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(Company's Full Name)

V	E	C	T	O	R		O	N	E		B	U	I	L	D	I	N	G	,		A	L	A	B	A	N	G	,	
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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

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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

C	F	D
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Dept. Requiring this Doc.

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Amended Articles Number / Section

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Total No. of Stockholders

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Domestic

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Foreign

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To be accomplished by SEC Personnel concerned

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File Number

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**Performance Report for the First Half of 2023**

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14 August 2023

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

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**Executive Summary:**

The first half of 2023 of the broader office-based REITs market continued to experience headwinds. A recent Colliers report for the first half of the year noted that “leasing transactions posted in the first half of 2023 were down by -5% from the same period of 2022”. It added that “office vacancy remains almost unchanged at 19% in Q2 2023 and that new supply is expected to drive the increase of vacancies in office spaces to 21.2% by end 2023.” Despite the continued challenging office leasing market, FILRT continues to demonstrate resilience delivering average occupancy of 84 percent for the first half of the year, which is better than market occupancy of 81 percent as per Colliers’ 2Q 2023 market report.

FILRT has signed in the past month over 7,200 square meters of office space, bringing the total new signed leases to over 17,500 square meters this year coming from a mix of BPO and co-working tenants. FILRT has also renewed 29,427 square meters or 72 percent of expiring leases in 2023 with another 2,408 square meters or 5 percent that have signed renewal Letters of Intent. The acquisition of the prime Crimson Boracay lot last December added to the leasing revenues of the company which has helped expand, along with the newly signed leases, the weighted average lease expiry to 6.9 years versus a year ago which was at 3.6 years.

FILRT ended the second quarter of 2023 with a Php 257.0 million net income, which brings the first half net income to Php 561 million. The company declared dividends amounting to Php 0.071 per share maintaining the same level as the previous two quarters and reflects a relatively higher dividend yield of 8.5% (on August 2, 2023 closing price) vs peers.

**A. FINANCIAL PERFORMANCE FOR THE YEAR-TO-DATE PERIOD ENDED 30 June 2023**

**A.1 Statement of Financial Position (In Php Millions)**

	YTD Jun 2023	YTD Dec 2022
	(Unaudited)	(Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	1,457	1,702
Receivables	840	789
Other current assets	464	328
<b>Total Current Assets</b>	<b>2,761</b>	<b>2,819</b>
<b>Noncurrent Assets</b>		
Advances to suppliers	9	9
Investment properties	9,935	10,042
Property & equipment	60	60
Intangible assets	972	999
Other noncurrent assets	232	238
<b>Total Noncurrent Assets</b>	<b>11,207</b>	<b>11,348</b>
<b>Total Assets</b>	<b>13,968</b>	<b>14,167</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	1,836	1,699
Current portion of:		
Lease Liabilities	2	2
Security and other deposits	115	100
Bonds Payable - net	-	6,000
<b>Total Current Liabilities</b>	<b>1,953</b>	<b>7,801</b>
<b>Noncurrent Liabilities</b>		
Due to related parties	183	366
Loans Payable	6,000	-
Lease liabilities	27	26
Security and other deposits	627	661
<b>Total Noncurrent Liabilities</b>	<b>6,837</b>	<b>1,054</b>
<b>Total Liabilities</b>	<b>8,789</b>	<b>8,855</b>
<b>Equity</b>		
Capital stock	2,446	2,446
Additional paid-in capital	2,518	2,518
Retained earnings	214	347
<b>Total Equity</b>	<b>5,179</b>	<b>5,312</b>
<b>Total Liabilities and Equity</b>	<b>13,968</b>	<b>14,167</b>

