C O V E R S H E E T

SEC Registration Number

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C O M P A N Y   N A M E

FILINVEST REIT CORP. (formerly CYBERZONE PROPERTIES INC,) AND A SUBSIDIARY

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

5th - 7th Floors Vector 1 Building, Northgate Cyberzone, Filinvest Corporate City, Alabang, Muntinlupa City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17A	SEC	N/A

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

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

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
15,060	**5/30**	**12/31**

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON's ADDRESS

5th-7th Flr. Vector One Bldg. Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A

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

1. For the calendar year ended **December 31, 2022**

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

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

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

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

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

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

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

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

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

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

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

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

12. Indicate by check mark whether the issuer:

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

(b) has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

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

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

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

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

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

Yes ☐ No ☐ t applicable

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) Any annual report to security holders;
2022 Audited Financial Statements of Filinvest REIT Corp., with reference to Part II of 17A

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

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

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(a) Exhibits
(b) Reports on SEC Form 17-C
(c) Conglomerate

Part VIII - SIGNATURES

Part 1 – BUSINESS AND GENERAL INFORMATION

Item 1. Business

1.1 Organization, Brief Description and Recent Developments

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

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

As a REIT entity, the Company is entitled to the following: (a) not subject to 2% minimum corporate income tax (MCIT), (b) exemption from value-added tax (VAT) and documentary stamp tax (DST) on the transfer of property in exchange of its shares, (c) deductibility of dividend distribution from its taxable income, and (d) fifty percent (50%) of the standard DST rate on the transfer of real property into the Company, including the sale or transfer of any and all security interest thereto, provided they have complied with the requirements under Republic Act (RA) No. 9856 and Implementing Rules and Regulations (IRR) of RA No. 9856.

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

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

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

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

As of end 2022, there are sixteen (16) fully operational office buildings in Northgate Cyberzone as follows:

Existing Buildings						
Building Name	**GLA (SQM) Office & Retail**	**Occupancy Rate as of End 2022**	**PEZA Registered**	**Certifications**	**Rental Income (in millions)**	**Valuation (in millions)**
Plaz@ A	10,860	100.00%	Yes	N.A.	94	1,597
Plaz@ B	6,488	100.00%	Yes	N.A.	56	927
Plaz@ C	6,540	100.00%	Yes	N.A.	56	974
Plaz@ D	10,860	83.20%	Yes	N.A.	70	1,328
Plaz@ E	14,859	100.00%	Yes	N.A.	145	2,448
Capital One Building	18,000	100.00%	Yes	N.A.	187	2,835
5132 Building	9,409	100.00%	Yes	N.A.	86	1,378
iHub 1	9,480	49.80%	Yes	N.A.	47	1,441
iHub 2	14,181	88.80%	Yes	N.A.	119	2,001
Vector One	17,764	100.00%	Yes	EDGE	181	2,868
Vector Two	17,889	100.00%	Yes	EDGE	168	2,856
Vector Three	36,345	68.30%	Yes	LEED Gold	236	5,918
Filinvest One	19,637	69.60.00%	Yes	N.A.	167	3,171
Filinvest Two	23,784	100.00%	Yes	N.A.	211	3,707
Filinvest Three	23,784	44.70%	Yes	N.A.	85	3,701
Axis Tower One	40,869	94.70%	Yes	LEED Gold	367	6,334

FILRT also developed and operates the Filinvest Cyberzone Cebu located in Lahug, Cebu City, Cebu, wherein Tower One is fully operational and is included in the assets of FILRT:

Building Name	**GLA (SQM) Office & Retail**	**Occupancy Rate as of End 2022**	**PEZA Registered**	**Rental Income (in millions)**	**Valuation (in millions)**
Cebu Tower One	20,612	100.00%	Yes	164	2,886

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

1.2 Equity investment

The Company was the holding company of ProOffice Works Services, Inc. (ProOffice). On March 18, 2019, ProOffice was incorporated to engage in the business of administration, maintenance and management of real estate developments and projects. ProOffice 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 consolidated financial statements.

1.3 Target Market & Revenue Contribution

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

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

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

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

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

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

The Philippines' Business Process Outsourcing or BPO industry has been the backbone of the country's economy since its beginnings in the early '90s contributing nearly $30 billion to the country's economy each year. Now more than ever, the Philippines' Business Process Outsourcing industry continues to be a lifesaver, not just for the economy, but for over 1.3 Million Filipinos. According to a 2022 article, by the end of 2022, industry leaders expect 1.8 million Filipino BPO employees. In addition, to call center employees, the Philippines expands its outsourcing workforce to non-voice and technical specialization in digital like social media managers, web developers, data analysts, and more.

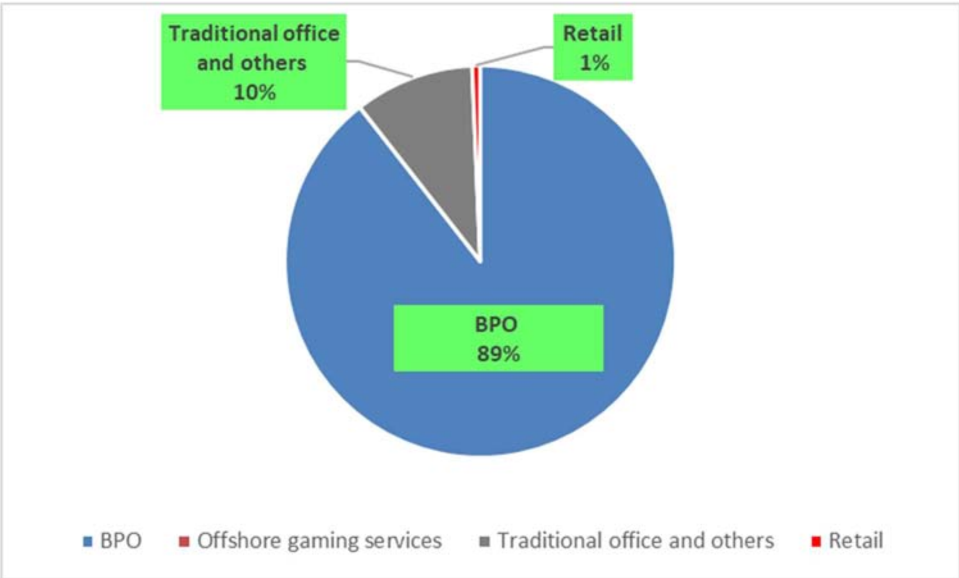
27% of the BPO sector's workforce disperse across the countryside. Emerging and established hubs expect to erect their offices in provincial areas. (*Source: https://www.usource.me/philippines-bpo-employment-statistics-2022/)

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

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

Filinvest REIT Corp. (FILRT) Tenancy profile
FILRT has the following profile of tenants in Northgate Cyberzone and Cebu Cyberzone as of end 2022:

Tenant sector breakdown by 2022 total rent



	No. of tenants	GLA sqm	%
BPO	29	232,503	89%
Offshore gaming services	0	-	0%
Traditional office and others	30	25,757	10%
Retail	12	1,726	1%
Total Area leased		259,987	100%

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

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

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

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

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

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

1.4 Lease Marketing

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

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

1.5 Competition

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

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

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

Based on Colliers' Q4 2022 Property Market Report, Alabang is still one of the cheapest options for BPOs, Traditional and ROHQ locators in terms of rental rate which attract them to locate their new office sites or expand as they can minimize on their capitalization and operational costs. Further, since it is still a tenants' market due to impact of the pandemic, transacted rates in all locations remain lower compared to during pre-pandemic period.

Cost of Office Spaces:		
Location	**Transactedrents for offices in Metro Manila in Php/sq.m. for Q4 2022**	**Est. Total Vacant as of end 2022 (GLA sq. m.)**
Makati CBD (Prime and Grade A Buildings)	1,000 – 1,500	354,000
BGC	- 850 – 1,500	239,000
Ortigas, Pasig, Mandaluyong,	700 - 800 550 - 800	603,000
Quezon City	500 - 800	350,000
Bay City	500 - 800	514,000
Alabang/Muntinlupa	500 - 750	265,000

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

Some of the Company's major competitors include:

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

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

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

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

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

1.6 Intellectual Property and Trademarks

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

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

1.7 Government and Environmental Regulations

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

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

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

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

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

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

- Exemption from the payment of all national and local taxes, such as gross receipts tax, value-added tax, ad valorem tax, excise tax, income tax, documentary stamp tax, percentage taxes, and all other taxes found in the National Internal Revenue Code.
- Exemption from the payment of all local government impost, fees, licenses, or taxes including local business tax, transfer tax on the sale of real property, real estate taxes (except real estate tax on the land), community tax,

mayor's permit fee, sanitary fee, other regulatory fees and other taxes and fees found in the Local Government Code and particularly in the Tax Ordinance of the local government unit where the economic zone is located.

