  - (l) Authority to transact and enter into contracts/agreements relating to the Company's transactions, including purchase of real property
  - (m) Appointment of authorized representatives and signatories for various corporate transactions;
  - (n) Approval of the guidelines for the conduct of the 2023 annual stockholders' meeting virtually
  - (o) Approval of the amendment of the Company's by-laws
  - (p) Approval of the Revised Manual on Corporate Governance
  - (q) Approval of the change in accounting policy for investment properties from cost to fair value model
  - (r) Approval of committee charters
- (2) Election of the members of the Board of Directors, including three (3) Independent Directors, to serve for the year 2023-2024; and

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

In accordance with the Company's Revised Manual on Corporate Governance and By-Laws, the stockholders must elect the members of the Board of Directors of the Company comprised of seven (7) directors, including three (3) independent directors, who shall hold office for a term of one (1) year, or until their successors shall have been duly elected and qualified. There will be an election of the members of the Board during the annual stockholders' meeting to serve for the year 2023 to 2024.

The Corporate Governance Committee, acting as the Nominations Committee, evaluated the nominees for the Board, including three (3) nominees for independent directors, and the determined that the nominees have all the qualifications and none of the disqualifications to serve in the Board of Directors.

- (3) Appointment of External Auditor.

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

## **Item 19. Voting Procedures**

(a) *Vote required for approval.*

The approval of the minutes of the annual stockholders' meeting held on April 20, 2022 and the audited financial statements for the year ended 2022, the ratification of corporate acts, the appointment of external auditors for 2023, and amendment of By-laws, shall be decided by the majority vote of the stockholders present in person or by proxy and entitled to vote thereat, a quorum being present. A stockholder voting electronically *in absentia* shall be deemed present for purposes of quorum.

In the election of the members of the Board of Directors, the candidates garnering the seven (7) highest number of votes shall be declared elected as directors of the Company to serve as such for the year 2023-2024.

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

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

## **Item 20. Participation of Stockholders by Remote Communication**

In support of the government's efforts to contain the spread of COVID-19 and to ensure the safety and welfare of its stockholders, directors, officers and employees, the Company will dispense with physical attendance of stockholders at the meeting and will allow attendance only by remote communication.

In order for the Company to properly conduct validation procedures, stockholders who wish to participate in the meeting via remote communication and/or vote *in absentia* must register at [https://shareholders.filinvest.com.ph/FILRT\\_SHAREHOLDERSYSTEM](https://shareholders.filinvest.com.ph/FILRT_SHAREHOLDERSYSTEM) on or before April 05, 2023.

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

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

**PART II  
SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Mandaluyong on the 21<sup>st</sup> day of March 2023.

**FILINVEST REIT CORP.**

By:



**KATRINA O. CLEMENTE-LUA**  
Corporate Secretary

**FILINVEST REIT CORP.**

**SECRETARY'S CERTIFICATE**

I, **KATRINA O. CLEMENTE-LUA**, Filipino, of legal age, and with office address at the 6<sup>th</sup> Floor, Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City 1550, Metro Manila, after having been duly sworn in accordance with law, hereby certify:

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

2. Based on the records of the Corporation, none of its incumbent directors and executive officers named in the Corporation's Information Statement (SEC Form 20-IS) for the Annual Stockholders' Meeting to be held on 19 April 2023 is connected with and/or working in the government.

3. This Certification is being issued as an Annex to the Information Statement (SEC Form 20-IS) of the Corporation in connection with its Annual Stockholders' Meeting for the year 2023.

**IN WITNESS WHEREOF**, I have hereunto set my hand this 21<sup>st</sup> day of March 2023 in Mandaluyong City, Metro Manila.

*K. O. Clemente-Lua*

**KATRINA O. CLEMENTE-LUA**  
Corporate Secretary

**SUBSCRIBED AND SWORN TO** before me this 21<sup>st</sup> day of March 2023 in Mandaluyong City, Metro Manila, affiant exhibiting to me her Philippine Passport No. P2463944B, bearing her photograph and signature, issued by Department of Foreign Affairs - NCR - South, and valid until 05 July 2029.

Doc. No. 307 ;  
Page No. 63 ;  
Book No. 13 ;  
Series of 2023.

**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. 5110440; 1-3-23; MANDALUYONG  
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025  
UG03 CITYLAND SHAW TOWER,  
SHAW BLVD. MANDALUYONG CITY

### CERTIFICATION OF INDEPENDENT DIRECTOR

I, **VAL ANTONIO B. SUAREZ**, Filipino, of legal age, with postal office address at Unit 5C, OPL Building, 100 C. Palanca Street, Legaspi Village, Makati City 1229, after having been duly sworn in accordance with the law do hereby declare that:

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

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

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

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

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

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

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

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



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

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

Done, this MAR 21 2023 at Makati City.

  
VAL ANTONIO B. SUAREZ  
Affiant

SUBSCRIBED AND SWORN to before me this MAR 21 2023 at MANDALUYONG CITY, affiant personally appeared before me and exhibited to me his IBP Lifetime Member No. 01967 issued by the IBP Pasig City.

Doc. No. 227 ;  
Page No. 47 ;  
Book No. 13 ;  
Series of 2023.

**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. 5110440; 1-3-23; MANDALUYONG  
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025  
UG03 CITYLAND SHAW TOWER,  
SHAW BLVD. MANDALUYONG CITY

### CERTIFICATION OF INDEPENDENT DIRECTOR

I, VIRGINIA T. OBCENA, of legal age, Filipino, single, with postal address at 339 Beata Street, Ayala Alabang Village, Muntinlupa City, Metro Manila, after having been duly sworn in accordance with the law do hereby declare that:

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

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

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

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

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

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

Done, this MAR 21 2023 at MANDALUYONG CITY



**VIRGINIA T. OBCENA**  
Affiant

SUBSCRIBED AND SWORN to before me this MAR 21 2023 at  
Mandaluyong City, affiant personally appeared before me and exhibited to me her Passport  
No. P7582624A issued on 19 June 2018 by the Department of Foreign Affairs - NCR  
South.

Doc. No. MS ;  
Page No. 46 ;  
Book No. 13 ;  
Series of 2023.

**JOVEN G. SEMILLANO**  
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. 5110440; 1-3-23; MANDALUYONG  
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025  
UG03 CITYLAND SHAW TOWER,  
SHAW BLVD. MANDALUYONG CITY

### CERTIFICATION OF INDEPENDENT DIRECTOR

I, **GEMILO J. SAN PEDRO**, Filipino, of legal age and with address at 21 Batangas Bay Drive, Southbay Gardens Subdivision, Villonco Road, Sucat, Parañaque City, after having been duly sworn in accordance with the law do hereby declare that:

1. I am a nominee for Independent Director of Filinvest REIT Corp. and have been an independent director since July 2, 2021.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Filinvest Land, Inc.	Independent Director; Chairman, Audit & Risk Management Oversight Committee; Member, Compensation Committee; Member, Corporate Governance Committee; Member, Related-Party Transaction Committee	July 17, 2019 to Present
Sycip Gorres Velayo & Co.	Professional Practice Director and Quality and Risk Management Leader	2004 to 2015
	Partner	1991 to 2015

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

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

5. I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

Offense Charged/ Investigated	Tribunal or Agency Involved	Status
Co-respondent in a complaint for illegal foreclosure of property by prior owner.	Supreme Court	The primary respondent in the case involves a Philippine bank which foreclosed on the property

		which my wife and I subsequently acquired through public bidding. My wife and I were added to the case as buyers of the property and to prevent us from use/disposal of the property. The Court of Appeals has dismissed the complaint and this has been elevated to the Supreme Court and awaiting resolution.
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6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the N/A to be an independent director in N/A, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.
7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and Other SEC issuances.
8. I shall inform the Corporate Secretary of Filinvest REIT Corp. of any changes in the above-mentioned information within five (5) days from its occurrence.

Done, MAR 21 2023 at Mandaluyong City.

  
**GEMILO J. SAN PEDRO**  
Affiant

**SUBSCRIBED AND SWORN** to before me this MAR 21 2023 at Mandaluyong City, affiant personally appeared before me and exhibited to me his Passport ID No. P1141968B bearing his photograph and signature, issued on 21 March 2019 at DFA NCR South and valid until 20 March 2029.

Doc. No. 226 ;  
Page No. 47 ;  
Book No. 13 ;  
Series of 2023.

**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. 5110440; 1-3-23; MANDALUYONG  
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025  
UG03 CITYLAND SHAW TOWER,  
SHAW BLVD. MANDALUYONG CITY

**COVER SHEET**  
for  
**AUDITED FINANCIAL STATEMENTS**

SEC Registration Number

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**COMPANY NAME**

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

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

5	t	h	-	7	t	h	F	l	o	o	r	s	,	V	e	c	t	o	r	O	n	e	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	i	n	v	e	s	t	C	i	t	y	,	A	l	a	b	a	n	g	,	M	u	n	t	i	n	l																
u	p	a	C	i	t	y																																				

Form Type

A	A	F	S	
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Department requiring the report

S	E	C	
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Secondary License Type, If Applicable

N	/	A	
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**COMPANY INFORMATION**

Company's Email Address

N/A
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Company's Telephone Number

8846-0278
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Mobile Number

N/A
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No. of Stockholders

15,058
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Annual Meeting (Month / Day)

May 30
--------

Fiscal Year (Month / Day)

12/31
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**CONTACT PERSON INFORMATION**

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

Name of Contact Person

<b>Ms. Venus A. Mejia</b>
---------------------------

Email Address

<b>venus.mejia@filinvestgroup.com</b>
---------------------------------------

Telephone Number/s

<b>8846-0278</b>
------------------

Mobile Number

<b>N/A</b>
------------

**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.



**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, 2022, 2021 and 2020 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.

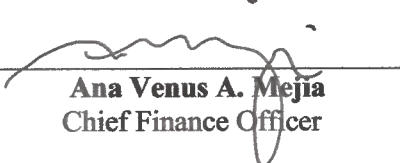
The Board of Director is responsible for overseeing the Company's financial reporting process.

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 **MAR 22 2023** day of \_\_\_\_\_ affiants exhibits to me their SSS ID and Passport as follows:

	SSS ID No.	Passport No.
L. Josephine G. Yap	03-46617474	
Maricel Brion Lirio	04-07020162	
Ana Venus A. Mejia		EC3796043

Doc. No. 343  
Page No. 70  
Book No. 13  
Series of 2023.

**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. 5110440; 1-3-23; MANDALUYONG  
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025  
UG03 CITYLAND SHAW TOWER,  
SHAW BLVD. MANDALUYONG CITY

## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of Filinvest REIT Corp. (the Company) which comprise the statements of financial position as at December 31, 2022 and 2021, 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, 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the three years in the period ended December 31, 2022 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***

The Company operates 16 mixed-use office buildings located in Luzon and 3 parcels of land located in Boracay Island. The Company accounts for its investment properties using the cost model and discloses the fair value as required under PAS 40, *Investment Property*. The carrying value and fair value of investment properties amounted to ₱10,042.11 million and ₱44,489.6 million, respectively, as of December 31, 2022. Management determined the fair value of the investment properties based on the valuations carried out by an external valuer using the discounted cash flow model for office buildings and market approach for land.

We identified the disclosure on fair value of the Company's investment properties as a key audit matter because it is a significant disclosure given the Company's leasing business and the determination of the fair values of these properties involves significant management assumptions and estimations. These assumptions include discount rates and growth rates, which are influenced by the prevailing market rates and comparable market transactions and subject to higher level of estimation uncertainty due to the current economic conditions.

The disclosures on the fair value of investment properties are included in Note 9 to the financial statements.

### ***Audit Response***

With the assistance from our internal valuation specialists, we evaluated the valuation methodology adopted and the underlying assumptions used in the fair value determination of investment properties as of December 31, 2022. These assumptions include discount rates and growth rates.

We compared the key assumptions used such as growth rates against the historical performance per building, contractual terms and relevant external data. We tested the parameters used in determining discount rates against market data. We evaluated the competence, capabilities and objectivity of the external valuer by considering their qualifications, experience and reporting responsibilities. We also assessed the adequacy of the fair value disclosure of investment properties 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, 2022 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, 2022 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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



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

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

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

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

SYCIP GORRES VELAYO & CO.



Wanessa G. Salvador

Partner

CPA Certificate No. 0118546

Tax Identification No. 248-679-852

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

SEC Partner Accreditation No. 118546-SEC (Group A)

Valid to cover audit of 2019 to 2023 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-137-2023, January 31, 2023, valid until January 30, 2026

PTR No. 9564692, January 3, 2023, Makati City

March 21, 2023



**FILINVEST REIT CORP.**  
**STATEMENTS OF FINANCIAL POSITION**

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Notes 4 and 16)	<b>₱1,701,935,199</b>	₱2,587,195,631
Receivables (Note 5)	<b>789,140,396</b>	754,995,633
Other current assets (Note 11)	<b>327,750,212</b>	64,054,931
Total Current Assets	<b>2,818,825,807</b>	3,406,246,195
<b>Noncurrent Assets</b>		
Advances to suppliers (Note 8)	<b>8,898,825</b>	13,293,694
Investment properties (Notes 6, 9 and 18)	<b>10,042,109,848</b>	9,165,931,034
Property and equipment (Note 10)	<b>60,001,788</b>	81,686,898
Intangible assets (Notes 6, 7 and 18)	<b>998,810,323</b>	1,054,470,180
Other noncurrent assets (Note 11)	<b>238,260,817</b>	250,528,341
Total Noncurrent Assets	<b>11,348,081,601</b>	10,565,910,147
<b>Total Assets</b>	<b>₱14,166,907,408</b>	₱13,972,156,342
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses (Note 12)	<b>₱1,699,243,336</b>	₱1,222,657,329
Current portion of:		
Lease liabilities (Note 18)	<b>1,989,001</b>	1,848,085
Security and other deposits (Note 14)	<b>99,558,917</b>	96,987,598
Bonds payable (Note 13)	<b>6,000,000,000</b>	–
Total Current Liabilities	<b>7,800,791,254</b>	1,321,493,012
<b>Noncurrent Liabilities</b>		
Due to related parties - net of current portion (Notes 12 and 16)	<b>366,483,600</b>	–
Bonds payable (Notes 13, 25 and 27)	–	5,987,044,949
Lease liabilities - net of current portion (Note 18)	<b>26,330,764</b>	25,990,097
Security and other deposits - net of current portion (Note 14)	<b>661,105,321</b>	654,002,829
Total Noncurrent Liabilities	<b>1,053,919,685</b>	6,667,037,875
<b>Total Liabilities</b>	<b>8,854,710,939</b>	7,988,530,887
<b>Equity</b>		
Capital stock (Note 15)	<b>2,446,388,997</b>	2,446,388,997
Additional paid-in capital (Note 15)	<b>2,518,356,922</b>	2,518,356,922
Retained earnings (Note 15)	<b>347,450,550</b>	1,018,879,536
Total Equity	<b>5,312,196,469</b>	5,983,625,455
<b>Total Liabilities and Equity</b>	<b>₱14,166,907,408</b>	₱13,972,156,342

*See accompanying Notes to Financial Statements.*



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

	Years Ended December 31		
	2022	2021	2020
<b>REVENUES AND INCOME</b>			
Rental revenue (Notes 7, 9, 16 and 18)	<b>₱2,459,925,389</b>	₱2,519,294,434	₱2,833,413,910
Others (Note 19)	<b>779,663,469</b>	922,722,669	1,048,582,442
	<b>3,239,588,858</b>	3,442,017,103	3,881,996,352
<b>COSTS AND EXPENSES</b>			
Depreciation and amortization (Notes 7, 9, 10, and 18)	<b>412,907,769</b>	427,657,046	486,065,150
Utilities (Note 11)	<b>282,581,257</b>	277,795,323	297,548,444
Rental expense (Notes 16 and 18)	<b>262,962,187</b>	271,083,960	297,968,918
Manpower and service cost	<b>164,422,227</b>	196,147,790	201,226,869
Repairs and maintenance	<b>145,517,112</b>	183,504,663	132,787,546
Taxes and licenses	<b>141,240,655</b>	95,353,896	118,895,084
Service and management fees (Note 16)	<b>212,974,092</b>	103,101,857	77,826,276
Insurance	<b>10,171,490</b>	15,915,467	4,019,860
Others	<b>8,077,977</b>	17,850,148	9,034,919
	<b>1,640,854,766</b>	1,588,410,150	1,625,373,066
<b>OTHER INCOME (CHARGES)</b>			
Interest and other financing charges (Notes 13 and 18)	<b>(322,514,921)</b>	(348,226,313)	(351,361,074)
Interest income (Notes 4, 5, 16 and 20)	<b>29,754,402</b>	9,986,396	3,908,966
Gain on sale of investment property (Note 9)	–	–	65,038,584
Gain on derecognition of lease liabilities (Note 18)	–	189,183,041	5,842,526
Other income (charges) - net	<b>(720,249)</b>	(1,411,852)	(2,319,005)
	<b>(293,480,768)</b>	(150,468,728)	(278,890,003)
<b>INCOME BEFORE INCOME TAX</b>	<b>1,305,253,324</b>	1,703,138,225	1,977,733,283
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 17)</b>			
Current	–	117,651,935	231,150,026
Deferred	–	(269,648,113)	(114,258,532)
	–	(151,996,178)	116,891,494
<b>NET INCOME</b>	<b>1,305,253,324</b>	1,855,134,403	1,860,841,789
<b>OTHER COMPREHENSIVE LOSS</b>			
<b>Item that will not be reclassified to profit or loss</b>			
Remeasurement loss on retirement plan, net of tax (Note 2)	–	–	(1,055,090)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱1,305,253,324</b>	₱1,855,134,403	₱1,859,786,699
<b>Basic/Diluted Earnings Per Share (Note 21)</b>	<b>₱0.27</b>	₱0.53	₱0.80

See accompanying Notes to Financial Statements.



