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S.E.C. Registration Number

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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

Contact Person

7918-8188

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

To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

Cashier

<p>STAMPS</p>

Remarks = Pls. use black ink for scanning purposes

FFMI 3rd Quarter 2023 Performance Report

14 November 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.

TABLE OF CONTENTS

A. Financial Performance	4-8
B. Asset Performance	8-10
C. Other Performance Metrics	10
D. Valuation of FILRT Properties	11
E. Current Share Price and Market Capitalization	11
F. Investment Return	12
G. Business Updates	12
H. Subsequent Event	12

Executive Summary:

The office sector of the property market experiences a steady increase in Metro Manila transactions activity quarter on quarter, according to the Colliers report for the 3rd quarter of 2023. This includes, however, a slowdown in net demand due to lease surrenders and new office stock during the quarter. Thus, office vacancies remain almost unchanged at 19% with new supply expected to drive the increase of vacancies in office spaces to 21.2% by the end of 2023. Despite the ongoing challenges in the leasing market, FILRT continues to demonstrate resilience delivering average occupancy of 84% YTD, which is better than the industry.

As of end September 2023, new leases of 17,509 sqm have been successfully signed. In terms of tenant retention, 31,835 sqm, or 77% of 41,110 sqm of expiring leases in 2023, are committed for renewal; that is, 31,468 sqm have been renewed and 367 sqm have signed Renewal Letter of Intent (RLOIs). For 2023, the WALE has improved significantly as renewals and new leases for the year have set in and the addition of Crimson Boracay pushed the WALE to 7.09 years. The Crimson Boracay lot, which comprises 10% of the total GLA, has a 40-year lease.

FILRT ended the third quarter of 2023 with a Php 160 million net income, which brings the 3Q year to date net income to Php 721 million. The company declared dividends amounting to Php 0.071 per share for the quarter, which maintains the same pay-out from the previous two quarters and reflects a relatively higher annualized dividend yield of 9.34% (on Sept 29, 2023 closing price of P3.04/share) vs peers.

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

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

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	1,318	1,702
Receivables	670	789
Other current assets	443	328
Total Current Assets	2,431	2,819
Noncurrent Assets		
Advances to suppliers	13	9
Investment properties	9,879	10,042
Property & equipment	63	60
Intangible assets	957	999
Other noncurrent assets	229	238
Total Noncurrent Assets	11,141	11,348
Total Assets	13,572	14,167
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	1,612	1,699
Current portion of:		
Lease Liabilities	2	2
Security and other deposits	171	100
Bonds Payable - net	-	6,000
Total Current Liabilities	1,785	7,801
Noncurrent Liabilities		
Due to related parties - net of current portion	183	366
Loans Payable	6,000	-
Lease liabilities - net of current portion	27	26
Security and other deposits - net of current portion	586	661
Total Noncurrent Liabilities	6,796	1,054
Total Liabilities	8,581	8,855
Equity		
Capital stock - P0.50 par value	2,446	2,446
Additional paid-in capital	2,518	2,518
Retained earnings (deficit) - end	27	347
Total Equity	4,991	5,312
Total Liabilities and Equity	13,572	14,167

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

	YTD September 2023	YTD September 2022
REVENUES		
Rental income	1,716	1,866
Others	506	597
	<u>2,222</u>	<u>2,463</u>
COST AND EXPENSES		
Utilities	220	204
Depreciation and amortization	304	314
Rental expense	175	199
Manpower and service cost	125	122
Repairs and maintenance	137	110
Taxes and licenses	121	59
Insurance	8	6
Service and management fees	133	167
Others	10	4
	<u>1,232</u>	<u>1,186</u>
OTHER INCOME (CHARGES)		
Interest income	32	15
Interest and other financing charges	(300)	(241)
Other income (charges) - net	(0)	(1)
	<u>(268)</u>	<u>(226)</u>
	<u>721</u>	<u>1,051</u>
INCOME BEFORE INCOME TAX		
PROVISION FOR (BENEFIT FROM)		
INCOME TAX		
	<u>721</u>	<u>1,051</u>
NET INCOME	<u>721</u>	<u>1,051</u>
TOTAL COMPREHENSIVE INCOME	<u>721</u>	<u>1,051</u>

A.3 Cashflow Summary (In Php Millions)