- In lieu of the exemption from national and local taxes, the ECOZONE enterprise shall pay a 5% preferential tax on gross income, which is split between the City Treasurer of Muntinlupa (2/5) and BIR (3/5). For an ECOZONE export enterprise, the following are considered to be allowable deductions from net sales/revenues:
  - Direct salaries, wages, or labor expenses
  - Service or production supervision salaries
  - Raw materials
  - Goods in process
  - Finished goods
  - Supplies and fuels used in production
  - Depreciation of machinery, equipment and buildings owned and/or constructed
  - Financing charges associated with fixed assets
  - Rent and utility charges for buildings, equipment, and warehouses, or handling goods
- Exemption from duties and taxes on imported capital equipment, spare parts, raw materials, and supplies.
- Exemption from wharfage dues, export tax, impost, or fee
- For the first five years of operation, additional deduction equivalent to one-half of the wages paid corresponding to the increment in the number of direct labors for skilled and unskilled workers

Effective August 12, 2021, as a REIT entity, the Company is entitled to the following: (a) not subject to 2% minimum corporate income tax (MCIT), (b) exemption from value-added tax (VAT) and documentary stamp tax (DST) on the transfer of property in exchange of its shares, (c) deductibility of dividend distribution from its taxable income, and (d) fifty percent (50%) of the standard DST rate of the transfer of real property into the Company, including the sale or transfer of any and all security interest there to, provided they have complied with the requirements under RA No. 9856 and Implementing Rules and Regulations (IRR) of RA No. 9856.

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

1.8 Employees and Labor

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

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

1.9 Related Party Transactions

A summary of the FILRT's related party transactions in 2022 and 2021 are shown in the following table:

	2022				
	Amount/ Volume	**Outstanding balance**	Terms	Conditions	Note
Bank under common control					
Cash and cash equivalents	**(1,217,594,071)**	**1,002,247,416**	0.25% to 5.50%	No impairment	16 (a)
Interest income	**18,534,501**	–			
		1,002,247,416			
Trade receivables (Note 5)					
Parent Company					
Rental revenue	**37,368,094**	**9,897,942**	Noninterest-bearing; due and demandable	Unsecured	16 (b)

Affiliate					
Rental revenue	**99,559,933**	**42,425,693**	Noninterest-bearing; collectible every 20th day of the month	Unsecured	16 (b)
	136,928,027	**52,323,635**			
Other noncurrent asset (Note 11)					
Affiliate					
DCS connection charge	**–**	**247,677,426**		No impairment	16 (e)
Amortization	**(12,576,448)**	**(63,222,855)**			
	(12,576,448)	**184,454,571**			
Accounts payable and accrued expenses (Note 12)					
Parent Company					
Rental expense	**(261,454,987)**	**(20,957,205)**	Noninterest-bearing; payable on demand	Unsecured	16 (c)
Asset acquisition (Note 9)	**(683,264,593)**	**(683,264,593)**	Noninterest-bearing; payable quarterly up December 2024	Unsecured	16 (f)
Affiliate					
Service and energy fees	**(282,054,896)**	**(27,500,652)**	Noninterest-bearing	Unsecured	16 (d)
Affiliate					
Service fee	**(50,321,593)**	**(4,024,132)**	Noninterest-bearing; payable on demand	Unsecured	16 (d)
Management fee and manpower cost	**(190,480,933)**	**(29,985,287)**	Noninterest-bearing; payable on demand	Unsecured	16 (d)
		(765,731,869)			
Other noncurrent liabilities					
Parent Company					
Security deposit	**(27,000)**	**(7,854,359)**	Noninterest-bearing; payable	Unsecured	16 (b)
Affiliate					
Security deposit	**(2,386,756)**	**(23,253,138)**	Noninterest-bearing; payable	Unsecured	16 (b)
	(2,413,756)	**(31,107,497)**			

	2021				
	Amount/ Volume	Outstanding balance	Terms	Conditions	Note
Bank under common control					
Cash and cash equivalents	2,219,841,487	2,219,841,487	0.10% to 3.75%	No impairment	16 (a)
Interest income	4,062,940	–			
		2,219,841,487			
Trade receivables (Note 5)					
Parent Company					
Rental revenue	25,827,386	4,140,316	Noninterest-bearing; due and demandable	Unsecured	16 (b)
Affiliate					
Rental revenue	96,513,930	29,374,766	Noninterest-bearing; collectible every 20th day of the month	Unsecured	16 (b)
Service fee income (Note 19)	31,381,132	–	Noninterest-bearing	Unsecured	16 (b)
	153,722,448	33,515,082			

(Forward)

Other noncurrent asset (Note 11)					
Affiliate					

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			
Accounts payable and accrued expenses (Note 12)					
Parent Company					
Rental expense	(41,183,886)	(41,183,886)	Noninterest-bearing; payable on demand	Unsecured	16 (c)
Affiliate					
Service and energy fees	(12,276,703)	(34,050,962)	Noninterest-bearing	Unsecured	16 (d)
Affiliate					
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)			
Lease liabilities					
Parent Company					
Lease liabilities (Note 18)	(2,162,276,983)	–	Noninterest-bearing; payable	Unsecured	16 (c)
Other Noncurrent Liabilities					
Parent Company					
Security deposit	549,299	(7,827,359)	Noninterest-bearing; payable	Unsecured	16 (b)
Affiliate					
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.

a. The Company maintains savings accounts and short-term deposits with East West Banking Corporation (EW), an affiliated bank. Cash and cash equivalents earn interest at the prevailing short-term investment rates.

b. Lease agreements with related parties - Company as lessor

Related Party	Lease period
FLI (parent company)	December 6, 2021 to December 5, 2031
Entities under common control	
Filinvest Alabang Inc. (FAI)	September 2, 2019 to September 1, 2024 April 1, 2021 to March 31, 2031
Chroma Hospitality Inc.	May 2, 2017 to June 1, 2027
Festival Supermall, Inc.	May 2, 2017 to June 1, 2027
Corporate Technologies Inc. (CTI)	May 15, 2018 to November 14, 2023
Sharepro Inc.	July 1, 2022 to March 31, 2031
Filinvest Cyberparks Inc. (FCI)	August 1, 2022 to January 31, 2033
ProOffice Works Services Inc.	October 15, 2022 to January 14, 2028

The Company, as a Lessor, has office space rental agreements with the following related parties: A total of 12,754.95 square meters of space or 4.3% of its current office GLA are leased to affiliates

c. Lease agreements with related parties - Company as lessee

The Company, as a lessee, entered into a land lease agreement with FLI in Northgate Alabang with total land area of 60,660 sqms.,. Rental expense is based on certain percentages of the Company's gross rental income.

In 2020, the Company's lease agreement was amended as follows (see Note 18):

- the Company shall pay either a minimum guaranteed rent or a percentage share from Gross Lease, whichever is higher, effective July 1, 2020; and,
- the lease terms were extended for an additional term of 25 years.

In 2021, the Company's lease agreement was amended as follows (see Note 18):

- rental rates shall be solely variable (10% or 15% based on Gross Lease Income); and,
- in case of redevelopment, FLI and the Company shall mutually agree on the minimum monthly rent during construction period.
- lease period shall be in full force and effect for a period of 50 years which shall commence on February 11, 2021 and shall expire on February 10, 2071. Upon expiration of the Lease Period, this Contract shall be renewed for another twenty-five (25) years, with the same terms and conditions except for the rental rate and other commercial terms which shall be subject to negotiation and mutual agreement by parties.

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

d. *Service agreements with related parties*

- The Company entered into a service agreement with FAI whereby the Company shall pay service fees for general office admin services rendered by the latter for the operations of the Company. FAI is also the provider of water services within the Filinvest City where majority of the buildings of the Company are located.