**FILINVEST REIT CORP.**

**STATEMENTS OF CHANGES IN EQUITY**

	Capital Stock (Note 15)	Additional Paid-in Capital (Note 15)	Deposit for Future Stock Subscription (Note 15)	Appropriated Retained Earnings (Note 15)	Unappropriated Retained Earnings (Note 15)	Remeasurement Gain/(Loss) on Retirement Plan	Total
<b>For the Year Ended December 31, 2022</b>							
Balances at January 1, 2022	₱2,446,388,997	₱2,518,356,922	₱–	₱–	₱1,018,879,536	₱–	₱5,983,625,455
Total comprehensive income	–	–	–	–	1,305,253,324	–	1,305,253,324
Cash dividends declared (Note 15)	–	–	–	–	(1,976,682,310)	–	(1,976,682,310)
Balances at December 31, 2022	₱2,446,388,997	₱2,518,356,922	₱–	₱–	₱347,450,550	–	₱5,312,196,469
<b>For the Year Ended December 31, 2021</b>							
Balances at January 1, 2021	₱1,163,426,668	₱102,900,666	₱1,889,583,333	₱–	₱1,950,125,348	₱28,845	₱5,106,064,860
Total comprehensive income	–	–	–	–	1,855,134,403	–	1,855,134,403
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	₱–	₱–	₱1,018,879,536	₱–	₱5,983,625,455
<b>For the Year Ended December 31, 2020</b>							
Balances at January 1, 2020	₱1,163,426,668	₱102,900,666	₱–	₱6,300,000,000	₱401,190,324	₱1,083,935	₱7,968,601,593
Net income	–	–	–	–	1,860,841,789	–	1,860,841,789
Other comprehensive income	–	–	–	–	–	(1,055,090)	(1,055,090)
Total comprehensive income	–	–	–	–	1,860,841,789	(1,055,090)	1,859,786,699
Dividends declared (Note 15)	–	–	–	–	(6,611,906,765)	–	(6,611,906,765)
Reversal of appropriation (Note 15)	–	–	–	(6,300,000,000)	6,300,000,000	–	–
Deposit for future subscription (Note 15)	–	–	1,889,583,333	–	–	–	1,889,583,333
Balances at December 31, 2020	₱1,163,426,668	₱102,900,666	₱1,889,583,333	₱–	₱1,950,125,348	₱28,845	₱5,106,064,860

See accompanying Notes to Financial Statements



**FILINVEST REIT CORP.**  
**STATEMENTS OF CASH FLOWS**

	<b>Years Ended December 31</b>		
	<b>2022</b>	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax	<b>₱1,305,253,324</b>	₱1,703,138,225	₱1,977,733,283
Adjustments for:			
Depreciation and amortization (Notes 6, 7, 9, 10, and 18)	<b>412,907,769</b>	427,657,046	486,065,150
Interest expense and other financing changes (Notes 13 and 18)	<b>322,514,921</b>	348,226,313	351,361,074
Interest income (Notes 4, 5, 16 and 20)	<b>(29,754,402)</b>	(9,986,396)	(3,908,966)
Gain on sale of investment properties (Note 9)	–	–	(65,038,584)
Gain on derecognition of lease liabilities (Note 18)	–	(189,183,041)	(5,842,526)
Pension expense	–	–	487,197
Operating income before changes in operating assets and liabilities	<b>2,010,921,612</b>	2,279,852,147	2,740,856,628
Changes in operating assets and liabilities			
Decrease (increase) in:			
Receivables	<b>(34,144,763)</b>	75,148,821	(54,648,565)
Other current assets	<b>(263,695,281)</b>	313,848,363	(200,426,188)
Increase (decrease) in:			
Accounts payable and accrued expenses	<b>79,505,331</b>	(22,599,962)	(191,226,805)
Other current liabilities	–	–	(129,337,085)
Security and other deposits	<b>9,673,811</b>	(98,083,633)	25,187,166
Other noncurrent liabilities	–	(300,385,682)	97,504,469
Net cash generated from operations	<b>1,802,260,710</b>	2,247,780,054	2,287,909,620
Interest received	<b>29,754,402</b>	9,986,396	3,908,966
Income tax paid	–	(117,680,780)	(231,583,519)
Net cash provided by operating activities	<b>1,832,015,112</b>	2,140,085,670	2,060,235,067
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to:			
Investment properties (Notes 9 and 25)	<b>(445,163,947)</b>	(413,237,259)	(1,158,021,511)
Intangible assets (Note 7)	<b>(3,013,393)</b>	(152,341,910)	(241,043,644)
Property and equipment (Note 10)	–	(30,219,374)	(16,760,634)
Proceeds from sale and assignment of:			
Investment properties (Note 9)	–	615,458,031	737,840,581
ProOffice Work Services, Inc. (Note 1)	–	–	17,162,936
Intangible assets (Notes 6 and 7)	–	971,793,929	–
Decrease (increase) in:			
Advances to suppliers	<b>4,394,869</b>	5,099,485	97,551,319
Other noncurrent assets (Note 11)	<b>12,267,524</b>	5,493,291	88,011,202
Net cash provided by (used in) investing activities	<b>(431,514,947)</b>	1,002,046,193	(475,259,751)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
(Note 25)			
Proceeds from availments of loans payable (Note 13)	–	–	1,000,000,000
Payments of:			
Cash dividends (Note 15)	<b>(1,976,682,310)</b>	(1,095,982,270)	(348,339,734)
Principal portion of lease liability (Note 18)	<b>(1,894,287)</b>	(14,397,140)	(47,613,247)
Interest and transaction cost (Note 18)	<b>(307,184,000)</b>	(315,074,354)	(471,907,571)
Loans payable (Note 13)	–	–	(1,355,454,545)
Net cash provided by (used in) financing activities	<b>(2,285,760,597)</b>	(1,425,453,764)	(1,223,315,097)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(885,260,432)</b>	1,716,678,099	361,660,219
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>2,587,195,631</b>	870,517,532	508,857,313
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)</b>	<b>₱1,701,935,199</b>	₱2,587,195,631	₱870,517,532

See accompanying Notes to Financial Statements.





## **FILINVEST REIT CORP.**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **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 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 has 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 Filinvest Land, Inc. (FLI) for a total consideration of ₱17.16 million. Accordingly, the Company lost control over ProOffice. The transaction has no material impact to the financial statements.

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 June 25, 2021, the BOD of the Company, approved the following amendments to its Articles of Incorporation: (i) change of name of the Company from “Cyberzone Properties, Inc.” to “Filinvest REIT Corp.”, (ii) reduction of the par value of its Shares from ₱1.00 per common share to ₱0.50 per common share, and (iii) increase of the Company’s authorized capital stock from ₱2,000,000,000 to ₱7,131,849,000 divided into 14,263,698,000 Shares with a par value of ₱0.50 per Share. The change in name of the Company, the reduction in the par value of its shares, and the increase in its authorized capital stock were approved by the Philippine SEC on July 2, 2021.

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 March 21, 2023.

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## 2. **Summary of Significant Accounting Policies**

### 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.

The statement of comprehensive income and statements of cash flows for the year ended December 31, 2020 include the balances of ProOffice until its disposal on December 23, 2020. As a result of the disposal, the assets and liabilities of ProOffice were derecognized and the remaining balances pertain only to the Company as of December 31, 2022 and 2021. The 2020 consolidated balances, including the balances of ProOffice until its disposal is presented as comparative in the 2022 financial statements. The transaction has no material impact to the financial statements.

### 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 2022. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Company.

- *Amendments to PFRS 3, Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- *Amendments to PAS 16, Property, Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.



Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- *Annual Improvements to PFRSs 2018-2020 Cycle*

- Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent’s financial statements, based on the parent’s date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

- Amendments to PFRS 9, *Financial Instruments, Fees in the ‘10 per cent’ test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

#### 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, 2023*

- 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:

- o Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and



- o 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. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company.

- Amendments to PAS 8, *Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

*Effective beginning on or after January 1, 2024*

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify:

- o That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or noncurrent.
- o That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- o That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.



- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

*Effective beginning on or after January 1, 2025*

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by: (a) a specific adaptation for contracts with direct participation features (the variable fee approach); and (b) a simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

*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*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.



- *Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)*

On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, the Philippine Securities and Exchange Commission (SEC) issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020.

On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of the following provisions of this PIC Q&A until December 31, 2023.

- Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)
- Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E

The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

- a. The accounting policies applied.
- b. Discussion of the deferral of the subject implementation issues in the PIC Q&A.
- c. Qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted.
- d. Should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

In November 2020, the PIC issued the following Q&As which provide additional guidance on the real estate industry issues covered by the above SEC deferrals:

- PIC Q&A 2020-04, which provides additional guidance on determining whether the transaction price includes a significant financing component
- PIC Q&A 2020-02, which provides additional guidance on determining which uninstalled materials should not be included in calculating the POC

After the deferral period, real estate companies would have to adopt PIC Q&A No. 2018-12 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. The above specific provisions of PIC Q&A No. 2018-12 is not applicable to the Company since it is not involved in the development of real estate projects for sale.

- *IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost)*

In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under paragraph 35(c) of IFRS 15 (PFRS 15). IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under Philippine Accounting Standards (PAS) 23,



*Borrowing Costs*, considering that these inventories are ready for their intended sale in their current condition.

On February 11, 2020, the Philippine SEC issued Memorandum Circular No. 4-2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023. Effective January 1, 2024, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC Agenda Decision.

The IFRIC Agenda Decision has no impact to the Company.

### Significant Accounting Policies

#### Current versus Noncurrent Classification

The Company presents assets and liabilities in the statement of financial position based on current/noncurrent classification.

An asset is current when:

- a. Expected to be realized or intended to be sold or consumed in normal operating cycle;
- b. Held primarily for the purpose of trading;
- c. Expected to be realized within twelve (12) months after the financial reporting period; or
- d. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the financial reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- a. It is expected to be settled in normal operating cycle;
- b. It is held primarily for the purpose of trading;
- c. It is due to be settled within 12 months after the financial reporting period; or
- d. There is no unconditional right to defer the settlement of the liability for at least 12 months after the financial reporting period.

The Company classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

#### 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*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
- Financial assets at FVTPL.

#### *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 and 5).

#### *Reclassification of financial assets*

The Company can reclassify financial assets if the objective of its business model for managing those financial assets changes. The Company is required to reclassify the following financial assets:

- From amortized cost to FVTPL if the objective of the business model changes so that the amortized cost criteria are no longer met; and
- From FVTPL to amortized cost if the objective of the business model changes so that the amortized cost criteria start to be met and the instrument's contractual cash flows meet the amortized cost criteria.

Reclassification of financial assets designated as at FVTPL at initial recognition is not permitted.



A change in the objective of the Company's business model must be effected before the reclassification date. The reclassification date is the beginning of the next reporting period following the change in the business model.

#### *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, lease liabilities, security and other deposits (see Notes 12, 13, 14, 16 and 18).

##### *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.

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.

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.



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

For other receivables and other financial assets, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

#### 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.

#### Offsetting Financial Instruments

Financial assets and financial liabilities are only offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, where the related assets and liabilities are presented at gross in the statement of financial position.

#### 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.



### 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. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day to day servicing of an investment property. Investment properties include land and buildings that are held to earn rentals and are not occupied by the Company. Investment properties also include right-of-use assets involving real properties that are subleased to other entities. Investment properties, except for land, are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Land is carried at cost less accumulated impairment losses, if any.

For those right-of-use assets that qualify as investment properties, i.e., those land that are subleased by the Company, these are classified under investment properties. Consistent with the Company’s policy regarding the measurement of investment properties, these assets are subsequently measured at cost less amortization and impairment in value.

Investment properties built on rented properties are depreciated over their estimated useful lives or lease term, whichever is shorter. Depreciation of investment properties are computed using the straight-line method over the economic useful lives of 40-50 years for the building and 15 years for equipment.

The economic useful lives and the depreciation is reviewed annually to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefit from items of investment properties.

Construction in-progress are carried at cost (including borrowing costs) and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete.

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.

Investment properties also include prepaid commission representing incremental costs that are directly attributable to negotiating and arranging a lease. These are initially recognized at cost and are amortized over the related lease term.

#### Property and Equipment

Property and equipment consist of land improvements and furniture and fixtures. The Company's property and equipment are stated at cost less accumulated depreciation and impairment in value, if any.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the assets have been put into operation, such as repairs and maintenance, and overhaul costs are normally charged to operations in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation of property and equipment is computed using the straight-line method over the economic useful lives of these assets as follows:

	Years
Land improvements	5
Furniture and fixtures	3 - 5

The economic useful lives and depreciation method are reviewed annually to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Property and equipment are derecognized when either they have been disposed of or when the property and equipment 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 property and equipment are recognized in the statement of comprehensive income in the year of retirement or disposal.

#### Intangible Assets

Intangible assets pertain to build, transfer and operate (BTO) rights and ROU assets. Intangible assets acquired separately are measured on initial recognition at costs. The cost of intangible assets acquired in a business combination or contracted arrangements is their fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost, less any accumulated amortization and any accumulated impairment losses.

The economic useful lives of intangible assets are assessed to be either finite or indefinite.



BTO rights are amortized over the economic useful life (i.e., 25 years) and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the economic useful lives or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive income.

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 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.

#### Noncurrent Assets Held for Distribution

A noncurrent asset (or disposal group) is classified as held for distribution to owners when the entity is committed to distribute the asset (or disposal group) to the owners. For this to be the case, the assets must be available for immediate distribution in their present condition and the distribution must be highly probable.

A noncurrent asset (or disposal group) is classified as held for sale if the carrying amount will be recovered principally through a sale transaction rather than through continuing use. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active program to locate a buyer and complete the plan must have been initiated.

Further, the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Noncurrent asset (or disposal group) classified as held for distribution is measured at the lower of its carrying amount and fair value less costs to distribute or cost to sell.

The Company presents the noncurrent assets classified as held for distribution through property dividend or reimbursement separately from other assets as “Noncurrent assets held for distribution” in the statement of financial position. The liabilities related to the disposal group classified as held for distribution are presented separately from other liabilities as “Liabilities directly related to noncurrent assets held for distribution” in the statement of financial position.



### 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, investment properties, property and equipment, intangible assets, 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.

#### *Deposits for Future Stock Subscription*

Deposit for future stock subscription (DFFS) are recorded based on the subscription amount received and are presented under liabilities unless the following items were met for classification as part of equity:

- There is a lack or insufficiency of authorized unissued shares of stock to cover the deposit;
- The Company's BOD and stockholders have approved an increase in authorized capital stock and amendment in the articles of incorporation to cover the shares corresponding to the amount of the DFFS; and
- The application for the approval of the increase in capital stock has been filed or has been presented for filing with the SEC.

#### *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.

#### Other Comprehensive Income (OCI)

OCI are items of income and expense that are not recognized in the profit or loss for the period in accordance with PFRS.

#### 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 income tax liabilities are recognized for all taxable temporary differences, except; (a) where deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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.

The carrying amount of deferred income tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each financial reporting date and are recognized to the extent that it has become probable that sufficient future taxable profit will allow the deferred income tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the report date.



Deferred tax relating to items recognized in other comprehensive income or directly in equity is also recognized in other comprehensive income and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### *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 measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Useful life of right-of-use assets on land presented as part of investment properties and intangible assets ranges from 25 to 50 years.