	September 30, 2023	September 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	721	1,051
Adjustments for:		
Depreciation and amortization	303	226
Interest Expense	302	241
Interest income	(32)	(15)
Operating income before changes in operating assets and liabilities	1,294	1,503
Changes in operating assets and liabilities		
Decrease (Increase) in:		
Receivables	120	(60)
Other current assets	(116)	(100)
Increase in:		
Accounts payable and accrued expenses	(290)	268
Other current liabilities		85
Security Deposits	(4)	11
Other noncurrent liabilities		(222)
Net cash generated from operations	1,004	1,484
Interest received	32	15
Net cash provided by operating activities	1,036	1,500
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Investment properties (excluding capitalized borrowing cost)	(82)	(77)
Property and equipment	(17)	26
Intangible assets	(1)	(3)
Other noncurrent assets (excluding capitalized borrowing cost)	9	-
Advances to Contractors	(4)	3
Cash used in investing activities	(94)	(51)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment on bonds	(6,000)	-
Proceeds from long-term debt	6,000	-
Payment of cash dividend	(1,042)	(1,546)
Interest	(281)	(239)
Principal portion of lease liabilities	(1)	-
Cash provided by financing activities	(1,325)	(1,785)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(384)	(336)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,702	2,587
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,318	2,251

A.4 Rental Income (In Php Millions)

PROPERTY	GLA (Sqm.)	Revenue (In Php Mn)
		9 Months Period Ended Sep 2023
Plaza A	10,860	70.5
Plaza B	6,488	35.6
Plaza C	6,540	41.6
Plaza D	10,860	54.2
Plaza E	14,859	108.8
Capital One	18,000	140.1
5132 Building	9,409	64.5
iHub1	9,480	34.7
1Hub2	14,181	84.8
Filinvest One	19,637	86.8
Filinvest Two	23,784	(3.4)
Filinvest Three	23,784	72.9
Vector One	17,764	135.9
Vector Two	17,889	128.7
Vector Three	36,345	191.1
Axis Tower One	40,869	269.9
Cyberzone Cebu Tower 1	20,612	124.7
Boracay Lot	29,086	54.9
Pay Parking		19.6
Total Rental Income	330,448	1,715.9

A.5 Income from Related Parties for the Nine Months ended September 2023

Affiliate	Rental Income (Php Mn)
Boracay Seascapes Inc.	54.90
Chroma Hospitality Inc.	5.53
Corporate Technologies Inc.	1.85
Festival Supermall Inc.	1.97
Filinvest Alabang, Inc.	29.41
Filinvest Cyberparks, Inc.	2.52
Filinvest Hospitality Corporation	5.40
Filinvest Land	28.13
Sharepro, Inc.	30.04
ProOffice Work Services, Inc.	1.01
Total	160.76

A.6 Financial Performance Ratios as of 30 September 2023

Financial Ratios	Particulars	Period ended September 30, 2023
Earnings per Share <i>*annualized</i>	<u>Net Income</u> Weighted Average of number of outstanding shares	0.20
Current Ratio	<u>Current Asset</u> Current Liabilities	1.36:1
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	11.99%
Debt to Equity Ratio	<u>Debt (Loans Payable + Bonds Payable)</u> Total Stockholder's Equity	1.21:1
Net profit margin	Net Income / Revenue	32%
Return on equity (ROE) <i>*annualized</i>	Net Income/Equity	19%

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 third quarter of 2023 is at 80% for Alabang and 100.0% for both Cebu and Boracay. In addition, rental rates for Alabang performed better than the industry range, while Cebu was within industry range.

	Alabang		Cebu	
	FILRT	Industry	FILRT	Industry
Supply Occupancy rate	80%	71%	100%	80%
Supply Rental Rate Php range/sq. m	525-984	500-900	490-735	490-850

**Source: Colliers International Q3 2023 Property Market Briefing & JLL Report 2023*

FILRT Occupancy by Property

The table below shows the occupancy rates of FILRT properties:

Property		GLA	AVERAGE OCCUPANCY RATE
			YTD SEPT 2023
1	Plaza A	10,860	100%
2	Plaza B	6,488	73%
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	55%
9	1Hub2	14,181	89%
10	Filinvest One	19,637	61%
11	Filinvest Two	23,784	62%
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 Lot	29,086	100%
	TOTAL	330,448	84%

Office Industry Market Outlook

“Steady increase in Metro Manila transactions activity quarter on quarter; Existing provincial IT-BPM players continue to take up office space in the countryside; Slowdown in net demand seen in Metro Manila due to lease surrenders in Q3; new office stock continues to prop up vacancy rates; On track year-end net demand forecast due to steady transactions growth for 4 consecutive quarters Office vacancy remains almost unchanged at 19% in Q3 2023 New supply is expected to drive the increase of vacancies in office spaces to 21.2% by end 2023.” (Source: Colliers International Q3 2023).