- The Company entered into a service agreement with FCI, whereby the Company shall lease out a portion of its office space and perform accounting and administrative services to the latter for a fee.

- The Company entered into a service agreement with FDC Retail Electricity Sales, Corporation (FDC RES), an entity under common control, whereby the Company shall engage and pay the services rendered by the latter to provide the electricity requirements of its facilities.

- The Company entered into a service agreement with ProOffice, whereby the Company shall engage and pay the services rendered by the latter to operate maintain, manage, and market each Property, subject to the overall management and directions of the Fund Manager.

- The Company entered into a service agreement with FREIT Fund Manager, Inc. (FFMI), an affiliate, whereby the Company shall engage and pay the services rendered by the latter to execute investment strategies and oversee and coordinate property acquisition, property management, leasing, operational and financial reporting, appraisal, audits, market review, accounting and reporting procedures, as well as financing and asset disposition plans for the Company.

- The Company entered into a facilities management agreement with Professional Operations and Maintenance Experts Incorporated (PROMEI), an affiliate, whereby the Company shall engage and pay the services rendered by the latter to operate and maintain its equipment and premises.

- The Company entered into a service agreement with CTI, whereby the Company shall engage and pay for varied information and technology services. Services shall include application development, apps support and system maintenance, system application, software licensing and administration, internet bandwidth allocation, network, database and server management plus desktop and telecom support.

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

Development Corp, an affiliate). The BOT agreement relates to the construction and operation by PDDC of the DCS facilities for 20 years, during which PDDC will supply chilled water for the provision of cooling energy to the properties of the Company within Northgate Cyberzone, Muntinlupa City.

In accordance with the terms of the BOT agreement between the Company and PDDC, the Company paid DCS connection charges to PDDC for the buildings in Northgate, connected to the DCS plant. This is to be amortized over the service period of 20 years.

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

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 Group 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 Group pertains to short-term employee benefit amounting nil and 1.5 million, respectively

1.10 Major Risk Factors

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Item 2. Properties, Business Development and project line up

2.1 Land Bank

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

On December 12, 2022, the Company entered 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.

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

2.2 Northgate Cyberzone

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

The IT Park forms part of Filinvest City in Alabang, a master-planned urban development consisting of residential, commercial, and industrial properties. FILRT leases the land from FLI, and develops and owns the office buildings on the property which it then leases to BPO companies. Currently, there are nineteen (19) fully completed and operational buildings in Northgate Cyberzone, with a total Office and Retail GLA of 330,279 square meters as of end of 2022. FILRT owns only ____280,750.2 sqm of buidlings in Northgate Cyberzone.

2.3 Filinvest Cyberzone Cebu (FCC)

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

Currently, FILRT has one completed building on the property which is Filinvest Cyberzone Cebu Tower 1 has a total Office and Retail GLA of 20,612 square meters and is currently 100%% occupied as of end of 2022

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

Typhoon Odette did not hamper the operations of Filinvest Cyberzone Cebu Tower 1 when it made landfall on December 16, 2021. The building remained operational on a 24/7 basis despite the power interruption in the area, utilizing backup generators until power was fully restored on January 6, 2022. Damage to property was not material and eligible to receive insurance claims.

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

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

Item 3. Legal Proceedings

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

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

There were no matters submitted to a vote of FILRT's shareholders, through the solicitation of proxies or otherwise, in 2022.

Part II – OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

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

Period		High	Low	End
2022	4th Quarter	6.20	5.20	5.50
2022	3rd Quarter	7.00	6.00	6.20
2022	2nd Quarter	7.50	6.51	6.80
2022	1st Quarter	7.86	6.98	7.10
2021	4th Quarter	7.99	7.20	7.40
2021	3rd 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:

Name of Stockholder	Number of Common Shares Held	Percentage
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^{th}) month following the close of the fiscal year of the Company.

The following table shows the cash dividends declared by the Company's BOD on the outstanding capital stock:

Dividend Declaration	Record Date	Dividend per Common Shares	Total Dividends Declared	Payment Date
August 31, 2021	September 15, 2021	0.112	547,991,135	September 30, 2021
November 18, 2021	December 03, 2021	0.112	547,991,135	December 20, 2021
February 15, 2022	March 02, 2022	0.112	547,991,135	March 20, 2022
April 20, 2022	May 06, 2022	0.116	567,562,247	May 27, 2022
August 09, 2022	August 31, 2022	0.088	430,564,463	September 20, 2022
November 15, 2022	December 01, 2022	0.088	430,564,463	December 20, 2022
February 14, 2023	March 03, 2023	0.071	347,387,238	March 24, 2023

Distributable Income under the IRR of REIT Act of 2009

Under the Revised Implementing Rules and Regulations of REIT Act of 2009, section 4c, the Company shall present a computation of its distributable dividend taking into consideration requirements under the provisions of the Act and the Rule. Distributable income is not a measure of performance under the PFRS. For the year ended December 31, 2022, the distributable income amounted to ₱1,855.1 million, inclusive of earnings from January 1 to August 11, 2021 (pre-REIT listing) and August 12 to December 31, 2021 (post-REIT listing) amounting to ₱1,316.4 million and ₱538.7 million, respectively.

In Php Million	**Full Year 2022 (Audited)**	Non-REIT period Jan 1 to Aug 11, 2021	REIT period Aug 12 to Dec 31, 2021	Full Year 2021 (Audited
Revenues	**3,239.6**	2,183.3	1,258.7	3,442.0
Expenses	**(1,227.9)**	(699.1)	(461.7)	(1,160.8)
Depreciation	**(412.9)**	(275.9)	(151.8)	(427.7)
EBITDA	**1,598.7**	1,208.3	645.3	1,853.6
Interest income/expense	**(293.5)**	(233.1)	(106.6)	(339.7)
Gain on derecognition of lease liabilities	**-**	189.2	-	189.2
Benefit from tax/Provision for Tax	**-**	152.0	-	152.0
Distributable Income	**1,305.3**	1,316.4	538.7	1,855.1

Item 6. Bonds Issuance

On July 7, 2017, the Group issued fixed rate bonds with aggregate principal amount of ₱6,000.0 million and term of five and a half (5.5) years from the issue date or in January 2023. The fixed rate is 5.05% per annum, payable quarterly in arrears starting October 7, 2017. As of December31, 2022 and 2021, the outstanding balance of bonds payable amounted to 6.0 billion and ₱5.9987.0 billion, respectively.

The bonds are redeemable at 100% of face value on maturity date, which is January 7, 2023, unless the Group exercises its early redemption option. Interest expense which was capitalized relating tobonds payable amounted to nil, nil, and ₱108.8 million in 2022, 2021, and 2020, respectively

Total interest expense charged to the consolidated statements of comprehensive income amounted to ₱307.2 million, P307.2 million, and P199.2 million in 2022, 2021, and 2020, respectively.

Unamortized debt issuance cost on bonds payable amounted to nil and P13.0 million as of December 31, 2022 and 2021, respectively. Amortization of transaction costs included under "Interest and other financing charges" in the consolidated statements of comprehensive income amounted to ₱12.9 million, ₱12.9 million and ₱12.8 million in 2022, 2021, and 2020, respectively.

The bonds require the Group to maintain a maximum debt-to-equity ratio of 2.33x and minimum debtservice coverage ratio of 1.1x. As of December 31, 2022, and 2021, the Group is not in breach of these financial covenants and has not been cited in default on any of its outstanding obligation.

Item 7. Management's Discussion and Analysis or 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 in preparation for its REIT IPO listing in August 2021.

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 .

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 due to implementation of CREATE law. Since the company became a REIT in August 2021 it is qualified to use dividend distribution as a deductible item in computing the taxable income resulting to zero 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.

Financial Condition as of December 31, 2022 compared to as 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, Mainly due to dividend distributions made during the year. It also partially paid for the land acquisition.

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 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 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 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. This pertains to the bldg under BTO rights.

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.