Right-of-use assets are subject to impairment. Refer to the accounting policies in section impairment of nonfinancial assets.



### *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.

### Foreign Currency-denominated Transactions and Translation

Foreign currency-denominated transactions are recorded using the prevailing exchange rates at the time of the transaction. Foreign currency-denominated monetary assets and liabilities are translated using the prevailing exchange rates at the financial report date. Exchange gains or losses resulting from foreign currency transactions and translation are included in the profit or loss.

### 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, 2022 and 2021 (see Note 22).



### 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. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current assessment of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provisions due to the passage of time is recognized as interest expense. Provisions are reviewed at each financial report date and adjusted to reflect the current best estimate.

### 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.

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## 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, 2022 and 2021, 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, 2022 and 2021 (see Note 17).

*Determination of lease term of contracts with renewal and termination options - Company as a lessee*

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms equivalent to its original lease term. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The renewal options for leases of office spaces and land for certain real estate developments were not included as part of the lease term because the Company assessed that renewal is not reasonably certain (see Note 18).

*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 18).

*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 7), 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 upon completion but does not have ownership over the properties. The Company also has no substantial risks and rewards on the properties for the major part of its economic life. 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 7).

*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 11 and 16).

#### *Impairment assessment of nonfinancial assets*

The Company assesses at each financial reporting date whether there is any indication that the nonfinancial assets (investment properties and intangible assets) 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.

The Company has determined that COVID-19 pandemic has no impact and is not considered as an impairment indicator in the impairment assessment of nonfinancial assets. As of December 31, 2022 and 2021, no impairment indicators were identified for the Company's nonfinancial assets (see Notes 7, 9 and 18).

#### 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 has considered impact of COVID-19 pandemic and revised its assumptions in determining the macroeconomic variables and loss rates in the computation of expected credit loss. The Company assessed that the security deposit and advance rentals are sufficient to cover any exposure to credit loss. As of December 31, 2022, and 2021, the Company's allowance for ECL on its trade receivables amounted to ₱7.7 million (see Note 5).



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#### 4. Cash and Cash Equivalents

This account consists of:

	2022	2021
Cash on hand and in banks	<b>₱1,134,947,886</b>	₱515,722,841
Cash equivalents	<b>566,987,313</b>	2,071,472,790
	<b>₱1,701,935,199</b>	₱2,587,195,631

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 0.25% to 5.50%, 0.25% to 1.25%, and 0.10% to 3.75% in 2022, 2021 and 2020, respectively.

Interest earned from cash and cash equivalents amounted to ₱27.8 million, ₱6.3 million and ₱3.9 million in 2022, 2021 and 2020 respectively (see Note 20).

There is no restriction on the Company's cash and cash equivalents as of December 31, 2022 and 2021.

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#### 5. Receivables

This account consists of:

	2022	2021
Trade receivables (Note 16)	<b>₱763,066,655</b>	₱730,984,104
Advances to officers and employees	<b>33,776,013</b>	31,713,801
	<b>796,842,668</b>	762,697,905
Less: Allowance for ECL	<b>7,702,272</b>	7,702,272
	<b>₱789,140,396</b>	₱754,995,633

Trade receivables represent charges to tenants for rentals and utilities which are normally collectible within 20 days from billing date. These include receivable earned but not yet billed arising from straight-line recognition of lease income from covered lessees. 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 at range of 1%-18% per annum and penalty at range of 18%-24% per annum. Interest and penalties from late payments amounted to ₱1.9 million, ₱3.6 million, and nil in, 2022, 2021, and 2020, respectively (see Note 19).

The provision for ECL amounting to ₱7.42 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 and 2020).

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. Noncurrent Assets Held for Distribution

Noncurrent assets held for distribution represent investment properties and BTO rights declared as property dividends, additions to construction in progress under investment properties and intangible assets, net of depreciation and amortization, declared as property dividends from the date of declaration up to July 15, 2021 subject to reimbursement by FLI, and the related right of use assets for the land subleased by the Company where these properties were constructed.

The SEC issued the certificate of filing the notice of the property dividend declaration for the noncurrent assets held for distribution on July 15, 2021 and subsequently these assets amounting to ₱8,960.60 million (inclusive of additions to investment properties and intangible assets subject to reimbursement amounting to ₱576.3 million and right of use assets amounting to ₱82.0 million) were distributed to FLI and derecognized in the financial statements as of December 31, 2021.

## 7. Intangible Assets

The rollforward analysis of intangible assets follows:

	2022		
	BTO Rights	Right of Use Assets (Note 18)	Total
<b>Cost</b>			
Balance at beginning of year	₱1,326,412,084	₱22,076,538	₱1,348,488,622
Additions	3,013,393	-	3,013,393
<b>Balance at end of year</b>	<b>1,329,425,477</b>	<b>22,076,538</b>	<b>1,351,502,015</b>
<b>Accumulated Depreciation</b>			
Balance at beginning of year	291,369,257	2,649,185	294,018,442
Depreciation	57,790,188	883,062	58,673,250
<b>Balance at end of year</b>	<b>349,159,445</b>	<b>3,532,247</b>	<b>352,691,692</b>
<b>Net Book Value</b>	<b>₱980,266,032</b>	<b>₱18,544,291</b>	<b>₱998,810,323</b>
	2021		
	BTO Rights	Right of Use Assets (Note 18)	Total
<b>Cost</b>			
Balance at beginning of year	₱3,576,270,821	₱112,423,917	₱3,688,694,738
Additions	146,672,218	-	146,672,218
Reclassification (Note 6)	(1,430,406,718)	(30,115,793)	(1,460,522,511)
Derecognition (Note 16)	(966,124,237)	(60,231,586)	(1,026,355,823)
Balance at end of year	1,326,412,084	22,076,538	1,348,488,622
<b>Accumulated Depreciation</b>			
Balance at beginning of year	270,873,400	8,993,914	279,867,314
Depreciation	57,169,464	1,485,377	58,654,841
Reclassification (Note 6)	(36,673,607)	(2,610,035)	(39,283,642)
Derecognition (Note 16)	-	(5,220,071)	(5,220,071)
Balance at end of year	291,369,257	2,649,185	294,018,442
<b>Net Book Value</b>	<b>₱1,035,042,827</b>	<b>₱19,427,353</b>	<b>₱1,054,470,180</b>





“BTO rights” relate to the development cost, construction, and operation of BPO Complex at the land properties owned by Cebu Province.

On March 26, 2012, FLI entered into a BTO agreement with The Province of Cebu (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.

As of December 31, 2022 and 2021, BTO rights represents completed portion of the BTO project pertaining to Cyberzone Cebu Tower 1.

“Right-of-Use assets” pertain to the related lease payments required under the BTO agreement for the land where the buildings were constructed.

On February 11, 2021, the BOD approved the transfer of Cebu Towers 3 and 4 to FLI by way of assignment of right to manage and operate. FLI will compensate the Company at a consideration equivalent to the cost of the properties upon assignment.

On February 26, 2021, the Company and FLI executed deed of assignment of rights for the transfer of the properties. Hence, the cost of these properties, including the related right-of use assets and lease liabilities, were derecognized (see Note 16).

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 18).

Rental income recognized arising from the BTO agreement on Cebu Tower 1 amounted to ₱163.8 million, ₱207.9 million, and ₱215.5 million in 2022, 2021, and 2020, respectively.

Tenant dues from BTO rights amounted to ₱60.4 million, ₱72.9 million, ₱92.0 million in 2022, 2021, and 2020, respectively (see Note 19).

Operating expenses incurred for maintaining and operating these assets amounted to ₱122.7 million, ₱93.7 million, and ₱126.4 million in 2022, 2021, and 2020, respectively.

Borrowing costs capitalized on the BTO project amounted to ₱4.3 million, and ₱81.8 million in 2021, and 2020, respectively (nil in 2022; see Note 13). The capitalization rates used in 2021 and 2020 range from 4.0% to 5.2%.

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## 8. Advances to Suppliers

Advances to suppliers represent advances for capital expenditure of the projects. The advances shall be settled through recoupment against billings. Advances to suppliers amounted to ₱8.9 million and ₱13.3 million as of December 31, 2022 and 2021, respectively.



## 9. Investment Properties

The rollforward analyses of this account follow:

	2022			
	Land	Buildings and Improvements	Others	Total
<b>Cost</b>				
Balance at beginning of year	₱-	₱11,485,401,130	₱127,730,011	₱11,613,131,141
Additions (Notes 16 and 25)	1,021,755,058	82,696,802	82,344,733	1,186,796,593
Reclassification (Note 10)	-	36,769,851	-	36,769,851
<b>Balance at end of year</b>	<b>1,021,755,058</b>	<b>11,604,867,783</b>	<b>210,074,744</b>	<b>12,836,697,585</b>
<b>Accumulated Depreciation</b>				
Balance at beginning of the year	-	2,380,413,934	66,786,173	2,447,200,107
Depreciation	-	297,278,876	35,442,546	332,721,422
Reclassification (Note 10)	-	14,666,208	-	14,666,208
<b>Balance at end of year</b>	<b>-</b>	<b>2,692,359,018</b>	<b>102,228,719</b>	<b>2,794,587,737</b>
<b>Net Book Value</b>	<b>₱1,021,755,058</b>	<b>₱8,912,508,765</b>	<b>₱107,846,025</b>	<b>₱10,042,109,848</b>

	2021				
	Land	Buildings and Improvement	Right-of-use asset (Note 18)	Others	Total
<b>Cost</b>					
Balance at beginning of year	₱-	₱11,953,070,219	₱1,946,930,753	₱158,204,744	₱14,058,205,716
Additions (Note 25)	-	60,686,413	-	13,716,995	74,403,408
Derecognition (Note 18)	-	-	(1,884,771,395)	(44,191,728)	(1,928,963,123)
Reclassification (Notes 6 and 15)	-	(528,355,502)	(62,159,358)	-	(590,514,860)
<b>Balance at end of year</b>	<b>-</b>	<b>11,485,401,130</b>	<b>-</b>	<b>127,730,011</b>	<b>11,613,131,141</b>
<b>Accumulated Depreciation</b>					
Balance at beginning of year	-	2,339,348,223	39,188,512	49,864,109	2,428,400,844
Depreciation	-	267,057,842	11,286,856	28,900,550	307,245,248
Derecognition (Note 18)	-	-	(42,779,448)	(11,978,486)	(54,757,934)
Reclassification (Notes 6 and 15)	-	(225,992,131)	(7,695,920)	-	(233,688,051)
<b>Balance at end of year</b>	<b>-</b>	<b>2,380,413,934</b>	<b>-</b>	<b>66,786,173</b>	<b>2,447,200,107</b>
<b>Net Book Value</b>	<b>₱-</b>	<b>₱9,104,987,196</b>	<b>₱-</b>	<b>₱60,943,838</b>	<b>₱9,165,931,034</b>

Land and buildings and improvements pertains to investment properties that are currently leased to third parties.

Others include prepaid commission costs directly attributable in obtaining the operating leases related to the Company's office buildings.

On October 7, 2020, the Company sold a portion of its South Road Properties with a carrying value of ₱672.8 million for a consideration of ₱737.8 million.

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 16). The acquisition of the land will directly contribute to the Company's income starting January 2023.

As of December 31, 2022, the estimated fair value of the Company's investment properties amounted to ₱44,489.6 million. The fair value of the investment properties is computed based on the income approach using discounted cash flow method for buildings and market approach for land.



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 and discount rate. 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.

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.

The fair value used by the Company is based on a valuation performed in 2022 by an accredited third-party appraisal (Asian Appraisal) who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment properties being valued.

Rental income from investment properties amounted to ₱2,296.13 million, ₱2,311.4 million, and ₱2,617.9 million in 2022, 2021, and 2020, respectively. Tenant dues from investment properties amounted to ₱702.8 million, ₱796.5 million and ₱907.3 million in 2022, 2021, and 2020 respectively (see Note 19).

Operating expenses incurred for maintaining and operating these investment properties amounted to ₱1,517.7 million, ₱1,067.0 million, and ₱1,018.8 million in 2022, 2021, and 2020, respectively. The Company has no contractual obligations to acquire investment properties as of December 31, 2022 and, 2021. As of December 31, 2022, investment properties are not used as collateral and are not subject to any existing liens and encumbrances.

## 10. Property and Equipment

The rollforward analysis of this account follows:

	2022		Total
	Land Improvements	Furniture and Fixtures	
<b>Cost</b>			
Balance at beginning of year	₱38,703,162	₱122,352,927	₱161,056,089
Additions	–	21,931,630	21,931,630
Reclassification (Note 9)	–	(36,769,851)	(36,769,851)
<b>Balance at end of year</b>	<b>38,703,162</b>	<b>107,514,706</b>	<b>146,217,868</b>
<b>Accumulated depreciation</b>			
Balance at beginning of year	19,676,047	59,693,144	79,369,191
Reclassification (Note 9)	–	(14,666,208)	(14,666,208)
Depreciation	350,473	21,162,624	21,513,097
<b>Balance at end of year</b>	<b>20,026,520</b>	<b>66,189,560</b>	<b>86,216,080</b>
<b>Net Book Value</b>	<b>₱18,676,642</b>	<b>₱41,325,146</b>	<b>₱60,001,788</b>



	2021		
	Land Improvements	Furniture and Fixtures	Total
<b>Cost</b>			
Balance at beginning of year	₱38,703,162	₱92,133,553	₱130,836,715
Additions	–	30,219,374	30,219,374
Balance at end of year	38,703,162	122,352,927	161,056,089
<b>Accumulated Depreciation</b>			
Balance at beginning of year	19,325,574	43,116,259	62,441,833
Depreciation	350,473	16,576,885	16,927,358
Balance at end of year	19,676,047	59,693,144	79,369,191
<b>Net Book Value</b>	<b>₱19,027,115</b>	<b>62,659,783</b>	<b>₱81,686,898</b>

As of December 31, 2022 and 2021, property and equipment is not used as collateral and is not subject to any encumbrances.

## 11. Other Assets

Other current assets consist of:

	2022	2021
Input VAT - net	<b>₱214,792,963</b>	₱12,596,885
Creditable withholding tax	<b>65,741,800</b>	23,411,881
Prepayments	<b>8,399,518</b>	8,500,982
Others	<b>38,815,931</b>	19,545,183
	<b>₱327,750,212</b>	₱64,054,931

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.

Creditable withholding taxes are attributable to taxes withheld by third parties arising from income.

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

Others include office and maintenance supplies.

Other noncurrent assets consist of:

	2022	2021
Prepaid DCS connection charges (Note 16)	<b>₱184,454,571</b>	₱197,031,019
Deposits	<b>53,806,246</b>	53,497,322
	<b>₱238,260,817</b>	₱250,528,341

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, ₱6.6 million and ₱16.2 million in 2022, 2021 and 2020, respectively is presented as “Utilities” in the statement of comprehensive income.



The rollforward analysis of Prepaid DCS connection charges follows:

	2022	2021
<b>Cost</b>		
Balance at beginning of year	₱247,677,426	₱382,860,734
Derecognition (Note 15)	-	(135,183,308)
<b>Balance at end of year</b>	<b>247,677,426</b>	<b>247,677,426</b>
<b>Accumulated Amortization</b>		
Balance at beginning of year	50,646,407	46,837,518
Amortization	12,576,448	6,595,943
Derecognition (Note 15)	-	(2,787,054)
<b>Balance at end of year</b>	<b>63,222,855</b>	<b>50,646,407</b>
<b>Net Book Value</b>	<b>₱184,454,571</b>	<b>₱197,031,019</b>

In 2021, the Company derecognized prepaid DCS pertaining to property dividends distributed to FLI (see Note 15).

Deposits pertain to electric meter deposits and security deposits.

## 12. Accounts Payable and Accrued Expenses

This account consists of:

	2022	2021
Due to related parties (Note 16)	₱771,181,667	₱86,102,391
Accrued expenses (Note 16)	449,814,834	254,501,467
Advances from tenants	506,198,644	477,748,494
Accrued interest payable (Note 13)	106,429,010	102,221,010
Payable to contractors (Note 9)	172,533,087	84,857,304
Payable to suppliers	22,058,786	140,045,076
Withholding taxes payable	21,061,720	48,507,499
Retention payable	16,449,188	28,674,088
	<b>2,065,726,936</b>	<b>1,222,657,329</b>
Less noncurrent portion	<b>366,483,600</b>	-
<b>Account payable and accrued expenses - net of noncurrent portion</b>	<b>₱1,699,243,336</b>	<b>₱1,222,657,329</b>

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 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.