**A.2 Statement of Comprehensive Income (In Php Millions)**

(Unaudited)	YTD June 2023	YTD June 2022
<b>REVENUES</b>		
Rental income	1,237	1,236
Others	345	406
	1,582	1,641
<b>COST AND EXPENSES</b>		
Utilities	152	131
Depreciation and amortization	202	216
Rental expense	126	131
Manpower and service cost	84	81
Repairs and maintenance	92	70
Taxes and licenses	81	40
Insurance	5	0
Service and management fees	93	109
Others	8	6
	843	784
<b>OTHER INCOME (CHARGES)</b>		
Interest income	19	9
Interest and other financing charges	(197)	(160)
Other income (charges) - net	(0)	(0)
	(178)	(151)
		-
<b>INCOME BEFORE INCOME TAX</b>	561	706
<b>PROVISION FOR INCOME TAX</b>		
<b>NET INCOME</b>	561	706
<b>TOTAL COMPREHENSIVE INCOME</b>		
	561	706

**A.3 Cashflow Summary (In Php Millions)**

	YTD Jun 2023	YTD Dec 2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	561	706
Adjustments for:		
Depreciation	201	164
Interest Expense	198	160
Interest income	(19)	(9)
Operating income before changes in operating assets and liabilities	942	1,021
Changes in operating assets and liabilities		
Decrease (Increase) in:		
Receivables	(51)	(110)
Other current assets	(136)	(87)
Increase in:		
Accounts payable and accrued expenses	(70)	697
Security Deposits	(19)	27
Net cash generated from operations	665	1,206
Interest received	19	9
<b>Net cash provided by operating activities</b>	<b>684</b>	<b>1,215</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to:		
Investment properties	(55)	(42)
Intangible assets	0	(0)
Other noncurrent assets	6	-
Advances to Contractors	(0)	(7)
<b>Cash used in investing activities</b>	<b>(48)</b>	<b>(59)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payment on bonds	(6,000)	-
Proceeds from long-term debt	6,000	-
Payment of cash dividend	(695)	(1,116)
Interest	(185)	(235)
Principal portion of lease liabilities	(1)	-
<b>Cash provided by financing activities</b>	<b>(881)</b>	<b>(1,350)</b>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(245)	(194)
<b>CASH AND CASH EQUIVALENTS</b>		
<b>AT BEGINNING OF YEAR</b>	<b>1,702</b>	<b>2,587</b>
<b>CASH AND CASH EQUIVALENTS</b>		
<b>AT END OF YEAR</b>	<b>1,457</b>	<b>2,394</b>

**A.4 Rental Income (In Php Millions)**

BUILDING	GLA (Sqm.)	Revenue
		6 Months Period Ended June
		2023
Plaza A	10,860	47
Plaza B	6,488	25
Plaza C	6,540	28
Plaza D	10,860	36
Plaza E	14,859	73
Capital One	18,000	93
5132 Building	9,409	43
iHub1	9,480	23
1Hub2	14,181	57
Filinvest One	19,637	65
Filinvest Two	23,784	78
Filinvest Three	23,784	48
Vector One	17,764	91
Vector Two	17,889	86
Vector Three	36,345	126
Axis Tower One	40,869	184
Cyberzone Cebu Tower 1	20,612	86
Boracay	29,086	37
Income from Open Parking		13
<b>Total Rental Income</b>	<b>330,448</b>	<b>1,237</b>

**A.5 Income from Related Parties for the six months ended June 2023**

Affiliate	Rental Income (In Php Mn)
Boracay Seascapes Inc.	36.60
Chroma Hospitality Inc.	3.68
Corporate Technologies Inc.	1.23
Festival Supermall Inc.	1.31
Filinvest Alabang, Inc.	19.61
Filinvest Cyberparks, Inc.	1.67
Filinvest Hospitality Corporation	3.58
Filinvest Land	18.75
Sharepro, Inc.	20.03
ProOffice Work Services, Inc.	0.66
<b>Total</b>	<b>107.14</b>