Performance Indicators

Financial Ratios	Particulars	For the year ended December 31, 2022	For the year ended December 31, 2021
Earnings per Share	Net Income / Weighted Ave. number of outstanding shares	0.27	0.53
Debt to Equity Ratio	Loans Payable+Bonds Payable+Lease Liabilites / Total Stockholder's Equity	1.13: 1	1.01: 1
Current Ratio	Current Asset / Current Liability	0.36: 1	2.58: 1
Debt Ratio	Total liabilities / Total assets	0.63: 1	0.57: 1
Income before income tax, interest and other financing charges, depreciation and amortization (IBITDA) to total interest paid	IBITDA / Total interest paid	6.55: 1	7.84: 1
Quick asset ratio	Current assets – Inventories / Current liabilities	0.36: 1	2.58: 1
Solvency ratio	Net Income + Depreciation / Total liabilities	0.19: 1	0.29: 1
Interest coverage ratio	Income before income tax (IBIT) + interest and other financing charges / Interest and other financing charges	5.45: 1	6.01: 1
Net profit margin	Net Income / Revenue	0.40: 1	0.54: 1
Return on equity	Net income / Shareholder's Equity	0.25: 1	0.31: 1

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

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.

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

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

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

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

Part III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

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

Lourdes Josephine Gotianun-Yap *Chairperson of the Board of Directors*	Mrs. Yap, 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.
Maricel Brion-Lirio *Director, President and Chief Executive Officer*	Mrs. Lirio, 53, Filipino, was elected as Director, President and Chief Executive Officer of FILRT on February 11, 2021. Prior to that, she was the Executive Vice-President and Chief Operating Officer of FILRT and Senior Vice President-Offices and Vice President-Project Group Head of FAI. She 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.
Tristaneil D. Las Marias *Director*	Mr. Las Marias, 48, Filipino, was 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 Specialist Resources, Inc. and a director in other companies under the Filinvest Group. He started in 1997 as Head of Regional Projects and went on to hold a higher position as Senior Vice-President and Cluster Head for Visayas and Mindanao projects as well as Southwest and Central Luzon of FLI. Prior to joining the Filinvest Group, he was Assistant Vice President and Head of Marketing and Business Development of Landtrade Properties and Marketing Corporation and a Project Officer of Landco Pacific Corporation. He obtained his Bachelor of Arts, Major in Management Economics degree from Ateneo de Manila University. He also obtained his Certificate from the Advanced Management Program of the Harvard Business School in 2022.
Francis Nathaniel C. Gotianun *Director*	Mr. Gotianun, 39, Filipino, was first elected as Director of the Company on September 30, 2020. His appointment as Director of the Company became effective on July 2, 2021 after the approval by the Securities and Exchange Commission ("SEC" or the "Commission") of the Company's Amended Articles of Incorporation increasing the number of directors from five (5) to seven (7). He is the Senior Vice-President of Filinvest Hospitality Corporation, a subsidiary of FDC, the primary role of which is to evaluate, plan, develop and optimize potential and current hospitality investments of the Filinvest Group. He serves as a director of Filinvest Mimosa, Inc., the President and CEO of The Palms Country Club Inc., and Chairman of ProOffice Work Services, Inc. And

	Pro-Excel Property Managers, Inc. He is also a director of FLI and FDC, bot publicly-listed companies. He obtained his Bachelor's Degree in Commerce from the University of Virginia in 2005 and his Master's in Business Administration degree in IESE Business School – University of Navarra in 2010.
Val Antonio B. Suarez *Independent Director*	Mr. Suarez, 64, Filipino, is an independent director of FILRT, having been first elected on April 6, 2017. He is the Managing Partner of the Suarez & Reyes Law Offices and was the former President and Chief Executive Officer of The Philippine Stock Exchange, Inc. Mr. Suarez is also an independent director of FDC, FLI and Lepanto Consolidated Mining Company, all publicly listed companies, and a member of the Integrated Bar of the Philippines (Makati Chapter) and the New York Bar. He obtained his Bachelor of Laws degree from the Ateneo de Manila University Law School and a Master of Laws degree from Georgetown University Law Center.
Virginia T. Obcena *Independent Director*	Ms. Obcena, 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 & Co. (SGV & Co.). She obtained her Bachelor of Science in Business Administration degree, Magna cum Laude, at the University of the East and her Master in Business Administration degree at the University of the Philippines. She is a Certified Public Accountant.
Gemilo J. San Pedro *Independent Director*	Mr. San Pedro, 68, Filipino, was first elected as Director of the Company on September 30, 2020. His appointment as Director of the Company became effective on July 2, 2021. He has 38 years of experience in public accounting and business advisory services. Prior to his retirement on 30 June 2015, he served various leadership roles at SGV & Co. He was a partner in SGV & Co. from 1991 to 2015 and Professional Practice Director and Quality and Risk Management Leader from 2004 to 2015. He is also an independent director of FLI, a publicly-listed company. He finished his Bachelor of Science in Commerce-Major in Accounting degree at Rizal Memorial Colleges, Davao City, in 1976. He obtained his Master of Business Administration, concentration in Finance and International Business, at the Graduate School of Business, New York University, (now Stern Graduate School) USA, in 1983.
Ana Venus A. Mejia *Treasurer and Chief Finance Officer*	Ms. Mejia, 57, Filipino, is the Treasurer; Chief Finance Officer of FILRT. She also serves as the Executive Vice President, Treasurer, Chief Finance Officer of FLI. She also serves as director in various entities within the Filinvest Group. She is a Certified Public Accountant and a *magna cum laude* graduate of Pamantasan ng Lungsod ng Maynila. She obtained her Master's Degree from the Kellogg School of Management of Northwestern University and the School of Business and Management at the Hong Kong University of Science and Technology.
Maria Victoria Reyes-Beltran *Compliance Officer*	Ms. Reyes-Beltran, 56, Filipino, was appointed as Compliance Officer of FILRT on 18 November 2021. She also served as Senior Vice-President – General Counsel and Compliance Officer of Filinvest Land, Inc. ("FLI"). Prior to joining FLI, she served as Director of the Office of Internal Legal Counsel of R.G. Manabat & Co., a professional partnership firm affiliated with KPMG International. She also served as General Counsel of the Corporate Legal Unit of JG Summit Holdings, Inc. and Universal Robina Corporation, its subsidiaries, and regional operations in Southeast Asia as well as Corporate Secretary of the printed media unit of the group. She obtained her Bachelor of Arts degree major in Philosophy from the University of the Philippines and her

	Bachelor of Laws degree from San Beda College of Law. She completed her Master of Laws in International Commercial Law at the Ateneo School of Law and course on Structuring International Joint Venture at the University of California, Davis Campus.
Katrina O. Clemente-Lua *Corporate Secretary and Corporate Information Officer*	Ms. Clemente-Lua, 38, Filipino, was appointed as FILRT's Corporate Secretary on March 21, 2023 and Corporate Information Officer on March 15, 2022. Ms. Lua was previously appointed as FILRT's Assistant Corporate Secretary on 15 February 2022. She joined the Corporate and Tax Advisory Division of the Legal Department of Filinvest Land, Inc. ("FLI") in October 2018. She is also the Assistant Corporate Secretary and Corporate Information Officer of FLI and FDC. Prior to joining FLI, she served as the Legal Counsel of Philippine Stratbase Consultancy, Inc. and Executive Director of Stratbase ADR Institute. She was previously an associate of Carag Jamora Somera & Villareal Law Offices as well as Senior Corporate Affairs Officer of Anchor Land Holdings. She obtained her Bachelor of Arts degree in Legal Management from De La Salle University and her Juris Doctor degree from Ateneo de Manila University.
Jennifer C. Lee *Assistant Corporate Secretary*	Ms. Lee, 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 to joining FLI, she was previously an associate in Quasha Law and in Migallos & Luna Offices. She obtained her Juris Doctor degree in University of the Philippines – Diliman and her Bachelor of Science in Commerce, Major in Legal Management in De La Salle University – Manila.
Raymond Wilfred L. Castañeda *Data Protection Officer*	Mr. Castañeda, 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.
Patricia Carmen D. Pineda *Investor Relations Officer*	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 Controllership and Analysis for Manila Water Company, Inc. and Investor Relations Manager for Ayala Land, Inc. She holds a Bachelor of Science degree, major in Economics from the University of the Philippines, and a Master of Science degree in Finance from the same university.

Other Significant Employees

FILRT has no significant employees .

Family Relationship

Mr. Francis Gotianun, Director, is the nephew of Ms. Lourdes Josephine G. Yap, Chairperson of the Board. There are no other family relationships by either consanguinity or affinity among the Company's executives and directors other than the foregoing.