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### 13. Bonds Payable and Loans Payable

#### *Bonds Payable*

On July 7, 2017, the Company issued fixed rate bonds with aggregate principal amount of ₱6.0 billion and term of five and a half (5.5) years from the issue date. The fixed rate is 5.05% per annum, payable quarterly in arrears starting October 7, 2017. As of December 31, 2022 and 2021, the outstanding balance of bonds payable amounted to ₱6,000.0 million and ₱5,987.0 million, respectively.

The bonds are redeemable at 100% of face value on maturity date, which is January 7, 2023, unless the Company exercises its early redemption option.

Total interest expense charged to the statements of comprehensive income amounted to ₱307.2 million, ₱307.2 million, and ₱199.2 million in 2022, 2021, and 2020, respectively.

Unamortized debt issuance cost on bonds payable amounted nil and ₱13.0 million as of December 31, 2022 and 2021, respectively. Amortization of transaction costs included under "Interest and other financing charges" in the statements of comprehensive income amounted to ₱13.0 million, ₱12.9 million and ₱12.8 million in 2022, 2021, and 2020, 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, and 2021, 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*

In 2021 and 2020, the Company obtained loans to finance the construction of buildings for rental. Developmental loans from local banks will mature on various dates up to 2024. These peso-denominated loans bear floating interest rates equal to 91-day PDST-F rate plus a spread of 1% per annum, prevailing market rate, or fixed interest rates of 4.00% to 5.22% per annum.

Loans availed by the Company for the year ended December 31, 2020 amounted to ₱1,000.0 million (nil for the years ended December 31, 2022 and 2021). Principal payments made in 2020 amounted to ₱984.6 million (nil in 2022 and 2021; see Note 25).

Capitalized interest expense relating to loans payable amounted to ₱10.0 million, ₱133.4 million, and in 2021, and 2020, respectively (nil in 2022; see Notes 7 and 9). The capitalization rates used in 2021 and 2020 ranges from 4.0% to 5.6%.

Total interest expense charged to the statements of comprehensive income amounted to ₱7.9 million, ₱81.6 million in 2021 and 2020, respectively (nil in 2022).



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 amounting to ₱4,233.8 million. On December 9, 2020, the Company notified the banks in writing of the assignment of loans.

As of December 31, 2021, the Company received the letters of consent from all the banks authorizing the assignment of the loans to FLI. As of December 31, 2021, total loans payable assigned to FLI and derecognized in the statement of financial position amounted to ₱3,863.0 million, inclusive of amounts derecognized as of December 31, 2020 amounting to ₱1,518.8 million.

The Company's loans payable is unsecured, and no assets are held as collateral for these debts. The agreements covering the abovementioned loans require maintaining certain financial ratios including debt-to-equity ratio and interest coverage ratio. The agreements also provide for restrictions and requirements with respect to, among others, making substantial change in present management and ownership structure; acquisition of any shares of stock; sale, lease or transfer and disposal of all or a substantial part of its assets, except in the ordinary course of business; and entering into any merger, consolidation or reorganization.

As of December 31, 2022 and 2021, the Company has no outstanding loans payable.

#### 14. 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:

	2022	2021
Current portion	₱99,558,917	₱96,987,598
Noncurrent portion	661,105,321	654,002,829
	<b>₱760,664,238</b>	<b>₱750,990,427</b>

#### 15. Equity

##### Paid-up Capital

Details of the Company's capital stock as of December 31 follow:

	2022		2021	
	Shares	Amount	Shares	Amount
<i>Authorized number of shares</i>				
Balances at beginning of year	14,263,698,000	₱7,131,849,000	4,000,000,000	₱2,000,000,000
Increase in authorized capital stock (a)	-	-	5,131,849,000	5,131,849,000
Stock split	-	-	5,131,849,000	-
Balances at end of year	<b>14,263,698,000</b>	<b>₱7,131,849,000</b>	14,263,698,000	₱7,131,849,000
<i>Issued and outstanding</i>				
Balances at beginning of year	4,892,777,994	₱2,446,388,997	2,326,853,336	₱1,163,426,668
Issuance of new shares			1,282,962,329	1,282,962,329
Stock split			1,282,962,329	-
Balances at end of year	<b>4,892,777,994</b>	<b>₱2,446,388,997</b>	4,892,777,994	₱2,446,388,997



On December 4, 2020, the BOD approved the increase in the Company's authorized capital stock to 14,985.0 million divided into 10,800.0 million common shares with a par value of ₱1.00 per share and 4,185.0 million preferred shares with a par value of ₱1.00. The Company filed the application for the increase in authorized capital stock with the SEC on December 22, 2020.

On December 15, 2020, FLI subscribed to 2,700.0 million common shares and 1,046.3 million preferred shares out of the Company's proposed increase in authorized capital stock. The consideration for the subscription amounting to ₱3,746.3 million shall be taken from the loans payable assigned to FLI.

As of December 31, 2020, deposit for future stock subscription amounted to ₱1,889.6 million, respectively, inclusive of the assigned loans payable amounting to ₱1,518.8 million and principal installments on loans paid by FLI on behalf of the Company prior to assignment of loans in December 2020 amounting to ₱370.8 million.

On March 5, 2021, the BOD and the stockholders approved the reduction of the par value of the common shares of the Company, from ₱1.00 per share to ₱0.50, resulting in a stock split whereby every existing one (1) common share with par value of ₱1.00 each will become two (2) common shares with par value of ₱0.50 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 ₱1.00 per share to ₱7,131.8 million divided into 14,263,698,000 common shares with a par value of ₱0.50 per share (see Note 21).

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, 2022 and 2021, there are 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 ₱41,788.9 million and ₱44,377.5 million as of December 31, 2022 and 2021, respectively. The NAV per share amounted to ₱8.54 and ₱9.07 as of December 31, 2022 and 2021, respectively.

#### Retained Earnings

##### *Appropriation*

On December 4, 2020, the BOD approved the release of previous appropriation from retained earnings amounting to ₱6,300.0 million. The projects for which the appropriations were made have been completed or transferred.

##### *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

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

The dividend per share was computed as:

	2022	2021
a. Dividends	<b>₱1,976,682,310</b>	₱2,786,409,060
b. Weighted average number of outstanding common shares	<b>4,892,777,994</b>	3,514,911,602
Dividend per share (a/b)	<b>₱0.40</b>	₱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. For the years ended December 31, 2022, and 2021, the distributable income amounted to ₱1,305.6 million and ₱1,855.1 million (inclusive of distributable income earned pre-REIT listing amounting to ₱1,316.4 million), respectively.

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:

	2022	2021
Bonds payable (Note 13)	₱6,000,000,000	₱5,987,044,949
Lease liabilities (Note 18)	28,319,765	27,838,182
	<b>6,028,319,765</b>	6,014,883,131
Equity	<b>5,312,196,469</b>	5,983,625,455
Debt-to-equity ratio	<b>1.13:1</b>	1.01:1

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, 2022 and 2021, the fair value of the deposited properties amounted to ₱50,643.6 million and ₱52,379.5 million resulting to a debt ratio of 11.8% and 11.4%, respectively. The Company is compliant to this Aggregate Leverage Limit.

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## 16. 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, 2022 and 2021 are unsecured, interest free and require settlement in cash, unless otherwise stated. As of December 31, 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.





	2021				
	Amount/ Volume	Outstanding balance	Terms	Conditions	Note
<u>Other noncurrent asset (Note 11)</u>					
<i>Affiliate</i>					
DCS connection charge	(₱135,183,308)	₱247,677,426		No impairment	16 (e)
Connection fees/amortization	(3,808,889)	(50,646,407)			
	(₱138,992,197)	₱197,031,019			
<u>Accounts payable and accrued expenses (Note 12)</u>					
<i>Parent Company</i>					
Rental expense	(₱41,183,886)	(₱41,183,886)	Noninterest-bearing; payable on demand	Unsecured	16 (c)
<i>Affiliate</i>					
Service and energy fees	(12,276,703)	(34,050,962)	Noninterest-bearing	Unsecured	16 (d)
<i>Affiliate</i>					
Service fee	(9,925,905)	(4,024,132)	Noninterest-bearing; payable on demand	Unsecured	16 (d)
Management fee and manpower cost	(6,843,411)	(6,843,411)	Noninterest-bearing; payable on demand	Unsecured	16 (d)
	(₱70,229,905)	(₱86,102,391)			
<u>Lease liabilities</u>					
<i>Parent Company</i>					
Lease liabilities (Note 18)	(₱2,162,276,983)	₱-	Noninterest-bearing; payable	Unsecured	16 (c)
<u>Other Noncurrent Liabilities</u>					
<i>Parent Company</i>					
Security deposit	₱549,299	(₱7,827,359)	Noninterest-bearing; payable	Unsecured	16 (b)
<i>Affiliate</i>					
Security deposits	6,732,636	(20,866,382)	Noninterest-bearing; payable	Unsecured	16 (b)
	₱7,281,935	(₱28,693,741)			

Significant related party transactions are as follows.

- 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.
- 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
ProOffice Works Services Inc.	October 15, 2022 to January 14, 2028



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 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.

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.

d) *Service agreements with related parties*

- The Company entered into a service agreement with FAI whereby the Company shall pay service fees for general management 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 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.

e) *BOT Agreement*

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

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

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).

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.

Key Management Personnel

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

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## 17. 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 and 2020, the breakdown of provision for income tax shown in the statements of comprehensive income follows (nil for the year ended December 31, 2022):

	2021	2020
At 5% statutory income tax rate	₱35,471,289	₱70,860,967
Net result from non-PEZA activities:		
Current	82,180,646	160,289,059
Deferred	(269,648,113)	(114,258,532)
	<b>(₱151,996,178)</b>	<b>₱116,891,494</b>

The current provision for income tax represents RCIT in 2021 and 2020. 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 2022 and 2021, the Company has not recognized deferred tax assets from NOLCO amounting to ₱685.2 million (tax effect of ₱171.3 million) and ₱93.9 million (tax effect of ₱23.5 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:

	2022	2021	2020
Tax at statutory rate	<b>₱326,313,331</b>	₱425,784,556	₱593,319,985
Adjustments for:			
Additional deductible expense from dividends	<b>(494,170,578)</b>	(273,995,568)	-
Movements in unrecognized deferred taxes	<b>174,808,462</b>	(133,825,146)	(185,604,025)
Interest income subjected to final tax	<b>(6,951,215)</b>	(1,573,199)	(5,658,337)
Income tax at 5% preferential rate	-	(141,885,155)	(283,413,371)
Nontaxable income	-	(13,017,816)	(1,752,758)
Adjustment to current tax in 2020 recognized in 2021	-	(13,483,850)	-
	<b>₱-</b>	<b>(₱151,996,178)</b>	<b>₱116,891,494</b>

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.

On March 26, 2021, President Rodrigo Duterte signed into law the CREATE Act which eyes to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reform to the corporate income tax and incentives systems which took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation, on April 11, 2021.

As a result of the CREATE law, the regular corporate income tax (RCIT) rate decreased from 30% to 25% effective July 1, 2020. For financial reporting purposes, these changes are recognized in the financial statements as of and for the period ended December 31, 2021 in accordance with



PIC Q&A 2020-07, *Accounting for the Proposed Changes in Income Tax Rates under the CREATE Bill* dated January 27, 2021.

## 18. 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 9).

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.

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, 2022 and 2021, the right-of-use and lease liabilities of the Company's lease contract with Cebu Government pertaining to the BTO rights presented under Intangible assets (see Note 7).

The rollforward analysis of right-of-use assets on land follows:

	2022		Total
	Investment Properties	Intangible Assets (Note 7)	
<b>Cost</b>			
At January 1 and December 31	₱-	₱22,076,538	₱22,076,538
<b>Accumulated Depreciation</b>			
At January 1	-	2,649,185	2,649,185
Depreciation	-	883,062	883,062
As at December 31	-	3,532,247	3,532,247
<b>Net Book Value</b>	<b>₱-</b>	<b>₱18,544,291</b>	<b>₱18,544,291</b>





	2021		Total
	Investment Properties (Note 9)	Intangible Assets (Note 7)	
<b>Cost</b>			
At January 1	₱1,946,930,753	₱112,423,917	₱2,059,354,670
Derecognition	(1,946,930,753)	(90,347,379)	(2,037,278,132)
As at December 31	–	22,076,538	22,076,538
<b>Accumulated Depreciation</b>			
At January 1	39,188,512	8,993,914	48,182,426
Depreciation	11,286,856	1,485,377	12,772,233
Derecognition	(50,475,368)	(7,830,106)	(58,305,474)
As at December 31	–	2,649,185	2,649,185
<b>Net Book Value</b>	<b>₱–</b>	<b>₱19,427,353</b>	<b>₱19,427,353</b>

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

	2022	2021	2020
Depreciation expense of right-of-use assets (included in cost and expenses)	<b>₱833,062</b>	₱12,772,233	₱43,530,462
Interest expense on lease liabilities (included in interest and other finance charges)	<b>2,375,870</b>	20,275,856	72,540,219
Rental expense (variable land lease payments)	<b>261,454,987</b>	271,083,960	297,968,918
	<b>₱264,663,919</b>	₱304,132,049	₱414,039,599

Interest expense which was capitalized during the year relating to lease liability amounted to ₱1.1 million in 2021 and ₱14.6 million in 2020 (nil in 2022). The capitalization rates used range from 4.7% to 5.2% in 2021 and 2020.

The rollforward analysis of lease liabilities follows:

	2022	2021
At January 1	<b>₱27,838,182</b>	₱2,190,115,165
Interest expense	<b>2,375,870</b>	20,275,856
Payments	<b>(1,894,287)</b>	(14,397,140)
Derecognition	–	(2,168,155,699)
As at December 31	<b>28,319,765</b>	27,838,182
Less current portion	<b>1,989,001</b>	1,848,085
Lease liabilities - net of current portion	<b>₱26,330,764</b>	₱25,990,097

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

Maturity	2022	2021
1 year	<b>₱1,989,001</b>	₱1,894,287
more than 1 years to 2 years	<b>2,088,451</b>	1,989,001
more than 2 years to 3 years	<b>2,192,874</b>	2,088,451
more than 3 years to 4 years	<b>2,302,518</b>	2,192,874
more than 5 years	<b>60,896,003</b>	63,198,521



*Company as lessor*

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

	2022	2021
Within one year	₱2,378,903,052	₱2,373,747,721
After one year but not more than five years	4,562,343,050	5,940,841,604
After five years	401,136,405	1,261,526,105
	<b>₱7,342,382,507</b>	<b>₱9,576,115,430</b>

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 ₱12.2 million, ₱10.9 million and ₱15.0 million in 2022, 2021 and 2020 respectively.

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**19. Other Income**

This account consists of:

	2022	2021	2020
Tenant dues (Notes 7 and 9)	₱763,271,697	₱869,268,268	₱999,318,508
Service fee income (Note 17)	-	31,381,132	8,990,356
Commission income (Note 17)	-	-	23,166,200
Miscellaneous	16,391,772	22,073,269	17,107,378
	<b>₱779,663,469</b>	<b>₱922,722,669</b>	<b>₱1,048,582,442</b>

Miscellaneous income pertains to penalties and other charges from tenants.

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**20. Interest Income**

This account consists of:

	2022	2021	2020
Interest income on:			
Cash and cash equivalents (Notes 4 and 17)	₱27,804,861	₱6,347,170	₱3,908,966
Others (Note 5)	1,949,541	3,639,226	-
	<b>₱29,754,402</b>	<b>₱9,986,396</b>	<b>₱3,908,966</b>

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



## 21. Earnings Per Share

	2022	2021	2020
a. Net income	₱1,305,253,324	₱1,855,134,403	₱1,860,841,789
b. Number of outstanding common shares	4,892,777,994	3,514,911,602	2,326,853,336
Basic/Diluted EPS (a/b)	₱0.27	₱0.53	₱0.80

The Company assessed that there were no potential dilutive common shares in 2022, 2021 and 2020.

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 15).

## 22. 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.

## 23. Fair Value Measurement

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

	2022		2021	
	Carrying value	Fair Value Significant unobservable inputs (Level 3)	Carrying value	Fair Value Significant unobservable inputs (Level 3)
<b>Liabilities for which fair values are disclosed</b>				
Financial liabilities at amortized cost				
Bonds payable	₱6,000,000,000	₱6,000,000,000	₱5,987,044,949	₱5,699,255,351
Security and other deposits	760,664,238	718,947,320	750,990,427	726,647,728
Lease liabilities	28,319,765	26,815,699	27,838,182	25,692,831
	<b>₱6,788,984,003</b>	<b>₱6,745,763,019</b>	<b>₱6,765,873,558</b>	<b>₱6,451,595,910</b>

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, 2022 and 2021, the difference between the fair value and carrying value of deposits is not significant.