**A.6 Financial Performance Ratios as of 30 June 2023**

Financial Ratios	Particulars	Period ended June 30, 2023
Earnings per Share <i>*annualized</i>	<u>Net Income</u> Weighted Average of number of outstanding shares	0.22
Current Ratio	<u>Current Asset</u> Current Liabilities	1.41:1
Debt Ratio based on FMV of Deposited Assets	<u>Debt (Loans payable + Bonds Payable)</u> Total assets plus fair value adjustment of deposited assets and investible funds held less total liabilities	11.9%
Debt to Equity Ratio	<u>Debt (Loans Payable + Bonds Payable)</u> Total Stockholder's Equity	1.16:1
Net profit margin	Net Income / Revenue	35%
Return on equity (ROE) <i>*annualized</i>	Net Income/Equity	21%

**B. ASSET PERFORMANCE**

**Industry Occupancy Benchmarks**

Occupancy rates and rental rates per sqm of FILRT's properties performed better than industry. FILRT's occupancy rate for the first half of 2023 is at 81.7% for Alabang, 100.0% for both Cebu and Boracay were all above industry. In addition, rental rates for Alabang performed better than industry range, while Cebu was at the higher end of the range.

	Alabang		Cebu	
	FILRT	Industry	FILRT	Industry
Supply Occupancy rate	81.7%	70.8%	100%	72%
Supply Rental Rate Php range/sq. m	530-820	500-750	490-735	400-800

*\*Source: Colliers International Q2 2023 Property Market Briefing & LeeChiu First Half 2023 Property Briefing*

### FILRT Occupancy by Property

The table below shows the occupancy rates of the buildings under FILRT:

Property		GLA	AVERAGE OCCUPANCY RATE 1H 2023
1	Plaza A	10,860	100%
2	Plaza B	6,488	75%
3	Plaza C	6,540	100%
4	Plaza D	10,860	66%
5	Plaza E	14,859	100%
6	Capital One	18,000	100%
7	5132 Building	9,409	100%
8	iHub1	9,480	54%
9	lHub2	14,181	89%
10	Filinvest One	19,637	70%
11	Filinvest Two	23,784	64%
12	Filinvest Three	23,784	45%
13	Vector One	17,764	100%
14	Vector Two	17,889	100%
15	Vector Three	36,345	73%
16	Axis Tower One	40,869	94%
17	Cyberzone Cebu Tower 1	20,612	100%
18	Boracay	29,086	100%
<b>TOTAL</b>		<b>330,448</b>	<b>84%</b>

### Office Industry Market Outlook

*“The leasing transactions posted in the first half of 2023 were down by 5% from the same period of 2022. Office vacancy remains almost unchanged at 19% in Q2 2023. New supply is expected to drive the increase of vacancies in office spaces to 21.2% by end 2023.” (Source: Colliers International Q2 2023).*

### Office Leasing Summary

YTD Signed Leases	GLA (Sqm.)
Total signed leases (end of June including Boracay)	276,319

As of end June 2023, new leases of 8,195 sqm have been successfully signed. In terms of tenant retention, a total of 25,286 sqm have been renewed and a total signed Renewal Letter of Intent (RLOIs) of 4,433sqm or total committed renewals of 29,427 sqm or 72% of 41,110 sqm of expiring leases in 2023.

FILRT has signed in the past month over 7,200 square meters of office space, bringing the total new signed leases to over 17,500 square meters this year coming from a mix of BPO and co-working tenants.

For 2023, the WALE has improved significantly as renewals and new leases for the year have set in and with the additional of Crimson Boracay which pushed the WALE to 6.9 years. The Crimson Boracay lot, which comprise 10% of the total GLA, has a 40-year lease.

GLA	WALE	WALE
	Quarter Ended June 30, 2023	Quarter Ended June 30, 2022
330,448 sqm	6.90	3.60

### C. OTHER PERFORMANCE METRICS

The table below shows the tenancy mix as of June 30, 2023.