Involvement in Certain Legal Proceedings

To the best of the Company's knowledge and belief and after due inquiry, none of the Directors, or executive officers of the Company have, in the five-year period prior to the date of this Information Statement, been convicted judicially or administratively of an offense or judicially declared insolvent, spendthrift, or incapacitate to contract.

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

Manila Paper Mills International, Inc. Complaint

On February 24, 2016, a complaint for syndicated estafa was filed by Manila Paper Mills International, Inc. ("MPMII") with the Office of the City Prosecutor of Dasmariñas, Cavite against certain directors and an officer of FLI, in their capacity as such, including Lourdes Josephine Gotianun – Yap and Val Antonio B. Suarez. The allegations in the complaint related to the ownership and sale by FLI of portions of one of its projects – The Glens at Parkspring Phases 2, 3 and 4 located at San Pedro, Laguna. Complainant claims to be the owner of such portions. The respondents were sued in their capacities as majority stockholders/members of the Board of Directors of FLI. The complaint was dismissed by the Office of the City Prosecutor of Dasmariñas, Cavite on November 16, 2016, and MPMII has filed for a petition for review with the Philippine Secretary of Justice on February 21, 2017, which is pending as of the date of this Information Statement.

Item 10. Executive Compensation

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

Name and Principal Position	Year	Salary (₱ million)	Bonus (₱ million)	Other Annual Compensation (₱ million)	Total (₱ million)
CEO and top four (4) highest compensated officers					
Maricel Brion-Lirio (President/CEO) Ana Venus Mejia (Treasurer/CFO)) Raymond Castaneda (Data Privacy Officer)	2023 Estimated	-	-	-	-
Maricel Brion-Lirio (President/CEO) Ana Venus Mejia (Treasurer/CFO)) Raymond Castaneda (Data Privacy Officer))	2022				
Maricel Brion-Lirio (CEO) Michael Mamalateo (SAVP)* Yasmin M. Dy (AVP)* Ana Venus Mejia (CFO, Compliance Officer) Raymond Castaneda (Data Protection Officer)	2021	-	-	-	1.5
All officers and directors as a group unnamed	2023 Estimated	-	-	-	-
	2022	-	-	-	-
	2021	1.5	-	-	1.5

** Resigned on February 28, 2021*

The officers of the Company do not receive compensation from the Company and as such the officers are paid by the other entities within the Filinvest Group. Aside from Ms. Yasmin Dy and Mr. Michael Mamalateo, who both resigned from FILRT on February 28, 2021, FILRT did not have any other directors, officers or employees that receive compensation.

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

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

Key Management Personnel

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

Item 11. Security Ownership of Certain Beneficial Owners and Management

The names, addresses, citizenship, number of shares held, and percentage of total of persons owning more than five percent (5%) of the outstanding voting shares of FILRT as at 31 December 2021 are as follows:

Title of Class of Securities	**Name/Address of Record Owner and Relationship with FILRT**	**Name of Beneficial Owner/Relationship with Record Owner**	**Citizenship**	**No. of shares Held**		**% of Ownership**
Common	Filinvest Land Inc, *79 EDSA, Highway Hills, Mandaluyong City*	FLI[3]	Filipino	3,095,498,345	(R)	63.27%

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 December 31, 2022, 75,183,080 common shares or 1.54% of the outstanding common shares of the Corporation are owned by foreigners.

The names, citizenship, number of shares held and percentage to total of persons forming part of the Board and Management of the Company as of December 31, 2022 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) 8,594,934 (I)[4]	Filipino	Negligible 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 (1)	Filipino	Negligible

[3] 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.

[4] 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 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 indirect shares beneficially owned through shares of stock in Filinvest Land, Inc. under the name Joseph &/or Josephine Yap

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percentage of Ownership
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
N.A.	Maria Victoria Reyes-Beltran	60,000 (I)	Filipino	Negligible
N. A.	Raymond Wilfred L. Castañeda	0	Filipino	N. A.
N. A.	Patricia Carmen D. Pineda	0	Filipino	N. A.
N. A.	Katrina O. Clemente-Lua	0	Filipino	N. A.
	TOTAL	106,014 (D) 8,664,934 (I)		Negligible 0.18%

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

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

Item 12. Certain Relationships and Related Transactions

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

Part IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

Compliance with Leading Practices on Corporate Governance

FILRT is in substantial compliance with its Revised Manual for Corporate Governance as demonstrated by the following: (a) the election of two (2) independent directors to the Board; (b) the appointment of members of the audit, nomination and compensation committees; (c) the conduct of regular quarterly board meetings and special meetings, the faithful attendance of the directors at these meetings and their proper discharge of duties and responsibilities as such directors; (d) the submission to the SEC of reports and disclosures required under the Securities Regulation Code; (e) FILRT's adherence to national and local laws pertaining to its operations; and (f) the observance of applicable accounting standards by FILRT.

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

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

Part V – STATUS OF IMPLEMENTATION OF THE REINVESTMENT PLAN

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

FILRT did not receive any proceeds from its IPO. The Sponsor FLI receives the proceeds from the secondary offering on Aug 12, 2021. As such the reinvestment plan was submitted by FLI, and accordingly the progress reports thereon are also submitted by FLI.

Item 14 – 2022 Annual Progress Report on the Disbursement of Proceeds from the Initial Public Offering ("IPO") of Filinvest REIT Corp. ("FILRT")

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

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

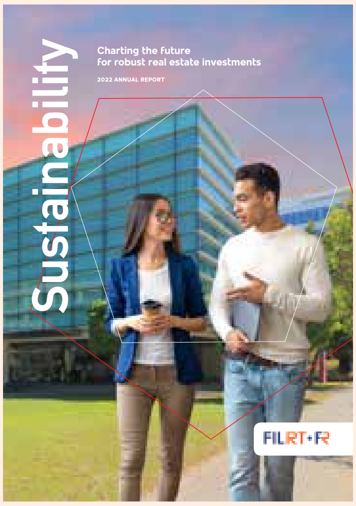
For the details of the capital expenditures, please refer to attached Exhibit on the submission of the above report filed by sponsor FLI on September 28, 2022 on the application of proceeds from the sale of shares of FILRT, owned by FLI, via secondary sale.

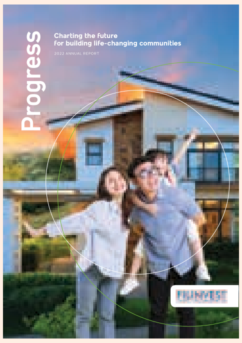
Sustainability

Charting the future for robust real estate investments

2022 ANNUAL AND SUSTAINABILITY REPORT

OUR 2022 STORY
Charting the Future





SUSTAINABILITY
Charting the future for robust real estate investments

FILRT is committed to sustainability, unlocking the value of eco-efficient assets and contributing as a productive asset class. It shares its growth and sustainability journey, enhances green-certified facilities, and maintains leadership as a sustainability-themed REIT. Backed by a strong sponsor and ESG principles, FILRT charts a future for robust real estate investments.

The pentagram symbolizes grace and enduring spirit in overcoming challenges.

GOWTH
Charting the future for expansion and new possibilities

FDC is committed to charting the future with a growth mindset, scaling up, and diversifying to enable more Filipinos to achieve their dreams. It is building leadership capabilities and embracing new strategies inspired by ESG goals. Its Center of Excellence - a team of experienced talents - aims to guide and serve as catalysts for new businesses and accelerated growth.

Triangles layered on the image represent FDC's stable foundation and shared aspirations to excel.

PROGRESS
Charting the future for building life-changing communities

FLI is committed to charting the future for progress by building life-changing communities, expanding geographically, and diversifying products. With our new leadership, it aims to explore innovative ways to deliver high-quality products and services to valued customers. FLI transforms land into thriving communities with residential enclaves and eco-efficient commercial spaces, building the dreams of the ordinary Filipino.

Circles layered on the image represent inclusivity, symbolizing the harmony in the communities served.

CONSUMER CENTRICITY
Charting the future for new banking opportunities

East West Banking Corporation highlights its commitment to consumer-centricity and innovation for a future of financial inclusion. The bank's leadership team fine-tunes its sustainability framework, incorporating a social agenda alongside economic and governance practices. It is uniquely positioned to promote financial inclusion and drive long-term value.

Squares represent the bank's promise of stable and reliable service to its consumers who are at the heart of their business.