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

- *Security and other deposits.* The discount rates used ranges 5.61% to 6.08% as of December 31, 2022 and 2021. Fair value is computed based on the expected future cash outflows.
- *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 5.61% to 6.08% and 5.05% to 8.35% as of December 31, 2022 and 2021 respectively.

During the years ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

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#### 24. Financial Risk Management Objectives and Policies

The Company's financial instruments comprise of cash and cash equivalents, receivables, long-term debt, 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 lease receivables using a provision matrix results to ₱7.7 million expected credit loss. The expected credit loss rate has been set at 7.32% to 62.37% based on the historical collection pattern of the tenants. The loss given default rate is set at 9.1% to 79.96% 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, 2022 and 2021, most of the Company's trade receivables are covered by security deposits and advance rentals. As of December 31, 2022, and December 31, 2022, the Company's allowance for ECL on its trade receivables amounted to ₱7.7 million (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, 2022 and 2021:

	2022				Total
	Neither Past Due nor Impaired		Past Due but not Impaired	Past Due and Impaired	
	High Grade	Standard Grade			
Cash and cash equivalents*	₱1,701,605,199	₱-	₱-	₱-	₱1,701,605,199
Receivables	627,422,645	-	161,717,751	7,702,272	796,842,668
Deposits	53,806,246	-	-	-	53,806,246
	<b>₱2,382,834,090</b>	<b>₱-</b>	<b>₱161,717,751</b>	<b>₱7,702,272</b>	<b>₱2,552,254,113</b>

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

	2021				Total
	Neither Past Due nor Impaired		Past Due but not Impaired	Past Due and Impaired	
	High Grade	Standard Grade			
Cash and cash equivalents*	₱2,586,852,631	₱-	₱-	₱-	₱2,586,852,631
Receivables	638,129,010	-	116,866,623	7,702,272	762,697,905
Deposits	53,497,322	-	-	-	53,497,322
	<b>₱3,278,478,963</b>	<b>₱-</b>	<b>₱116,866,623</b>	<b>₱7,702,272</b>	<b>₱3,403,047,858</b>

\*Excludes cash on hand amounting to ₱343,000.

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



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

	Past Due but not Impaired					Total
	< 30 days	30-60 days	61-90 days	91-120 days	>120 days	
<b>December 31, 2022</b>	<b>₱55,034,892</b>	<b>₱34,858,854</b>	<b>₱7,487,949</b>	<b>₱15,482,928</b>	<b>₱35,122,404</b>	<b>₱147,987,027</b>
December 31, 2021	20,567,738	5,475,049	6,841,129	25,326,229	58,656,478	116,866,623

#### 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:

	2022					Total
	On demand	Within 1 year	> 1 – 3 years	> 3 – 5 Years	Over 5 years	
Cash and cash equivalents	₱1,134,947,886	₱566,987,313	₱–	₱–	₱–	₱1,701,935,199
Receivables	147,987,027	648,855,641	–	–	–	796,842,668
Deposits	–	–	–	–	53,806,246	53,806,246
	<b>₱1,282,934,913</b>	<b>₱1,215,842,954</b>	<b>₱–</b>	<b>₱–</b>	<b>₱53,806,246</b>	<b>₱2,552,584,113</b>

	2021					Total
	On demand	Within 1 year	> 1 – 3 years	> 3 – 5 Years	Over 5 years	
Cash and cash equivalents	₱515,722,841	₱2,071,472,790	₱–	₱–	₱–	₱2,587,195,631
Receivables	116,866,623	646,101,282	–	–	–	762,967,905
Deposits	–	–	–	–	53,947,322	53,947,322
	<b>₱632,589,464</b>	<b>₱2,717,574,072</b>	<b>₱–</b>	<b>₱–</b>	<b>₱53,947,322</b>	<b>₱3,404,110,858</b>

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

	2022					Total
	On demand	Up to a year total	> 1 – 3 years	> 3 – 5 Years	Over 5 years	
Bonds payable	₱–	₱6,000,000	₱–	₱–	₱–	₱6,000,000
Lease liabilities	–	1,989	4,281	2,303	60,896	69,469
Interest on bonds*	–	75,536	–	–	–	75,536
Accounts payable and accrued expenses	1,559,528	506,199	–	–	–	2,065,727
Security and other deposits	12,487	35,856	67,065	92,818	–	208,226
	<b>₱1,572,015</b>	<b>₱6,619,580</b>	<b>₱71,346</b>	<b>₱95,121</b>	<b>₱60,896</b>	<b>₱8,418,958</b>

	2021					Total
	On demand	Up to a year total	> 1 – 3 years	> 3 – 5 Years	Over 5 years	
Bonds payable	₱–	₱–	₱6,000,000	₱–	₱–	₱6,000,000
Lease liabilities	–	1,894	1,989	4,281	63,199	71,363
Interest on bonds*	–	307,184	5,050	–	–	312,234
Accounts payable and accrued expenses	1,222,657	–	–	–	–	1,222,657
Security and other deposits	–	98,519	250,766	312,075	–	661,360
	<b>₱1,222,657</b>	<b>₱407,597</b>	<b>₱6,257,805</b>	<b>₱316,356</b>	<b>₱63,199</b>	<b>₱8,267,614</b>

\*Includes future interest payable.

\*Includes future interest payable.



## 25. 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 ₱741.63 million, nil and ₱2.6 million as of December 31, 2022, 2021 and 2020, respectively (see Note 11).
- The Company derecognized right of use of assets under "Investment properties" as a result of the amendment of lease contract with FLI. The net book value of this right of use assets amounted to ₱1,842.0 million as of December 31, 2021 (nil as of December 31, 2022 and 2020).
- 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, 2022 and 2020). 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, 2022, 2021 and 2020 follows (amounts in thousands):

	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)	-	-
	<b>₱6,117,104</b>	<b>₱1,976,682</b>	<b>(₱2,285,760)</b>	<b>₱326,723</b>	<b>₱6,134,749</b>

	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	2,786,409	(1,095,982)	(8,302,334)	-
Deposit for future stock subscription	1,889,583	-	-	(1,889,583)	-
	<b>₱19,122,978</b>	<b>₱2,786,409</b>	<b>(₱1,425,453)</b>	<b>(₱14,366,830)</b>	<b>₱6,117,104</b>

	January 1, 2020	Availment/ Addition	Payments	Noncash Movement	December 31, 2020
Loans payable	₱4,218,371	₱1,000,000	(₱1,355,455)	(1,518,749)	₱2,344,167
Bonds payable	5,961,553	-	-	12,616	5,974,169
Lease liabilities	283,428	-	(47,613)	1,954,300	2,190,115
Accrued interest	109,323	-	(471,908)	475,622	113,037
Dividends payable	348,340	-	(348,340)	6,611,907	6,611,907
Deposit for future stock subscription	-	-	-	1,889,583	1,889,583
	<b>₱10,921,015</b>	<b>₱1,000,000</b>	<b>(₱2,223,316)</b>	<b>₱9,425,279</b>	<b>₱19,122,978</b>

Noncash movement includes amortization of debt issuance costs and interest expense for loans payable, bonds payable, and lease liabilities.



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## 26. Subsequent Events

### Settlement of Bonds Payable

The Company completed the payment on January 9, 2023 of the its five (5) years and six (6) months fixed rate retail bonds in the aggregate amount of ₱6,000.0 million. The bonds, which were issued by the Company on July 7, 2017 matured on January 7, 2023, a Saturday. The bonds were paid in full the following business day, January 9, 2023, through the Company's paying agent, the Philippine Depository & Trust Corporation.

### Declaration of Cash Dividends

On February 14, 2023, the Company declared quarterly cash dividends in the amount of ₱346.4 million equivalent to ₱0.071 per share to all stockholders of record as of March 3, 2023 and with payment date of March 24, 2023.





## **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, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, included in this Form 17-A, and have issued our report thereon dated March 21, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Wanessa G. Salvador

Partner

CPA Certificate No. 0118546

Tax Identification No. 248-679-852

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

SEC Partner Accreditation No. 118546-SEC (Group A)

Valid to cover audit of 2019 to 2023 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-137-2023, January 31, 2023, valid until January 30, 2026

PTR No. 9564692, January 3, 2023, Makati City

March 21, 2023



**FILINVEST REIT CORP.**

**INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES**

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- 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
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  - Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
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  - Schedule E. Indebtedness to Related Parties
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  - Schedule G. Capital Stock

## **FILINVEST REIT CORP.**

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

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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, 2022, 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, 2022, 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, 2022.

Schedule D. Long term debt

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

(i)	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)
<b>Bonds</b>			
Fixed rate bonds with principal amount of ₱6.00 billion and term of 5.5 years from the issue date was issued by the Company on July 7, 2017 to mature on January 2023 with fixed interest rate is 5.05% per annum.	₱6,000,000,000	₱6,000,000,000	₱-

The agreement covering the abovementioned bonds require maintaining certain financial ratios of maximum debt-to-equity ratio of 2.33x and minimum debt service coverage ratio of 1.1x. The agreements also provide for restrictions and requirements with respect to, among others, making distribution on its share capital; purchase, redemption or acquisition of any share of stock; sale or transfer and disposal of all or a substantial part of its capital assets; restrictions on use of funds; and entering into any partnership, merger, consolidation or reorganization.

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	₱683,264,593

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, 2022.

Schedule G. Capital Stock

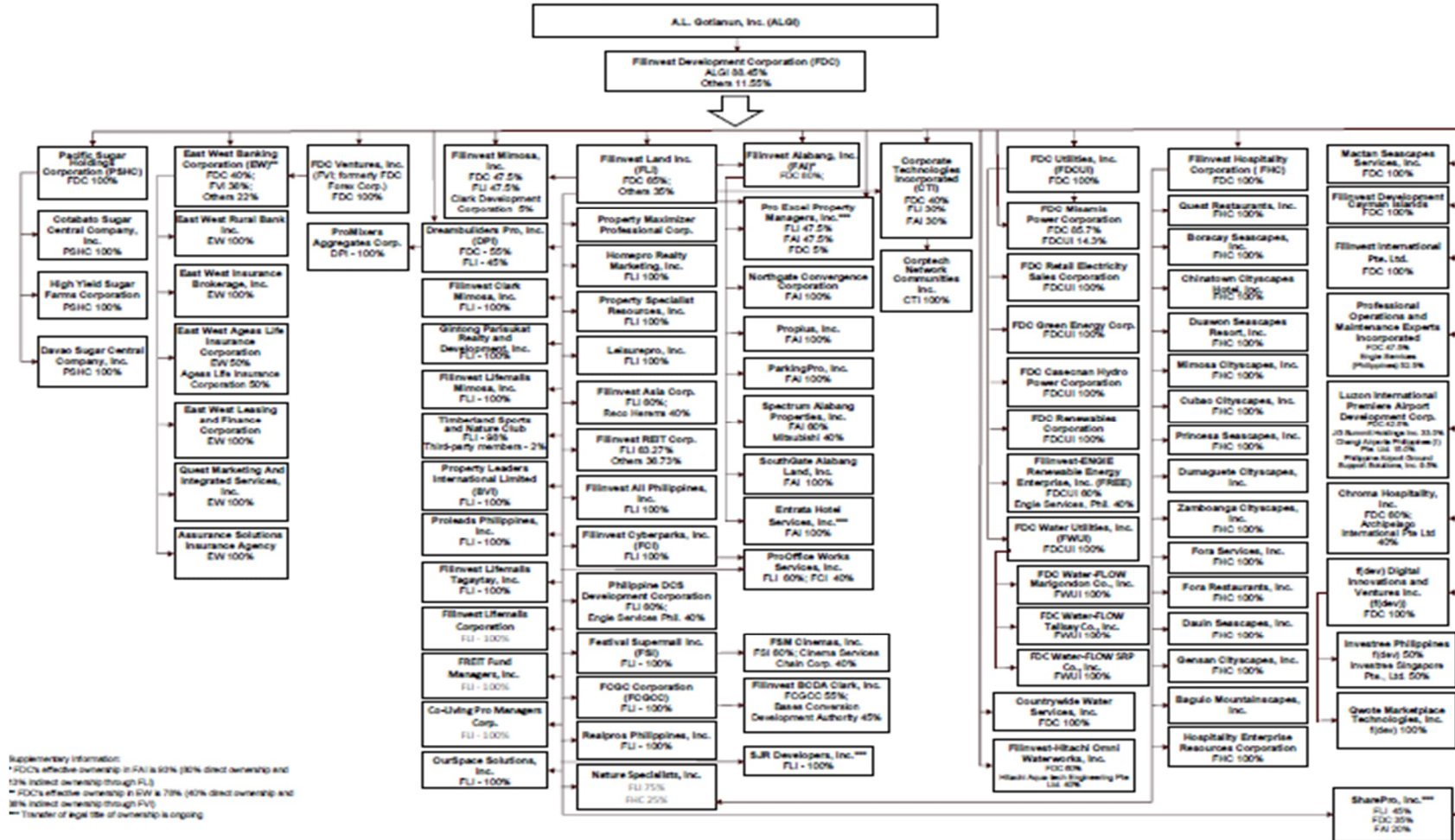
Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
Common Shares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

**FILINVEST REIT CORP.****UNAPPROPRIATED RETAINED EARNINGS AVAILABLE FOR  
DIVIDEND DISTRIBUTION****December 31, 2022**

Unappropriated Retained Earnings, January 1, 2022	₱1,018,879,536
Less: Deferred tax assets as of December 31, 2022	—
<b>Retained Earnings, as adjusted to amount available for dividend declaration, beginning</b>	<b>1,018,879,536</b>
Net income actually earned/realized during the year	1,305,253,324
Less: Non-actual/unrealized income net of tax	
Equity in net income of subsidiaries and associates	—
Unrealized foreign exchange gain – net	—
Unrealized actuarial gain	—
Fair value adjustment (marked-to-market gains)	—
Fair value adjustment of investment property resulting to gain	—
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	
Add: Non-actual/unrealized losses net of tax	—
Depreciation on revaluation increment	—
Adjustment due to deviation from PFRS/GAAP loss	—
Loss on fair value adjustment of investment property	—
Movement in deferred tax assets	—
<b>Net income actually earned during the year</b>	<b>1,305,253,324</b>
Add (less):	
Movement in deferred tax assets	—
Cash dividend declaration during the period	(1,976,682,310)
Appropriations of retained earnings during the period	—
<b>Unappropriated Retained Earnings, as adjusted, December 31, 2022</b>	<b>₱347,450,550</b>

## 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, 2022.



Supplementary information:  
 \* FDC's effective ownership in FAI is 52% (30% direct ownership and 22% indirect ownership through FLI)  
 \*\* FDC's effective ownership in FVI is 70% (40% direct ownership and 30% indirect ownership through FV)  
 \*\*\* Transfer of legal title of ownership is ongoing

## **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, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated March 21, 2023. 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, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Wanessa G. Salvador

Partner

CPA Certificate No. 0118546

Tax Identification No. 248-679-852

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

SEC Partner Accreditation No. 118546-SEC (Group A)

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BIR Accreditation No. 08-001998-137-2023, January 31, 2023, valid until January 30, 2026

PTR No. 9564692, January 3, 2023, Makati City

March 21, 2023



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

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

Financial Ratios		2022	2021	2020
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	<b>0.36</b>	2.58	1.06
Acid test ratio	$\frac{\text{Current assets - Inventories}}{\text{Current liabilities}}$	<b>0.36</b>	2.58	1.06
Solvency ratio	$\frac{\text{Net income + Depreciation}}{\text{Total liabilities}}$	<b>0.19</b>	0.29	0.11
Debt to equity ratio	$\frac{\text{Loans payable + Bonds payable + Lease liabilities}}{\text{Total Equity}}$	<b>1.13</b>	1.01	2.34
Asset to equity ratio	$\frac{\text{Total asset}}{\text{Total Equity}}$	<b>2.67</b>	2.34	2.79
Interest coverage ratio	$\frac{\text{Income before income tax (IBIT) + interest and other financing charges}}{\text{Interest and other financing charges}}$	<b>5.45</b>	6.01	6.63
Return on equity	$\frac{\text{Net income}}{\text{Total Equity}}$	<b>0.25</b>	0.31	0.36
Return on assets	$\frac{\text{Net income}}{\text{Total assets}}$	<b>0.09</b>	0.13	0.07
Net profit margin	$\frac{\text{Net income}}{\text{Revenues and income}}$	<b>0.40</b>	0.54	0.60
Debt ratio	$\frac{\text{Total liabilities}}{\text{Total assets}}$	<b>0.63</b>	0.57	0.80
Income before income tax, interest and other financing charges, depreciation and amortization (IBITDA) to total interest paid	$\frac{\text{IBITDA}}{\text{Total interest paid}}$	<b>6.55</b>	7.84	5.97



## MANAGEMENT DISCUSSION ANALYSIS AND PLAN OF OPERATION

## RESULTS OF OPERATIONS

## Year ended December 31, 2022 compared with year ended December 31, 2021

*Revenues and Income*

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

The decline in total revenues was primarily due to the decrease in rental revenue by ₱59.4 million or 2.36% from ₱2,519.3 million for the year ended December 31, 2021 to ₱2,459.9 million for the year ended December 31, 2022, and the decrease in other income by ₱143.1 million or 15.5% from ₱922.7 million for the year ended December 31, 2021 to ₱779.7 million for the year ended December 31, 2022. The decrease in revenues and other income was caused by transfer of assets to FLI.