Tenant Mix	Percentage	
	As of end June 2023	As of end March 2023
BPO	79.00%	79.00%
Traditional	9.00%	9.00%
Co-Working	1.00%	1.00%
Retail	1.00%	1.00%
POGO	0%	0%
Hospitality	10.00%	10.00%
<b>Total Leased</b>	<b>100.00%</b>	<b>100.00%</b>

For the quarter ended June 30, 2023, the tenant mix remains stable relative to the previous quarter. A new tenant mix has been added to further diversify the profile of the tenant to include co-working tenants. This is a growing tenant locator which caters to hybrid work set up and will be expanding to another floor in Axis Tower One in the 2H of 2023. To date, FILRT's portfolio remains to be POGO free.

**D. VALUATION OF THE FILRT PROPERTIES**

Asset		Valuation (Income Approach) 31-Dec-22
1	PLAZ@ A	1,597,080,000
2	PLAZ@ B	927,070,000
3	PLAZ@ C	973,860,000
4	PLAZ@ D	1,327,920,000
5	PLAZ@ E	2,448,280,000
6	FILINVEST ONE	3,171,140,000
7	FILINVEST TWO	3,706,950,000
8	FILINVEST THREE	3,700,920,000
9	5132 BUILDING	1,378,270,000
10	iHub 1	1,440,660,000
11	iHub 2	2,000,500,000
12	VECTOR ONE	2,868,400,000
13	VECTOR TWO	2,865,050,000
14	VECTOR THREE	5,917,670,000
15	FILINVEST AXIS TOWER ONE	6,334,450,000
16	CAPITAL ONE	2,834,750,000
17	FILINVEST CYBERZONE CEBU TOWER ONE	2,885,540,000
18	BORACAY	1,077,150,000
<b>TOTAL</b>		<b>47,455,660,000</b>

As of the appraisal of the portfolio last December 31, 2022, the total asset value of FILRT is at Php 47,455,660,000.

**E. CURRENT SHARE PRICE AND MARKET CAPITALIZATION AS OF JUNE 30, 2023:**

	As at end June 2023
Number of Outstanding Shares:	4,892,777,994
Market Price per Share	Php 3.85
Market Capitalization (in millions):	Php18,837,195,277

Ownership as of end June 2023

Public ownership is currently at 34.72%, which is within the required minimum float.

## F. INVESTMENT RETURN

### F.1 TOTAL RETURN TO INVESTORS

<b>Returns to Investor:</b>	
Cash Dividend Paid in 3Q23 (declared August 10, 2023)	Php 0.071
Cash Dividend Annualized	Php 0.284
Annualized Dividend Yield based on Market Price as at end-June 2023	7.4%

### F.2 CASH DIVIDENDS SUMMARY

The following table summarizes the cash dividends declared by the Company's Board of Directors on the outstanding capital stock:

Dividend Declaration	Record Date	Dividend per Common Shares	Total Dividends declared	Payment Date
February 14, 2023	March 03, 2023	0.071	347,387,238	March 24, 2023
May 14, 2023	June 02, 2023	0.071	347,387,238	June 20, 2023

## G. BUSINESS UPDATES

The company has a pending request with the BIR on the use of fair market value (FMV) method of recording assets. Once approved, the company can maximize the distribution of dividend as depreciation of investment properties and BTO will no longer be a deduction in the net income, hence will form part of the distributable income.

## H. SUBSEQUENT EVENT

On August 10, 2023, the company declared cash dividend of 0.071 per share to stockholders with record date as of August 31, 2023 and payable on September 20, 2023.



**CERTIFICATION**

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

By:

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

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

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

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

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

Doc No. 407;  
Page No. 63;  
Book No. 23;  
Series of 2023.

**JOVEN G. SEVILANO**  
NOTARY PUBLIC FOR CITY OF MANDALUYONG  
COMMISSION NO. 0285-23 UNTIL DECEMBER 31, 2024  
IBP LIFETIME NO. 011302; 12-28-12; RIZAL  
ROLL NO. 53970  
PTR NO. 5110440; 1-3-23; MANDALUYONG  
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025  
UG03 CITYLAND SHAW TOWER,  
SHAW BLVD. MANDALUYONG CITY