About this Annual and Sustainability Report

This combined Annual and Sustainability Report is the disclosure of Filinvest REIT Corp. (FILRT) on its financial and non-financial performance covering the calendar period ending December 31, 2022. It may contain "forward-looking statements" which are subject to a number of risks and uncertainties that could affect FILRT's business and results of operations. Any forward-looking statements are made based on current assessments. Although FILRT believes that expectations reflected in any forward-looking statements are reasonable, it can give no guarantee of future performance, action or events.

The report on non-financial performance is published in compliance with the provisions of the Securities and Exchange Commission Memorandum Circular No. 4, Series of 2019 (SEC MC 4), and aligns with the Sustainability Reporting Guidelines for Publicly Listed Companies (the SEC ESG Guidelines). It also uses the Global Reporting Initiative (GRI) Standard principles and reporting guidelines as reference.

Feedback on or inquiries about this report may be forwarded to ir@filinvestreit.com.

Feedback on or inquiries about this report or any matter concerning the EESG performance of Filinvest REIT Corp. may be forwarded to sustainability@filinvestgroup.com.

Vision

To grow a trusted portfolio of sustainable commercial properties that enriches the lives and well-being of our community.

Mission

- To enable the growth of our locators through dependable, redundant and sustainable environment
- To create and add value for our investors
- To build vibrant communities that enrich the lives of those who live and work in them
- To respect and protect the environment

One Tree. One Heart.
ONE FILINVEST

Core Values

- **Customer Centricity.**
  Keep our customers top of mind.

- **Change for the Better.**
  Innovation and agility rule our quest for operational excellence.

- **Filinvest Family.**
  Invest in bringing out the best in ourselves and our team.

- **Entrepreneurial Mindset.**
  Pursue new opportunities and take ownership of our decisions.

- **Shared Benefit.**
  Grow hand in hand with our stakeholders.

- **Trustworthiness.**
  Deserve and preserve trust.

Who We Are

Filinvest REIT Corp. (FILRT) is a real estate investment trust backed by Filinvest Land, Inc. (FLI), one of the largest property developers in the Philippines with an established portfolio of residential, office, retail and industrial developments around the country. FILRT was publicly listed on the Philippine Stock Exchange on 12 August 2021 as the first sustainability-themed REIT. As of 31 December 2022, 34.72% of the company is publicly traded while the balance is owned by its sponsor, FLI.

Its original portfolio consists of 17 Grade A and LEED Gold certified office buildings which include green and sustainability-themed features. Totaling over 300,000 square meters of gross leasable area, 16 of the buildings are in Northgate Cyberzone in Filinvest City Alabang. Filinvest City is a 244-hectare mixed-use and integrated city that is the first and only central business district in the Philippines to receive LEED® v4 Gold for Neighborhood Development Plan certification as well as a three-star Berde certification. Another building is Filinvest Cyberzone Cebu Tower 1 located in the gateway of Cebu IT Park in Lahug, Cebu City. Rounding up the portfolio is 2.9 hectares of land that is being leased to the owner and operator of Crimson Resort & Spa Boracay.

The company's growth will be driven by assets that conform to its investment criteria. FILRT's strategy is to expand in key central business districts in Metro Manila and towards major regional hubs in the Philippines with high and stable occupancy from income-generating grade A real estate properties, and deliver additional value by driving more efficient and sustainable cost of operations. New asset acquisitions will continue to focus on Grade A commercial properties and will expand beyond office leasing to include retail, leisure, residential and industrial properties into its portfolio.

FILRT operates as a Real Estate Investment Trust in compliance with Republic Act No. 9856, otherwise known as the REIT Act of 2009.

Table of Contents

	2022	2021
STATEMENT OF INCOME (₱ MILLIONS)		
Total Revenues	**3,240**	3,442
Net Income	**1,305**	1,855
STATEMENT OF FINANCIAL POSITION (₱ MILLIONS)		
Cash and Cash Equivalents	**1,702**	2,587
Total Assets	**14,167**	13,972
Bonds Payable	**6,000**	5,987
Total Liabilities	**8,855**	7,989
Stockholders' Equity	**5,312**	5,984
STATEMENT OF CASHFLOWS (₱ MILLIONS)		
Net Cashflow provided by Operating Activities	**1,832**	2,140
Net Cash provided by Investing Activities	**-432**	1,002
Net Cash used in Financing Activities	**-2,286**	-1,425
FINANCIAL RATIOS		
Current Ratio	**0.36**	2.58
Debt-to-equity ratio	**1.13**	1.01
STOCK INFORMATION (END OF PERIOD)		
Market Capitalization (₱ millions)	**26,910**	36,207
Stock Price (₱)	**5.50**	7.40
Outstanding Shares (millions)	**4,893**	4,893
Earnings per Share (₱)	**0.27**	0.53
OPERATING HIGHLIGHTS		
Total GLA ('000 sqm)	**330,449**	301,362
Average Occupancy	**89%**	89%

PROPERTY	DESCRIPTION	YEAR COMPLETED	TOTAL GLA (sqm)
Commercial Buildings			
Axis Tower I	Grade A, LEED Gold, PEZA-accredited	March 2018	40,869
Filinvest One	Grade A, PEZA-accredited	June 2013	19,637
Filinvest Two	Grade A, PEZA-accredited	September 2015	23,784
Filinvest Three	Grade A, PEZA-accredited	January 2015	23,784
Vector One	Grade A, EDGE-certified, PEZA-accredited	May 2011	17,764
Vector Two	Grade A, EDGE-certified, PEZA-accredited	September 2014	17,889
Vector Three	Grade A, LEED Gold, PEZA-accredited	January 2017	36,345
Plaza A	Grade A, PEZA-accredited	October 2007	10,860
Plaza B	Grade A, PEZA-accredited	March 2001	6,488
Plaza C	Grade A, PEZA-accredited	March 2001	6,540
Plaza D	Grade A, PEZA-accredited	June 2007	10,860
Plaza E	Grade A, PEZA-accredited	February 2014	14,859
iHub1	Grade A, PEZA-accredited	February 2015	9,480
iHub2	Grade A, PEZA-accredited	February 2016	14,181
5132 Building	Grade A, PEZA-accredited	February 2017	9,409
Capital One	Grade A, PEZA-accredited	February 2018	18,000
Cebu Tower I	Grade A, PEZA-accredited	February 2019	20,612
Commercial Lot			
Boracay Resort Lot	Leased to 5-star Crimsort Resort & Spa Boracay	January 2023 (start of 40-year lease)	29,086

Axis Tower 1
1

Grade A, LEED Gold, PEZA-accredited
Year Completed: March 2018
GLA: 40,869 sqm

Filinvest One
2

Grade A, PEZA-accredited
Year Completed: June 2013
GLA: 19,637 sqm

Filinvest Two
3

Grade A, PEZA-accredited
Year Completed: Sept 2015
GLA: 23,784 sqm

Filinvest Three
4

Grade A, PEZA-accredited
Year Completed: January 2015
GLA: 23,784 sqm

Vector One
5

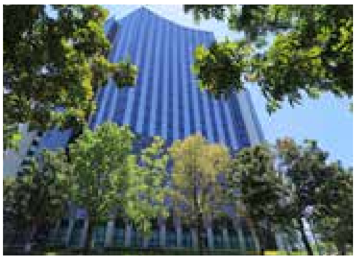
Grade A, EDGE-certified PEZA-accredited
Year Completed: May 2011
GLA: 17,764 sqm

Vector Two
6

Grade A, EDGE-certified PEZA-accredited
Year Completed: September 2014 GLA: 17,889 sqm