*Cost and Expenses*

The Company's consolidated costs and expenses increased by ₱52.4 million or 3.3% from ₱1,588.4 million for the year ended December 31, 2021 to ₱1,640.9 million for the year ended December 31, 2022, primarily due to increase in utilities, service and management fees incurred during the year.

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

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

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

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

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

*Other income (charges)*

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

The Company's interest income increased by ₱19.8 million, or 198%, to ₱29.8 million for the year ended December 31, 2022 compared to ₱10 million for the year ended December 31, 2021. The increase was mainly due to higher interest income from money market instruments.

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

#### ***Income before Income Tax***

The Company's income before income tax for the year ended December 31, 2022 was ₱1,305.3 million, a decrease of ₱397.9 million or, 23.4%, from its income before income tax of ₱1,703.1 million recorded for the year ended December 31, 2021 due to reasons stated above.

#### ***Provision for (benefit from) Income Tax***

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

#### **Net Income**

As a result of the foregoing, net income decreased by 29.6% or ₱549.9 million from ₱1,855.1 million for the year ended December 31, 2021 to ₱ 1,305.3 million for the year ended December 31, 2022.

### **Year ended December 31, 2021 compared with year ended December 31, 2020**

#### ***Revenues and Income***

The Company's total revenues and income decreased by ₱445.8 million or 11.5% from ₱3,887.8 million for the year ended December 31, 2020 to ₱3,442.0 million for the year ended December 31, 2021.

The decline in total revenues was primarily due to the decrease in rental revenue by ₱314.1 million or 11.1% from ₱2,833.4 million for the year ended December 31, 2020 to ₱2,519.3 million for the year ended December 31, 2021, and the decrease in other income by ₱131.7 million or 12.5% from ₱1,054.4 million for the year ended December 31, 2020 to ₱922.7 million for the year ended December 31, 2021. The decrease in revenues and other income was caused by the pre-termination of leases primarily by POGO tenants and transfer of assets to FLI, not qualified to be REIT assets.

#### ***Cost and Expenses***

The Company's consolidated costs and expenses decreased by ₱36.9 million or 2.3% from ₱1,625.4 million for the year ended December 31, 2020 to ₱1,588.4 million for the year ended December 31, 2021, primarily due to decrease in utilities expenses, rental expenses, taxes and licenses expenses and depreciation and amortization expenses.

The Company's utilities expenses decreased by ₱19.8 million, or 6.6%, to ₱277.8 million for the year ended December 31, 2021 compared to ₱297.6 million for the year ended December 31, 2020. The decrease in utilities expenses was mainly due to lower utilities consumption resulting from a combination of energy efficiency programs and lower density on site in compliance to quarantine protocols and transfer of assets to FLI

The Company's depreciation and amortization expenses decreased by ₱58.4 million, or 12.0%, to ₱427.7 million for the year ended December 31, 2021 compared to ₱486.1 million for the year ended December 31, 2020. The decrease in depreciation was mainly due to transfer of assets to FLI.

The Company's rental expense decreased by ₱26.9 million, or 9.0%, to ₱271.1 million for the year ended December 31, 2021 compared to ₱298.0 million for the year ended December 31, 2020. The decrease was primarily due to lower rent on the land lease with FLI which is based on a percentage of the Company's rent revenues and transfer of assets to FLI

The Company's taxes and licenses expenses decreased by ₱23.5 million, or 19.8%, to ₱95.4 million for the year ended December 31, 2021 compared to ₱118.9 million for the year ended December 31, 2020. The decrease was mainly due to lower real property tax due to assets transferred to FLI , and documentary stamp taxes paid in 2021.

The Company's service and management fees increased by ₱21.1 million, or 49.5%, to ₱63.8million for the year ended December 31, 2021 compared to ₱42.6 million for the year ended December 31, 2020. The increase was mainly due to retroactive charges by Corporate Technologies Inc (CTI) for information and technology services and Filinvest Alabang Inc (FAI) for shared supply chain and procurement services.

The Company's manpower and service cost decreased by ₱0.9 million, or 0.4%, to ₱235.5 million for the year ended December 31, 2021 compared to ₱236.4 million for the year ended December 31, 2020. The decrease was due to the transfer of the Company's employees to another affiliate. The company will only be charged for its proportion share in the manpower cost. Lower manpower cost was also incurred for expenses such as security and janitorial as a result of the cost management in relation to lower density on site in compliance to community quarantine measures implemented in Metro Manila.

The Company's repairs and maintenance increased by ₱50.7 million, or 38.2%, to ₱183.5 million for the year ended December 31, 2021 compared to ₱132.8 million for the year ended December 31, 2020. The increase was mainly due to comprehensive maintenance programs for the property equipment especially those not anymore under warranty coupled with sanitation protocols.

The Company's insurance increased by ₱11.9 million, or 296.0%, to ₱15.9 million for the year ended December 31, 2021 compared to ₱4.0 million for the year ended December 31, 2020. The increase was mainly due to insurance paid covering year 2020-2021 of the Company's buildings.

#### ***Other income (charges)***

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

The Company's interest income increased by ₱6.1 million, or 155.5%, to ₱10.0 million for the year ended December 31, 2021 compared to ₱3.9 million for the year ended December 31, 2020. The increase was mainly due to higher interest income from short term cash investment instruments.

The Company's interest expense and other financing charges decreased by ₱3.1 million, or 0.9%, to ₱348.2 million for the year ended December 31, 2021 compared to ₱351.4 million for the year ended December 31, 2020. The decrease was mainly due to transfer to FLI of loans associated to the assets transferred to it,

#### ***Income before Income Tax***

The Company's income before income tax for the year ended December 31, 2021 was ₱1,703.1 million, a decrease of ₱274.6 million or, 13.9%, from its income before income tax of ₱1,977.7 million recorded for the year ended December 31, 2020 due to reasons stated above.

### ***Provision for (benefit from) Income Tax***

The Company recognized a benefit from income tax of ₱152.0 million for the year ended December 31, 2021, and provision for income tax of ₱116.9 million for the year ended December 31, 2020. The benefit mainly arose from the deferred tax liability derecognized in relation to being a REIT company change in tax rate due to CREATE.

### **Net Income**

As a result of the foregoing, net income decreased by 0.3% or ₱5.7 million from ₱1,860.8 million for the year ended December 31, 2020 to ₱1,855.1 million for the year ended December 31, 2021.

## **Year ended December 31, 2020 compared with year ended December 31, 2019**

### ***Revenues and income***

The Company's total revenues and income increased by ₱157.9 million or 4.2% from ₱3,729.9 million for the year ended December 31, 2019 to ₱3,887.8 million for the year ended December 31, 2020.

The growth in total revenues was driven by the increase in rental revenue by ₱18.7 million or 0.7% from ₱2,814.7 million to ₱2,833.4 million, and the increase in other income by ₱139.2 million or 15.2% from ₱915.3 million to ₱1,054.4 million. The increase in revenue resulted from full year income recognition from spaces awarded to top multinational BPO and ROHQ tenants in 2020, and the increase in net tenant reimbursement due to lower chargeable expenses during the year as a result of lower actual electricity and water consumption in the facilities and common areas of the Company's properties as a result of the implementation of community quarantine measures in 2020.

### ***Costs and expenses***

The Company's consolidated costs and expenses increased by ₱61.9 million or 4.0% from ₱1,563.5 million for the year ended December 31, 2019 to ₱1,625.4 million for the year ended December 31, 2020, primarily due to increases in depreciation, utilities, taxes and licenses and service and management fees

The Company's depreciation and amortization expenses increased by ₱76.6 million, or 18.7%, to ₱486.1 million for the year ended December 31, 2020 compared to ₱409.5 million for the year ended December 31, 2019. The increase in depreciation was mainly due to additions of property and equipment and building improvements, and amortization of right-of-use assets recognized during the year in relation to the Company's land leases with FLI in Northgate Cyberzone.

The Company's rental expense decreased by ₱7.2 million, or 2.4%, to ₱298.0 million for the year ended December 31, 2020 compared to ₱305.2 million for the year ended December 31, 2019. The decrease was primarily due to the effect of the minimum guaranteed yearly rent of the Company's land lease with FLI being expensed as part of amortization and interest expense (instead of rental expense) in accordance with PFRS 16, *Leases*.

The Company's taxes and licenses expenses increased by ₱51.4 million, or 76.0%, to ₱118.9 million for the year ended December 31, 2020 compared to ₱67.5 million for the year ended December 31, 2019. The increase was mainly due to higher business permit and documentary stamp taxes paid during the current period.

The Company's service and management fees increased by ₱15.3 million, or 55.7%, to ₱42.6 million for the year ended December 31, 2020 compared to ₱27.4 million for the year ended December 31, 2019. The increase was mainly due to the payment of services with delayed billings.

### ***Other income (charges)***

The Company recognized gain on sale of investment property amounting to ₱65.0 million for the year ended December 31, 2020, as a result of the sale of its land in South Road Properties, Cebu City.

The Company's interest income decreased by ₱6.6 million, or 62.7%, to ₱3.9 million for the year ended December 31, 2020 compared to ₱10.5 million for the year ended December 31, 2019. The decrease was mainly due to lower interest income from money market instruments and interest and penalties waived for late payment of rentals by tenants.

The Company's interest expense and other financing charges increased by ₱120.8 million, or 52.4%, to ₱351.4 million for the year ended December 31, 2020 compared to ₱230.5 million for the same period in 2019. The increase was mainly due to additional interest expense from the Company's loan availment of ₱1.0 billion during the year.

### ***Income before Income Tax***

The Company's income before income tax for the year ended December 31, 2020 was ₱1,977.7 million, an increase of ₱34.0 million or, 1.7%, from its income before income tax of ₱1,943.8 million recorded for the year ended December 31, 2019.

### ***Provision for Income Tax***

Provision for income tax decreased by 62.2% or ₱192.5 million from ₱309.4 million for the year ended December 31, 2019 to ₱116.9 million for the year ended December 31, 2020 because of lower provision for deferred income tax, which decreased by 195.4% or ₱234.1 million mainly due to closing of deferred taxes related to buildings included in the property dividends during the year. Provision for current income tax increased by 21.9% or ₱41.6 million due mainly to higher taxable income.

### ***Net Income***

As a result of the foregoing, net income increased by 13.9% or ₱226.5 million from ₱1,634.4 million for the year ended December 31, 2019 to ₱1,860.8 million for the year ended December 31, 2020.

## **FINANCIAL POSITION**

### **As of December 31, 2022 compared with as of December 31, 2021**

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

The Company's assets were ₱14,166.9 million as of December 31, 2022, a decrease of ₱194.8 million, or 1.4%, from assets of ₱13,972.2 million as of December 31, 2021.

#### Assets

##### *Cash and cash equivalents*

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

##### *Other current assets*

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

#### *Advances to contractors*

The Company's advances to contractors were ₱ 8.9 million as of December 31, 2022, a decrease of ₱4.4 million, or 33.1%, from advances to contractors of ₱13.3 million as of December 31, 2021, due to recoupment of down payment from progress billings made by the contractors.

#### *Investment properties*

The Company's investment properties were ₱ 10,042.1 million as of December 31, 2022, an increase of ₱876.2 million, or 9.6%, from investment properties of ₱ 9,165.9 million as of December 31, 2021. The increase was primarily due to the company's purchase of parcel of land in Boracay last December 2022.

#### *Property and equipment*

The Company's property and equipment was ₱60 million as of December 31, 2022, a decrease of ₱21.7 million, or 26.5%, from property and equipment of ₱81.7 million as of December 31, 2021, due to depreciation of machinery and equipment for the year.

#### *Intangible assets*

The Company's intangible assets comprising BTO rights and the right-of-use assets from such BTO and land lease arrangements were ₱998.8 million as of December 31, 2022, a decrease of ₱55.7 million, or 5.3%, from intangible assets of ₱1,054.5 million as of December 31, 2021. The decrease was primarily due to the depreciation computed during the year.

#### Liabilities

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

#### *Accounts payable and accrued expenses*

The Company's accounts payable and other current liabilities were ₱2,065.7 million as of December 31, 2022, a increase of ₱843 million, or 69%, from accounts payable and other current liabilities of ₱1,222.7 million as of December 31, 2021, this mainly arises from the remaining payable to Filinvest Development Corporation ("FDC") for the purchase price of Boracay Lot.

#### *Lease liabilities – current portion*

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

#### *Bonds payable*

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

#### **As of December 31, 2021 compared with as of December 31, 2020**

The Company's assets were ₱13,972.2 million as of December 31, 2021, a decrease of ₱11,257.4 million, or 44.6%, from assets of ₱25,229.5 million as of December 31, 2020.

#### Assets

#### *Cash and cash equivalents*

The Company's cash and cash equivalents were ₱2,587.2 million as of December 31, 2021, an increase of ₱1,716.7 million, or 197.2%, from cash and cash equivalents of ₱870.5 million as of December 31, 2020, due to collections of receivables primarily from FLI in relation to the transfer of assets.

#### *Receivables*

The Company's receivables were ₱755.0 million as of December 31, 2021, a decrease of ₱75.1 million, or 9.1%, from receivables of ₱830.1 million as of December 31, 2020, primarily due to transfer of assets to FLI.

#### *Other current assets*

The Company's other current assets were ₱64.1 million as of December 31, 2021, a decrease of ₱1,107.3 million, or 94.5%, from other current assets of ₱1,171.3 million as of December 31, 2020. This decrease was due to the utilization of the Company's input VAT mainly in relation to the assignment of BTO rights for Cebu Towers 3 and 4.

#### *Noncurrent assets held for distribution*

The Company's other noncurrent assets held for distribution was nil as of December 31, 2021, a decrease of ₱6,843.7 million, or 100.0%, from other noncurrent assets held for distribution of ₱6,843.7 million as of December 31, 2020. On December 04, 2020, the company declared property dividends covering the Axis Tower 2, Axis Tower 3 and Axis Tower 4 buildings. In addition, On February 11, 2021, the Company's Board approved the declaration of property dividends to stockholders of record as of February 15, 2021, consisting of four existing buildings, (i) Concentrix Building in Northgate Cyberzone, (ii) IT School in Northgate Cyberzone, (iii) the Filinvest Building at EDSA, Wack Wack, Mandaluyong City, which have been identified for redevelopment, and (iv) Cebu Tower 2 in Filinvest Cyberzone Cebu which is yet to qualify for 3 year income generating period to qualify as a REIT asset.. The properties comprising the Property Dividend are classified as noncurrent assets held for distribution in the Company's books until the distribution of these properties is approved by the Philippine SEC, which was received in July 15, 2021.

#### *Advances to contractors*

The Company's advances to contractors were ₱13.3 million as of December 31, 2021, a decrease of ₱5.1 million, or 27.7%, from advances to contractors of ₱18.4 million as of December 31, 2020, due to recoupment of down payment from progress billings made by the contractors.

#### *Investment properties*

The Company's investment properties were ₱9,165.9 million as of December 31, 2021, a decrease of ₱2,463.9 million, or 21.2%, from investment properties of ₱11,629.8 million as of December 31, 2020 primarily due to the property dividends declared.

#### *Property and equipment*

The Company's property and equipment was ₱81.7 million as of December 31, 2021, an increase of ₱13.3 million, or 19.4%, from property and equipment of ₱68.4 million as of December 31, 2020, due to additional purchases of machinery and equipment.

#### *Intangible assets*

The Company's intangible assets comprising BTO rights and the right-of-use assets from such BTO and land lease arrangements were ₱1,054.5 million as of December 31, 2021, a decrease of ₱2,354.4 million, or 69.1%, from intangible assets of ₱3,408.8 million as of December 31, 2020. The decrease was primarily driven by the inclusion of Cebu Tower 2 in the properties declared for dividend distribution and the assignment of Cebu Towers 3 and 4 to FLI.