Office Leasing Summary

YTD Signed Leases	GLA (Sqm.)
Total signed leases (end of September including Boracay)	274,104

As of end September 2023, new leases of 17,509 sqm have been successfully signed. In terms of tenant retention, 31,468 sqm have been renewed and 367 sqm have signed Renewal Letter of Intents (RLOIs) for a total committed renewal of 31,835 sqm or 77% of 41,110 sqm of expiring leases in 2023.

For 2023, the weighted average lease expiry (WALE) has improved significantly as renewals and new leases for the year have set in and the addition of Crimson Boracay pushed the WALE to 7.09 years. The Crimson Boracay lot, which comprises 10% of the total GLA, has a 40-year lease.

GLA	WALE	WALE
	Quarter Ended September 30, 2023	Quarter Ended September 30, 2022
330,448 sqm	7.09	3.30

C. OTHER PERFORMANCE METRICS

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

Tenant Mix	Percentage		Remarks
	As of end September 2023	As of end June 2023	
BPO	77.89%	79.00%	
Traditional	8.98%	9.00%	
Co-Working	1.89%	1.00%	Increase in GLA
Retail	0.63%	1.00%	
POGO	0%	0%	No POGO exposure
Hospitality	10.61%	10.00%	Crimson Boracay
Total Leased	100.00%	100.00%	

For the quarter ended September 30, 2023, the tenant mix is more diversified versus a year ago with the addition of new tenant types such as a hotel, Crimson Boracay, and co-working, FLX. FLX is a co-working and flexible workspace solutions provider, which is a joint venture between Filinvest Land, Inc. (FLI) and KMC Solutions. It started with a lease on a floor at Axis Tower One and has since expanded to another floor in the same tower. Its plan is to expand its footprint nationwide utilizing FLI's existing office buildings. Note as well that FILRT's tenant 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
TOTAL		47,455,660,000

The total asset value of FILRT's properties, as appraised last December 31, 2022, is at Php 47,455,660,000.

E. CURRENT SHARE PRICE AND MARKET CAPITALIZATION AS OF SEPT 29, 2023:

	As at end September 2023
Number of Outstanding Shares	4,892,777,994
Market Price per Share as at Sep 29, 2023, Php	3.04
Market Capitalization, Php	14,874,045,101

Ownership as of end September 29, 2023

Public ownership is currently at 34.71%, which is within the required minimum float.

F. INVESTMENT RETURN

F.1 RETURN TO INVESTORS

Cash Dividend for the 3rd Qtr-2023 (declared Nov 9, 2023)	P 0.071
Cash Dividend Annualized	P 0.284
Annualized Dividend Yield based on Market Price as at end-Sept 2023 of 3.04/share	9.3%

F.2 CASH DIVIDENDS SUMMARY

The following table summarizes the cash dividends declared during the report period 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
August 10, 2023	August 31, 2023	0.071	347,387,238	September 20, 2023
May 31, 2023	June 15, 2023	0.071	347,387,238	June 30, 2023
February 14, 2023	March 03, 2023	0.071	347,387,238	March 24, 2023

G. BUSINESS UPDATES

On October 18, 2023, the Bureau of Internal Revenue (BIR) issued the letter which granted FILRT the permission to change its accounting method from Cost method to Fair Value method of valuing investment properties for financial reporting purposes effective January 1, 2023, pursuant to the provision of Section 41 Tax Code.

With this approval, the Company can maximize the distribution of dividends as the depreciation of investment properties and BTO will no longer be a deduction in the net income hence will form part of the distributable income.

The Company's financial statements for the year 2023 shall be restated in the next reporting date to reflect the FMV method of accounting.

H. SUBSEQUENT EVENT

On November 9, 2023, the company declared cash dividend of 0.071 per share to stockholders of record as of November 29, 2023 and payable on December 15, 2023.

FILINVEST REIT • F2

FREIT FUND MANAGERS, INC.

CERTIFICATION

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

By:

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



VEN CHRISTIAN S. GUCE

President and CEO



YASMIN M. DY

Chief Finance Officer

SUBSCRIBED AND SWORN to before me this NOV 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

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Page No. 82;
Book No. 44;
Series of 2023.

JOVEN G. SEYLANO
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