Vector Three
7

Grade A, LEED Gold, PEZA-accredited
Year Completed: January 2017
GLA: 36,345 sqm



Plaza A
8

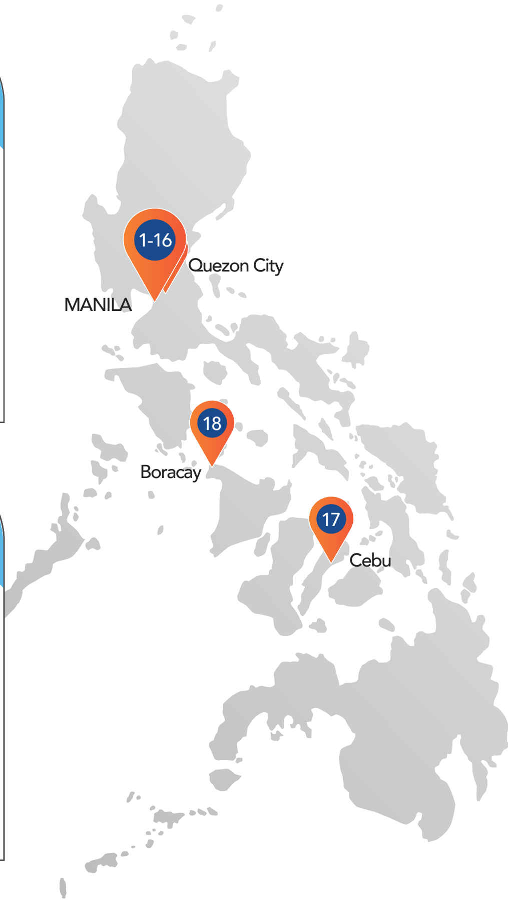
Grade A, PEZA-accredited
Year Completed: October 2007
GLA: 10,860 sqm

Plaza B
9

Grade A, PEZA-accredited
Year Completed: March 2001
GLA: 6,488 sqm

Plaza C
10

Grade A, PEZA-accredited
Year Completed: March 2001
GLA: 6,540 sqm



Plaza D

11

Grade A, PEZA-accredited
Year Completed: March 2007
GLA: 10,860 sqm

Plaza E

12

Grade A, PEZA-accredited
Year Completed: February 2014
GLA: 14,859 sqm

iHub1

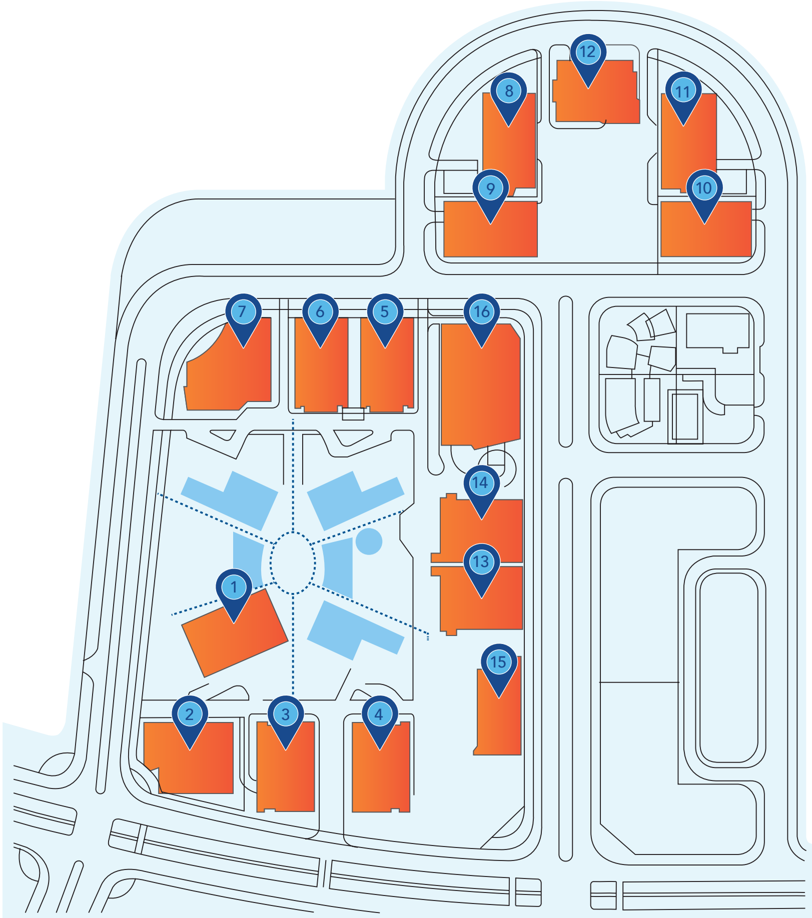
13

Grade A, PEZA-accredited
Year Completed: June 2008
GLA: 9,480 sqm

iHub2

14

Grade A, PEZA-accredited
Year Completed: August 2009
GLA: 14,181 sqm



5132 Building

15

Grade A, PEZA-accredited
Year Completed: November 2007
GLA: 9,409 sqm

Capital One

16

Grade A, PEZA-accredited
Year Completed: October 2005
GLA: 18,000 sqm

Cebu Tower 1

17

Grade A, PEZA-accredited
Year Completed: June 2015
GLA: 20,612 sqm

Boracay Resort Lot

18

Start of 40-Year Lease: January 2023
GLA: 29,086

Charting the Future

LOURDES JOSEPHINE GOTIANUN-YAP
Chairperson

Charting the future of FILRT involves a steadfast commitment to regularly inject assets into the portfolio.

At FILRT, we value our ability to adapt and transform as we navigate the growth path of the company. As a newly-listed Real Estate Investment Trust (REIT) at the Philippine Stock Exchange since August 2021, FILRT was able to expand the portfolio on its first full year of operations in 2022.

Charting the future of FILRT involves a steadfast commitment to regularly inject assets into the portfolio. Our investment strategy is designed to support the expansion of the portfolio and ensure investors receive stable and competitive returns.

Together with our fund and property management companies, FREIT Fund Managers, Inc. and ProOffice Work Services, Inc. we aspire to consistently grow FILRT, with the ultimate objective of increasing its size and enhancing liquidity. This will allow the wider capital market to participate in the new and growing Philippine commercial REIT sector.

Building a Sustainable Portfolio

The Filinvest Group's flagship commercial REIT is comprised of 17 Grade A office assets totaling over 300,000 square meters of gross leasable area (GLA) of prime office space with a diverse and globally recognized tenant base.

Geographically, the portfolio is strongly focused on Metro Manila, in particular, the Alabang central business district where Filinvest, the Sponsor of FILRT, is the market leader with almost half of the market share. Alabang is a strong commercial business district (CBD) market that has seen higher rental rate growth relative to Makati and Metro Manila over the last decade.

Sixteen of the 17 buildings are in Northgate Cyberzone, a PEZA Special Economic Zone and IT park situated

MARICEL BRION-LIRIO
President and Chief Executive Officer

within Filinvest City in Alabang. Filinvest City is an award-winning integrated and master-planned township in the Alabang CBD in southern Metro Manila. The remaining assets: Cebu Tower 1 building, plus a property in Boracay.

To differentiate FILRT from the growing REIT market in the Philippines, we positioned our portfolio as the first sustainability-themed REIT given its many green features. Filinvest City, where majority of the buildings are located, is the first CBD in the Philippines to receive LEED® v4 Gold for Neighborhood Development Plan certification for its township-wide green and sustainability features. Two of these buildings are LEED Gold-certified. In 2022, two other buildings passed the criteria for Level 1 certification on EDGE (Excellence in Design for Greater Efficiencies) developed by the International Finance Corporation. These green building certifications confirm our commitment to sustainability, particularly on energy, water and resource efficiency.

Filinvest City has excellent connectivity to major CBDs and neighboring regions, boosting its attractiveness to the locators of FILRT. The portfolio also has access to a wide range of supporting amenities and infrastructure such as the 1400 KVA truck-mounted PEZA-approved mobile genset as additional backup to the in-building gensets.

Our building designs have provisions for natural and LED lighting, natural ventilation where feasible, and the use of variable frequency drives. What makes us stand out from the rest is the District Cooling System, the biggest in the country so far, that saves as much as 40% in energy consumption.

330,449 sqm
Gross Leasable Area

The Boracay property infusion is a step towards a more diversified portfolio for FILRT.

Portfolio Expansion

In the fourth quarter of 2022, FILRT acquired a prime property with a GLA of 29,086 square meters in the island of Boracay in the province of Aklan. As a result of this acquisition, FILRT was able to increase its portfolio GLA by 9.65% from 301,363 square meters to 330,449 square meters.