#### *Other noncurrent assets*

The Company's other noncurrent assets were ₱250.5 million as of December 31, 2021, a decrease of ₱137.9 million, or 35.5%, from other noncurrent assets of ₱388.4 million as of December 31, 2020, primarily due to the amortization of DCS connection charges paid per the BOT agreement between the Company and PDDC.

## Liabilities

The Company's liabilities were ₱7,988.5 million as of December 31, 2021, a decrease of ₱12,134.9 million, or 60.3%, from liabilities of ₱20,123.5 million as of December 31, 2020.

### *Accounts payable and accrued expenses*

The Company's accounts payable and other current liabilities were ₱1,222.7 million as of December 31, 2021, a decrease of ₱361.1 million, or 22.8%, from accounts payable and other current liabilities of ₱1,583.7 million as of December 31, 2020, primarily due to payment of advances from related parties.

### *Loans payable – current portion*

The Company's loan payables – current portion was nil as of December 31, 2021, compared to loan payables – current portion of ₱744.2 million as of December 31, 2020, as the Company's loans were assigned to FLI as consideration for additional capital subscription in the Company in the amount of ₱3,746.3 million.

### *Lease liabilities – current portion*

The Company's lease liabilities – current portion were ₱1.8 million as of December 31, 2021, an decrease of ₱90.8 million, or 98.0%, from lease liabilities – current portion of ₱92.6 million as of December 31, 2020 due to derecognition of lease liabilities for the properties in Northgate Cyberzone per the Contract of Lease as amended on February 11, 2021.

### *Security and other deposits – current portion*

The Company's security and other deposits – current portion was ₱97.0 million as of December 31, 2021, a decrease of ₱19.4 million, or 16.7%, from security and other deposits – current portion of ₱116.4 million as of December 31, 2020, primarily due to transfer of deposits to FLI.

### *Dividend Payable*

The Company's dividend payable was nil as of December 31, 2021, compared to dividend payable of ₱6,611.9 million as of December 31, 2020. This amount reflects the carrying value of the properties subject of the First Property Dividend. Distribution of the property dividends was booked upon approval of the Philippine SEC, which was received in July 15, 2021

### *Income tax payable*

The Company's income tax payable was nil as of December 31, 2021 and December 31, 2020. In 2020, the Company still has enough creditable withholding tax applied to income tax payable. While in 2021, the company became a REIT company, and has no more income tax due as it declares cash dividends.

### *Loans payable – net of current portion*

The Company's loans payable – net of current portion was nil as of December 31, 2021, compared to loans payable – net of current portion of ₱1,600.0 million as of December 31, 2020, as the Company's loans were assigned to FLI as consideration for additional capital subscription in the Company in the amount of ₱3,746.3 million. The increase in capital stock and subscription by FLI was approved by SEC on July 2, 2021.

### *Bonds payable*

The Company's bonds payable was ₱5,987.0 million as of December 31, 2021, an increase of ₱12.9 million, or 0.2%, from bonds payable of ₱5,974.2 million as of December 31, 2020 due to amortization of bond issuance costs.

### *Lease Liabilities – net of current portion*

The Company's lease liabilities – net of current portion was ₱26.0 million as of December 31, 2021, a decrease of ₱2,071.5 million, or 98.8%, from lease liabilities – net of current portion of ₱2,097.5 million as of December 31, 2020 due to the derecognition of lease liabilities for the properties in Northgate Cyberzone transferred to FLI and were presented as noncurrent assets held for distribution as of



December 31, 2020 and also pursuant to the Feb 11 2021 amendment on the Contract of Lease, where the lease is purely a percentage of revenues

*Deferred tax liability – net*

The Company's deferred tax liability – net was nil as of December 31, 2021, compared to deferred tax liability – net of ₱269.9 million as of December 31, 2020, primarily due to derecognition of deferred tax on lease liabilities related to assets transferred to FLI, and to the company being a REIT and is expected to have zero taxable income in the future.

*Other noncurrent liabilities*

The Company's other noncurrent liabilities was nil as of December 31, 2021, compared to other noncurrent liabilities of ₱300.4 million as of December 31, 2020, primarily driven by decrease in retention payable.

**As of December 31, 2020 compared with as of December 31, 2019**

The Company's assets were ₱25,229.5 million as of December 31, 2020, an increase of ₱3,036.9 million, or 13.7%, from assets of ₱22,192.6 million as of December 31, 2019.

Assets

*Cash and cash equivalents*

The Company's cash and cash equivalents were ₱870.5 million as of December 31, 2020, an increase of ₱361.7 million, or 71.1%, from cash and cash equivalents of ₱508.9 million as of December 31, 2019, due to lower capital expenditures caused by the imposed suspension of construction during the community quarantine measures due to COVID-19.

*Receivables*

The Company's receivables were ₱830.1 million as of December 31, 2020, an increase of ₱54.6 million, or 7.0%, from receivables of ₱775.5 million as of December 31, 2019, primarily due to higher rental receivables driven by the escalation of lease rates under the Company's lease contracts.

*Other current assets*

The Company's other current assets were ₱1,171.3 million as of December 31, 2020, an increase of ₱190.2 million, or 19.4%, from other current assets of ₱981.1 million as of December 31, 2019. This increase was due to prepaid real property tax for 2021 paid in advance by the Company to avail of discounts.

*Noncurrent assets held for distribution*

On December 4, 2020, the Company declared as property dividends, investment properties with net carrying value amounting to ₱6,611.9 million. As of December 31, 2020, these properties, including net additions to construction in progress in December 2020 amounting to ₱231.8 million, are presented as noncurrent assets held for distribution in the statement of financial position. These investment properties will be derecognized in the financial statements once the Philippine SEC approves the distribution of the dividends and the Company is compensated for the additions in December of 2020. SEC approved the property dividends on July 15, 2021.

*Advances to contractors*

The Company's advances to contractors were ₱18.4 million as of December 31, 2020, a decrease of ₱417.9 million, or 95.8%, from advances to contractors of ₱436.3 million as of December 31, 2019, due to recoupment of advances in contractor billings made as the construction of the Company's buildings progressed.

#### *Investment properties*

The Company's investment properties were ₱11,629.8 million as of December 31, 2020, a decrease of ₱4,527.0 million, or 28.0%, from investment properties of ₱16,156.8 million as of December 31, 2019 primarily due to the reclassification of properties included in the First Property Dividend as noncurrent assets held for distribution. These properties had a carrying value amounting to ₱6,611.9 million as of the date of declaration of the dividend. SEC approved the property dividends on July 15, 2021.

#### *Property and equipment*

The Company's property and equipment was ₱68.4 million as of December 31, 2020, an increase of ₱13.4 million, or 24.5%, from property and equipment of ₱55.0 million as of December 31, 2019, due to purchases of machinery and equipment such as air conditions in iHub 1, installation of CCTVs in Plaza A, purchase of fire pump controllers, improvement of cooling towers in Plaza B and Plaza E.

#### *Intangible assets*

The Company's intangible assets comprising BTO rights and the right-of-use assets from such BTO and land lease arrangements were ₱3,408.8 million as of December 31, 2020, an increase of ₱519.1 million, or 18.0%, from intangible assets of ₱2,889.7 million as of December 31, 2019. The increase was primarily driven by additional construction costs of Cebu Tower 3 and Cebu Tower 4 under the Company's BTO arrangement with the Cebu Provincial Government.

#### *Other noncurrent assets*

The Company's other noncurrent assets were ₱388.4 million as of December 31, 2020, a decrease of ₱1.0 million, or 0.3%, from other noncurrent assets of ₱389.4 million as of December 31, 2019. This is due to the amortization of DCS connection under the BOT agreement with Philippine DCS Development Corporation ("PDDC").

#### Liabilities

The Company's liabilities were ₱20,123.5 million as of December 31, 2020, an increase of ₱5,899.5 million, or 41.5%, from liabilities of ₱14,224.0 million as of December 31, 2019.

#### *Accounts payable and accrued expenses*

The Company's accounts payable and accrued expenses were ₱1,583.7 million as of December 31, 2020, a decrease of ₱289.4 million, or 15.4%, from accounts payable and accrued expenses of ₱1,873.1 million as of December 31, 2019, primarily due to payment of related party loans to Filinvest Cyberparks, Inc. amounting to ₱300.0 million.

#### *Loans payable – current portion*

The Company's loan payables – current portion were ₱744.2 million as of December 31, 2020, a decrease of ₱611.3 million, or 45.1%, from loan payables – current portion of ₱1,355.5 million as of December 31, 2019 due to the assignment of loans by the Company to FLI. 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 amounting to ₱4,233.8 million. As of December 31, 2020, the Company received the letters of consent from certain banks authorizing such assignment of the loans to FLI amounting to ₱1,518.7 million, which was derecognized as loans payable, and recorded as deposit for future subscription in equity.

#### *Lease liabilities – current portion*

The Company's lease liabilities – current portion were ₱92.6 million as of December 31, 2020, an increase of ₱76.4 million, or 469.7%, from lease liabilities – current portion of ₱16.3 million as of December 31, 2019 due to additional lease liabilities from the Company's land leases in Northgate Cyberzone with FLI.

#### *Security and other deposits – current portion*

The Company's security and other deposits – current portion was ₱116.4 million as of December 31, 2020, a decrease of ₱129.3 million, or 52.6%, from security and other deposits – current portion of ₱245.8 million as of December 31, 2019, due to pre-termination of leases by certain tenants in 2020.

#### *Dividend Payable*

The Company recognized a dividend payable of ₱6,611.9 million as of December 31, 2020. This amount reflects the carrying value of the properties comprising the First Property Dividend declared on December 4, 2020. Distribution of the property dividends shall be made upon approval of the Philippine SEC.

#### *Income tax payable*

The Company's income tax payable was nil as of December 31, 2020, compared to the Company's income tax payable of ₱0.4 million as of December 31, 2019 due to creditable withholding tax claimed during the year related to the sale of land in South Road Properties, Cebu City which amounted to ₱36.9 million.

#### *Loans payable – net of current portion*

The Company's loans payable – net of current portion were ₱1,600.0 million as of December 31, 2020, compared to loans payable – net of current portion of ₱2,862.9 million as of December 31, 2019 due to the assignment of developmental bank loans by the Company in exchange for its planned increase in capital subscription. As of December 31, 2020, ₱1,518.7 million was derecognized in the Company's financial statements as a result of the assignment. FLI also paid total principal installment due amounting to ₱370.8 million on behalf of the Company. The principal payment of FLI and the derecognized loans were recognized as deposit for future stock subscription in equity.

#### *Bonds payable*

The Company's bonds payable were ₱5,974.2 million as of December 31, 2020, a decrease of ₱12.6 million, or 0.2%, from bonds payable of ₱5,961.6 million as of December 31, 2019 due to amortization of bond issuance costs.

#### *Lease Liabilities – net of current portion*

The Company's lease liabilities – net of current portion were ₱2,097.5 million as of December 31, 2020, an increase of ₱1,830.3 million, or 685.1%, from lease liabilities – net of current portion of ₱267.2 million as of December 31, 2019 due to additional lease liability recognized from the Company's land leases in Northgate Cyberzone from FLI.

#### *Deferred tax liability – net*

The Company's deferred tax liability – net was ₱269.9 million as of December 31, 2020, a decrease of ₱114.7 million, or 29.8%, from the deferred tax liability – net of ₱384.7 million as of December 31, 2019, primarily due to derecognition of related deferred tax liability for buildings included as part of the property dividends declared during the year.

#### *Security and other deposits – net of current portion*

The Company's security and other deposits – net of current portion were ₱732.7 million as of December 31, 2020, an increase of ₱25.2 million, or 3.6%, from security and other deposits – net of current portion of ₱707.5 million as of December 31, 2019, primarily driven by higher security deposits from new tenants in Axis Tower 1 and Axis Tower 2 in Northgate Cyberzone and Cebu Tower 2 in Filinvest Cyberzone Cebu.

#### *Other noncurrent liabilities*

The Company's other noncurrent liabilities were ₱300.4 million as of December 31, 2020, an increase of ₱99.5 million, or 49.5%, from other noncurrent liabilities of ₱200.9 million as of December 31, 2019, primarily driven by retention payable to contractors and suppliers due to the construction of Axis Tower 3 and Axis Tower 4 in Northgate Cyberzone, and Cebu Tower 3 and Cebu Tower 4 in Filinvest

Cyberzone Cebu under the BTO arrangement between the Company and the Cebu Provincial Government.

Performance Indicators

Financial Ratios	Particulars	Year Ended 12/31/22	Year Ended 12/31/21	Year ended 12/31/20	Year ended 12/31/19
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	0.35 : 1	2.58 : 1	1.06 : 1	0.59 : 1
Solvency Ratio	$\frac{\text{Net Income} + \text{Depreciation}}{\text{Total Liabilities}}$	0.10 : 1	0.29 : 1	0.11 : 1	0.16 : 1
Debt-to-Equity Ratio	$\frac{\text{Long-term debt}}{\text{Equity}}$	1.13 : 1	1.01 : 1	2.06 : 1	1.31 : 1
Asset-to-Equity Ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	2.67 : 1	2.34 : 1	4.94 : 1	2.79 : 1
Interest rate coverage ratio	$\frac{\text{EBIT}}{\text{Interest and other financing charges}}$	6.64 : 1	6.01 : 1	6.63 : 1	9.43 : 1
Debt service coverage ratio	$\frac{\text{Net operating income}}{\text{Loan payment}}$	nil	7.24 : 1	1.50 : 1	1.42 : 1
Earnings per share	$\frac{\text{Net Income}}{\text{Outstanding shares}}$	0.27 : 1	0.53 : 1	0.80 : 1	0.70 : 1
Return on assets	$\frac{\text{Net income}}{\text{Total Assets}}$	0.09 : 1	0.13 : 1	0.07 : 1	0.07 : 1
Return on equity	$\frac{\text{Net income}}{\text{Shareholder's Equity}}$	0.25 : 1	0.31 : 1	0.36 : 1	0.21 : 1
Debt-to-Assets	$\frac{\text{Bonds Payable} + \text{Loans Payable}}{\text{Total Assets}}$	0.42 : 1	0.43 : 1	0.33 : 1	0.46 : 1

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

The above ratios are based on book value of the investment properties. The assets have a fair value of P55.96 billion as of December 2022. Should the FMV be used, the ff shall be the ratios as of December 2022.

Debt ratio: 11.9%  
DE : 8.54 : 1

**Other Information:**

- The information is not necessarily indicative of the results of the future operations. The information set out above should be read in conjunction with, and is qualified in its entirety by reference to the relevant financial statements of Filinvest REIT Corp., including the notes thereto.
- The performance of the Company and its industry is interconnected to the performance and state of the Philippine economy as a whole particularly the BPO industry. Being focused on a specific group of clients, the office space leasing segment and the Company are very much affected by the same trends and factors which affect the BPO industry.
- The Company has no knowledge of any material off-balance sheet transactions, arrangements, obligations and other relationships to the Company with unconsolidated entities or other persons created during the reporting period that would address the past and would have material impact on future operations.
- There are no known trends, events, or uncertainties that have had or are reasonably expected to have favorable or unfavorable material impact on liquidity and on net sales or revenues or income from continuing operations of Filinvest REIT Corp.
- The Company does not have any contingent liability of borrowings wherein financial assets were pledged to secure payment nor does it have borrowings wherein properties were mortgaged to secure a loan.

- Except as disclosed in the Notes to the Consolidated Financial Statements and Management's Discussion and Financial Condition and Results of Operations, there are no unusual items and material changes from period to period affecting assets, liabilities, equity, net income or cash flows for the interim period.
- There was no seasonal factor that had a material effect on the financial condition and results of operations.
- On December 12, 2022, the company purchased 3 parcels of land located in Barangay Yapak, Boracay with an aggregate area of 29,086 sqm from FDC. The parties agreed to a total purchase price of ₱1,047.1 million, ₱314.1 million, representing 30% of purchase price was paid during the year and the remaining 70% amounting to ₱732.9 million payable in equal quarterly installment starting in March 2023 up to December 2024. The source of payment for this capital expenditure is the unrestricted cash of the company generated from previous year operations.

### **Bonds Issuance**

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 or in January 2023. The fixed rate is 5.05% per annum, payable quarterly in arrears starting October 7, 2017. The proceeds of the bonds were used to finance capital expenditures of the Company.

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

### **Changes in and Disagreements with Accountants on Accounting and Financial Disclosures**

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

### **Information on Independent Accountant**

#### **(a) Audit and Audit-Related Fees**

The aggregate fees billed to the Company for professional services rendered by the external auditor for the examination of the financial statements amounted to Php0.53 million, and Php0.40 million, in 2022, and 2021, respectively. The Company did not pay additional fees for other services of the external auditor in 2022 and 2021.

#### **(b) Tax Fees**

There are no tax fees paid by the Company during the last four (4) years.

#### **(c) All Other Fees**

The Company did not pay the external auditors other fees for 2022 and 2021.

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

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

### **Market for Issuer’s Common Equity and Related Stockholder Matters**

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

<b>Period</b>		<b>High</b>	<b>Low</b>	<b>End</b>
2022	4 <sup>th</sup> Quarter	6.20	5.20	5.50
2022	3 <sup>rd</sup> Quarter	7.00	6.00	6.20
2022	2 <sup>nd</sup> Quarter	7.50	6.51	6.80
2022	1 <sup>st</sup> Quarter	7.86	6.98	7.10
2021	4 <sup>th</sup> Quarter	7.99	7.20	7.40
2021	3 <sup>rd</sup> Quarter	7.58	6.96	7.22

On February 28, 2023, FILRT’s shares closed at the price of Php5.13 per share. The number of shareholders of record as of said date was 15,405. Common shares outstanding as of February 28, 2023 is 4,892,777,994.

### **Stockholders**

As of March 1, 2023, the following are the stockholders of the Company:

<b>Name of Stockholder</b>	<b>Number of Common Shares Held</b>	<b>Percentage</b>
1. Filinvest Land, Inc.	3,095,498,345	63.27%
2. PCD Nominee Corporation (Filipino)	1,726,751,171	35.29%
3. PCD Nominee Corporation (Non-Filipino)	70,261,264	1.44%
4. G. D. Tan & Co. Inc.	150,000	Negligible
5. Mercedes S. Del Rosario or Miguel Carlos S. Del Rosario or Paolo Jose S. Del Rosario	53,900	Negligible
6. Myra P. Villanueva	14,200	Negligible
7. Myrna P. Villanueva	14,200	Negligible
8. Milagros P. Villanueva	14,200	Negligible
9. Marietta V. Cabreza	5,000	Negligible
10. Ricardo R. Cabreza	3,000	Negligible
11. Vivien C. Ramirez	3,000	Negligible
12. Charmaine C. Cabrera	3,000	Negligible
13. Amy Rose I. Palileo	2,000	Negligible
14. Leira Micah Gianni Roman	1,000	Negligible
15. Ofelia R. Blanco	1,000	Negligible

16. Ivan Rick Q. Repe	1,000	Negligible
17. Jennifer T. Ramos	300	Negligible
18. Jennifer T. Ramos	200	Negligible
19. Jennifer T. Ramos	200	Negligible
20. Lourdes Josephine G. Yap	2	Negligible
21. Maricel Brion-Lirio	2	Negligible
22. Tristaneil D. Las Marias	2	Negligible
23. Virginia T. Obcena	2	Negligible
24. Val Antonio B. Suarez	2	Negligible
25. Francis Nathaniel C. Gotianun	2	Negligible
26. Gemilio 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<sup>th</sup>) 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:

<b>Dividend Declaration</b>	<b>Record Date</b>	<b>Dividend per Common Shares</b>	<b>Total Dividends Declared</b>	<b>Payment Date</b>
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

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

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

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

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

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



For approval by the stockholders at their annual meeting in 2023**FILINVEST REIT CORP.****MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING**

Held on 20 April 2022 at 9:00 a.m.  
 Conducted virtually *via* Microsoft Teams

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

Present by proxy	3,221,174,945	65.84%
Present by remote communication and voting <i>in absentia</i>	14	<0.01%
<b>Total Attendance</b>	<b>3,221,174,959</b>	<b>65.84%</b>

**ALSO PRESENT:****Board of Directors:**

Lourdes Josephine Gotianun-Yap  
 Marceil Brion-Lirio  
 Francis Nathaniel D. Gotianun  
 Tristaneil D. Las Marias  
 Virginia T. Obcena (Independent Director)  
 Gemilo J. San Pedro (Independent Director)  
 Val Antonio B. Suarez (Independent Director)

**Management Officers:**

Ana Venus A. Mejia (Treasurer and Chief Finance Officer)  
 Katrina O. Clemente-Lua (Assistant Corporate Secretary and Corporate Information Officer)  
 Maria Victoria R. Beltran (Compliance Officer)  
 Patricia Carmen R. Pineda (Investor Relations Officer)  
 Raymond Castañeda (Data Protection Officer)

**Representatives of the Independent External Auditor – SyCip Gorres Velayo & Co.:**

Wilson P. Tan  
 Wanessa Salvador  
 Michael C. Sabado  
 Martin C. Guantes  
 Anna Kосette E. Bartolome

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

John Kristofer Paolo L. Herrera

**II. NATIONAL ANTHEM**

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

**III. PRESIDING OFFICER AND SECRETARY**

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

**IV. CALL TO ORDER**

The Chairperson called the meeting to order and introduced the members of the Board of Directors. The Chairperson also noted that the Company’s senior management officers, representatives of SGV & Co., the Company’s external auditor, and representatives of Stock Transfer Service, Inc., FILRT’s stock transfer agent, are joining the meeting through the live webcast.

**V. CERTIFICATION OF SERVICE OF NOTICE AND QUORUM**

The Chairperson then requested the Assistant Corporate Secretary to report on the service of notice of the meeting, and whether there was a quorum at the meeting. The Assistant Corporate Secretary confirmed that, in accordance with the Securities and Exchange Commission (“SEC”) Notice dated February 16, 2022, the notice of the meeting, together with a copy of the Information Statement and the Audited Financial Statements, was posted on the Company’s website and disclosed through PSE EDGE. The Notice of Meeting was also published in the business sections of the Philippine Star and Business Mirror, on March 24, 2022, and in the business sections of the Philippine Daily Inquirer and Business World on March 25, 2022, both in print and online.

Based on the online registration and report on proxies received by the Office of the Corporate Secretary, with the assistance of the Company’s stock and transfer agent, Stock Transfer Service, Inc., the Assistant Corporate Secretary certified that out of the 4,892,777,994 total issued and outstanding shares of the Company as of the record date or on 02 March 2022, 3,221,174,959 shares representing 65.84% of the total issued and outstanding shares of the Company were present at the meeting.

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

## **VI. INSTRUCTIONS ON THE RULES AND CONDUCT OF VOTING PROCEDURES**

The Chairperson noted that the Company is holding the meeting in virtual format because of the health crisis; however, the Company endeavored to provide the shareholders the same opportunity to participate in the meeting. She then asked the Assistant Corporate Secretary to share the rules of conduct and voting procedures for the meeting.

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

1. Stockholders who successfully registered under the shareholder registration system were provided the instructions to access the digital voting ballot as well as the virtual meeting.
2. The deadline for voting in absentia and through proxy was on 12 April 2022.
3. After the voting, the Office of the Corporate Secretary, together with the Company's stock transfer agent, tabulated all the votes cast in absentia as well as via proxy.
4. The results of the voting will be reported after each item is taken up during the meeting.
5. The stockholders were also given up to 12 April 2022 to submit any questions or comments they may have.

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

## **VII. APPROVAL OF THE MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS HELD ON 18 NOVEMBER 2021**

The Chairperson inquired if copies of the minutes of the annual meeting of the stockholders held on 18 November 2021 were furnished to the stockholders.

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

**“RESOLVED**, That the minutes of the annual meeting of the stockholders of the Company held on 18 November 2021 is hereby approved.”

	FOR	AGAINST	ABSTAIN
Number of Shares Voted	3,221,174,945	-	-
Percentage of Votes	100.00%	-	-

**VIII. PRESENTATION OF THE PRESIDENT’S REPORT**

The President and Chief Executive Officer of the Company, Ms. Maricel Brion-Lirio, presented her pre-recorded report on the Company’s operations for the year ended 31 December 2021 and outlook for the year 2022.

The Chairperson announced to the stockholders that the Board of Directors approved during its special meeting held before the Annual Stockholders’ Meeting on 20 April 2022 the declaration of cash dividends of PhP0.116 per share. The record date of the said cash dividend is fixed on 06 May 2022, with payment date on 27 May 2022.

The Chairperson thanked the President for her report, then proceeded to the next item in the agenda which was the ratification of the 2021 Audited Financial Statements.

**IX. RATIFICATION OF THE AUDITED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2021**

The Chairperson asked the Assistant Corporate Secretary if the stockholders were furnished a copy of the 2021 Audited Financial Statements.

The Assistant Corporate Secretary responded that an electronic copy of the 2021 Audited Financial Statements was made available on the Company’s website as well as attached to the Information Statement. She reported that the resolution below was approved by at least a majority of the stockholders or total voting shares represented in the meeting based on the following tabulation of votes:

**“RESOLVED,** That the Company’s Audited Financial Statements as of and for the year ended 31 December 2021 be approved, confirmed and ratified.”

	FOR	AGAINST	ABSTAIN
Number of Shares Voted	3,221,174,945	-	-
Percentage of Votes	100.00%	-	-

**X. RATIFICATION OF ALL THE ACTS, RESOLUTIONS AND PROCEEDINGS OF THE BOARD OF DIRECTORS, BOARD COMMITTEES AND MANAGEMENT UP TO 20 APRIL 2022**

The next item in the agenda was the ratification of all the acts, resolutions and proceedings of the Board of Directors, Board Committees and Management from the date of the last annual stockholders’ meeting until 20 April 2022, a summary of which was included in the Information Statement sent to all the stockholders of record prior to the annual stockholders’ meeting.

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

**“RESOLVED,** That all the acts, resolutions and proceedings of the Board of Directors, Board Committees and Management from the date of the last annual stockholders’ meeting until 20 April 2022 are hereby approved, confirmed and ratified.”

	FOR	AGAINST	ABSTAIN
Number of Shares Voted	3,221,174,945	-	-
Percentage of Votes	100.00%	-	-

## **XI. ELECTION OF DIRECTORS**

The Chairperson announced that the next item in the Agenda was the election of seven (7) directors, including three (3) independent directors of the Company for the year 2022 to 2023.

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

Directors:

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

Independent Directors:

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

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

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

1. Ms. Lourdes Josephine Gotianun-Yap

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

Independent Directors:

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

Nominee	FOR	AGAINST	ABSTAIN
Lourdes Josephine Gotianun-Yap	3,220,601,245	573,700	-
Maricel Brion-Lirio	3,221,174,945	-	-
Francis Nathaniel C. Gotianun	3,221,174,945	-	-
Tristaneil D. Las Marias	3,221,174,945	-	-
Virginia T. Obcena	3,221,174,945	-	-
Mr. Gemilo J. San Pedro	3,221,174,945	-	-
Val Antonio B. Suarez	3,220,601,245	573,700	-

## **XII. APPOINTMENT OF INDEPENDENT EXTERNAL AUDITOR**

Upon the recommendation of the Company's Audit and Risk Management Oversight Committee and confirmed by the Board of Directors, the stockholders approved the reappointment of the accounting firm of SyCip Gorres Velayo and Co. ("SGV") as the Company's external auditor for the year 2022, as follows:

**"RESOLVED,** That the accounting firm of SyCip Gorres Velayo and Co. (SGV & Co.) be approved for reappointment as the Company's external auditor for the year 2022."

	FOR	AGAINST	ABSTAIN
Number of Shares Voted	3,221,174,945	-	-
Percentage of Votes	100.00%	-	-

## **XIII. AMENDMENT OF BY-LAWS**

The Chairman presented the next agenda item which is the amendment of By-laws. The Board of Directors approved the amendment to Article II, Section 1 of the Company's By-Laws to change the date of the Company's annual meeting of stockholders from any day in May of each year to every second to the last Wednesday of April of each year.

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

**“RESOLVED,** That the stockholders hereby approve the amendment of the Company’s By-laws to change the date of the annual meeting of the stockholders from any day in May of each year to every second to the last Wednesday of April of each year.”

	FOR	AGAINST	ABSTAIN
Number of Shares Voted	3,221,174,945	-	-
Percentage of Votes	100.00%	-	-

#### **XIV. OTHER MATTERS**

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

The Assistant Corporate Secretary said that shareholders were given up to 12 April 2022 to submit any questions or comments they may have on the materials distributed to all stockholders of record for this year’s annual stockholders’ meeting. The Assistant Corporate Secretary confirmed that the Office of the Corporate Secretary and Management did not receive any questions from the shareholders.

#### **XV. ADJOURNMENT**

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

CERTIFIED CORRECT:

**KATRINA O. CLEMENTE-LUA**  
Assistant Corporate Secretary

ATTESTED BY:

**LOURDES JOSEPHINE GOTIANUN-YAP**  
Chairperson of the Board

**2023 ANNUAL SHAREHOLDERS' MEETING**  
**FILINVEST REIT CORP.**

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

**I. REGISTRATION**

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

- a. Shareholders of record as of March 01, 2023 may access the shareholder registration system at the web address: [https://shareholders.filinvest.com.ph/FILRT\\_SHAREHOLDERSYSTEM](https://shareholders.filinvest.com.ph/FILRT_SHAREHOLDERSYSTEM). The deadline for registration is April 05, 2023.
- b. To register, the shareholders are required to provide the following supporting documents:
  - i. For Individual Stockholders:
    1. A scanned copy of the stockholder's valid government-issued ID showing photo, signature and personal details, preferably with residential address (in JPG format). The file size should be no larger than 2MB;
    2. A valid and active e-mail address; and
    3. A valid and active contact number.
  - ii. For Individual Stockholders with Joint Accounts:
    1. A scanned copy of an authorization letter signed by all stockholders, identifying who among them is authorized to cast the vote for the account;
    2. A scanned copy of the authorized stockholder's valid government-issued ID showing photo, signature and personal details, preferably with residential address (in JPG format). The file size should be no larger than 2MB;
    3. A valid and active e-mail address; and
    4. A valid and active contact number.
  - iii. For Individual Stockholders under Broker Accounts:
    1. A broker's certification on the stockholder's number of shareholdings.
    2. A scanned copy of the stockholder's valid government-issued ID showing photo, signature and personal details, preferably with residential address (in JPG format). The file size should be no larger than 2MB;
    3. A valid and active e-mail address; and
    4. A valid and active contact number.



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

*Important Note: Incomplete or inconsistent information may result in an unsuccessful registration. As a result, shareholders will not be able to access to vote electronically in absentia, but may still vote through a proxy, by submitting a duly accomplished proxy form on or before April 11, 2023.*

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

## **II. ELECTRONIC VOTING IN ABSENTIA**

- a. Registered stockholders have until April 11, 2023, 11:59 PM (Philippine time) to cast their votes *in absentia*.
- b. All agenda items indicated in the Notice of Meeting will be set out in the digital absentee ballot and the registered stockholder may vote as follows:
  - i. For items other than the election of directors, the registered shareholder has the option to vote: For, Against, or Abstain. The vote is considered cast for all the stockholder's shares.
  - ii. For the election of directors, the registered stockholder has the option to:
    - 1. Distribute his votes equally among all the candidates;
    - 2. Abstain; or
    - 3. Cast such number of votes for each nominee as preferred by the stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected. Should the votes cast by the stockholder exceed the number of votes he is entitled to, the votes for each nominee shall be reduced in equal proportion, rounded down to the nearest whole number. Any balance shall be considered abstained.

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

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

### **III. PARTICIPATION BY REMOTE COMMUNICATION**

- a. Prior to the meeting, the Company will send email instructions to those stockholders who have successfully registered, which shall be sent to the email address of the stockholder indicated in the registration form, on how they can attend the meeting through remote communication and have access to the livestream of the meeting.
- b. Only those stockholders who successfully registered in the shareholder registration system, together with the stockholders who voted *in absentia* or by proxy, will be included in determining the existence of a quorum.
- c. Stockholders may send any questions and/or comments relating to the agenda on or before April 11, 2023 to [FILRTASM@filinvestreit.com](mailto:FILRTASM@filinvestreit.com). Questions or comments received on or before April 11, 2023 may be responded to during the meeting. Any questions not answered during the meeting may be answered *via* email.
- d. Stockholders who register and vote on the website for voting *in absentia* are hereby deemed to have given their consent to the collection, use, storing, disclosure, transfer, sharing and general processing of their personal data by the Company and by any other relevant third party for the purpose of electronic voting *in absentia* for the Annual Shareholders' Meeting and for all other purposes for which the shareholder can cast his/her/its vote as a stockholder of the Company.

For any clarifications, please contact us through [FILRTASM@filinvestreit.com](mailto:FILRTASM@filinvestreit.com).