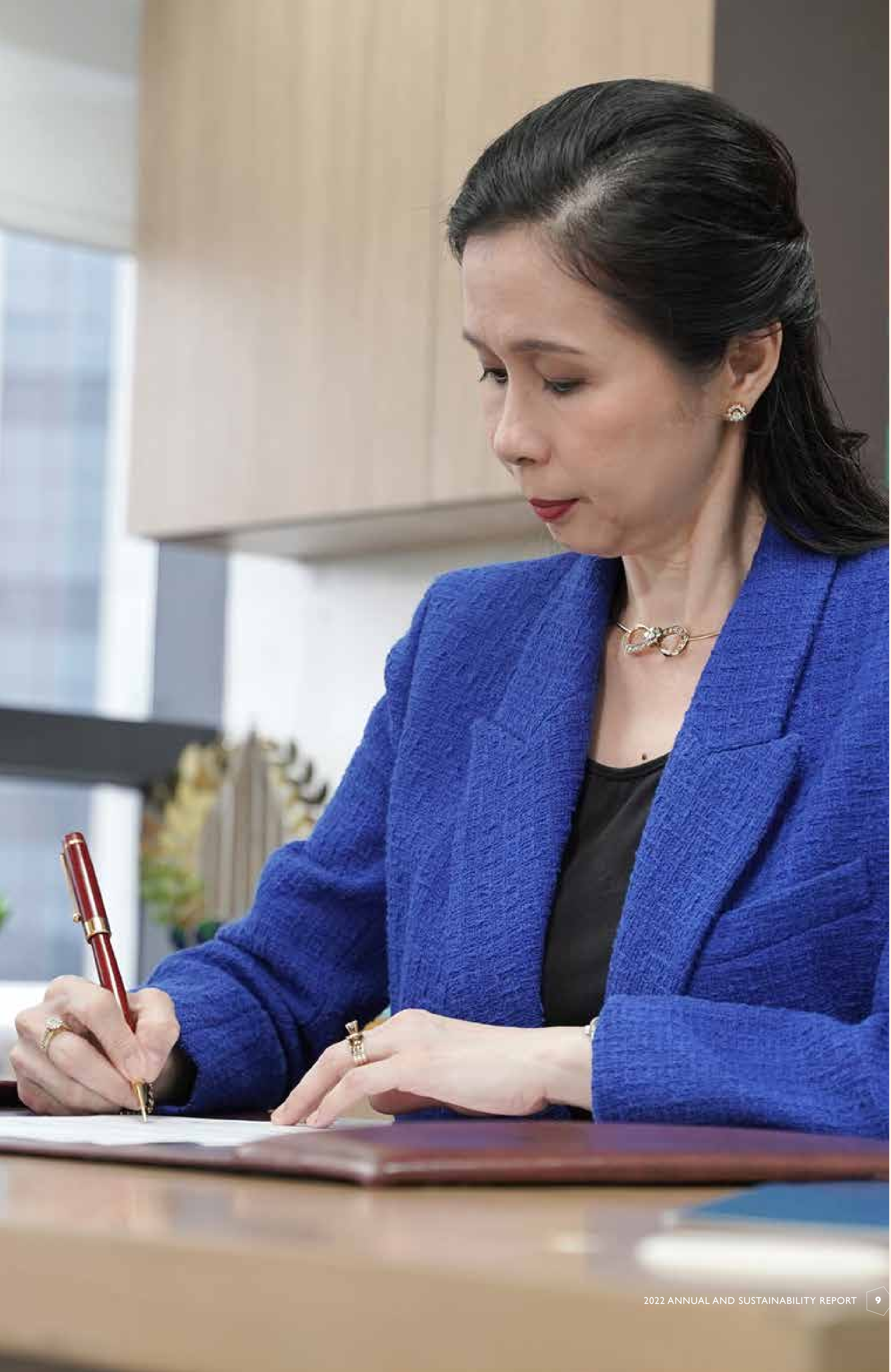
The Boracay property is leased to the multi-awarded Crimson Resort & Spa Boracay that is located at Station Zero which is in the more exclusive section of Boracay and has its own private beach front. The Crimson Resort & Spa Boracay was recently recognized by Conde Nast Johannsen as an "excellent resort for families" and was also named by Time Magazine in their "50 Best Places to Visit" list.

The infusion is a step towards a more diversified portfolio for FILRT, which adds a high-grade asset outside of Alabang and Cebu, where most of the assets are located. It also broadened the income profile mix beyond office leasing and into the growing Philippine hospitality and leisure segment. The deal structure allows FILRT to participate in the upside in line with the expected rapid growth of Philippine tourism and thereby provide an added boost in dividends for its shareholders.

Our 2022 Financial Performance

What challenged FILRT and the office leasing segment in 2022 was brought about by the globally changing workplace environment. Even while the world has opened up and is no longer operating under a pandemic, the effects lingered in the labor market such that many preferred to keep working from home. The implementation of hybrid work set-ups in PEZA Special Economic Zones like our Northgate Cyberzone property affected our leasing patterns. Amidst this challenge, FILRT showed resilience and demonstrated a stable performance for the year.

FILRT recorded a net income of ₱1.31 billion in 2022. This was achieved on the back of rental and other revenues of P



₱3.24 billion. Average occupancy for the year was 89%, including the newly infused Boracay property that was added to the portfolio in December 2022.

FILRT's occupancy rates and rental rates per square meter performed better than industry. In Alabang where 16 buildings are located, FILRT's 2022 average occupancy stood at 87% against the 70% industry average based on Colliers International's Q4 2022 Property Market Briefing. In Cebu, FILRT's Cyberzone Cebu was 100% occupied on year-end against the 78% industry average. FILRT's rental rates for Alabang and Cebu remained to be at the higher end of industry ranges.

New leases of 5,087 square meters were signed in 2022 while FILRT renewed 22,891 square meters or 96% of expiring leases during the year, thereby maintaining our strong history of lease renewals. Weighted Average Lease Expiry or WALE is 6.9 years, and is forecasted to increase in 2023 as new leases and renewals for the year set in.

FILRT's balance sheet remained healthy, with total assets increasing by 1.4% after utilizing cash and retained earnings to pay dividends and the purchase of the Boracay lot. FILRT is conservatively levered, with debt of ₱6 billion in the form of existing bonds as of the end of 2022. The bonds have since matured and were fully paid in January 2023. This puts loan-to-value ratio at 11.85% which is well below the 35% regulatory limit.

FILRT has declared seven dividends since its IPO. In 2022, FILRT declared and paid dividends totaling P0.404 per share that translates to a dividend yield of 7.35% based on the 2022 closing price of ₱5.50 per share. FILRT is focused on diversifying its portfolio to boost dividends for its shareholders while improving the revenues of its existing prime office assets.

Charting the future

We expect our portfolio to benefit from intrinsic and organic growth as building occupancy improves. Contractual escalation terms are built into about 90% of our office leases, averaging 5% per annum rental escalation overall. In 2023, as early as February, new Letters of Intent have been signed by traditional and BPO multinational companies to lease almost double the size of the previous year's new leases.

Our inorganic growth potential is backed by the right of first refusal (ROFR) that sponsor Filinvest Land Inc. (FLI) has granted to FILRT. This covers all significant commercial properties owned by FLI and its wholly owned subsidiaries. FLI has about 465,000 square meters of office and mall gross GLA in key CBDs that are potential acquisitions for FILRT. Other asset classes may also be added to FILRT coming from the commercial projects of the Filinvest group.

Our sponsor FLI is fully committed to grow FILRT's portfolio with regular asset infusions. We are guided by a clear investment strategy in order to sustain the portfolio expansion and provide a stable and competitive return to investors, with focus on dividend yield protection.

In closing, we would like to thank our shareholders, creditors, tenants and customers for their trust and confidence. We also wish to acknowledge our fellow Board of Directors for their guidance and support, and the team behind FILRT for continuously building a robust REIT portfolio. We are fully committed to expanding our assets, providing stable returns, and delivering value to our shareholders. Our every day will be about charting a sustainable path towards providing our market with an exceptional real estate investment experience.

Thank you.

JOSEPHINE GOTIANUN-YAP
Chairperson

MARICEL BRION-LIRIO
President and CEO

We are guided by a clear investment strategy in order to sustain the portfolio expansion and provide a stable and competitive return to investors, with focus on dividend yield protection.

Building a Sustainable Portfolio

Portfolio

The Filinvest group's flagship commercial REIT is comprised of 17 Grade A office assets totaling over 300,000 square meters of gross leasable area (GLA). Geographically, 16 of the 17 buildings are in Northgate Cyberzone in Filinvest City in Alabang, Metro Manila, a PEZA Special Economic Zone and IT park. Another building is located in the gateway of Cebu IT Park in Lahug, Cebu City.

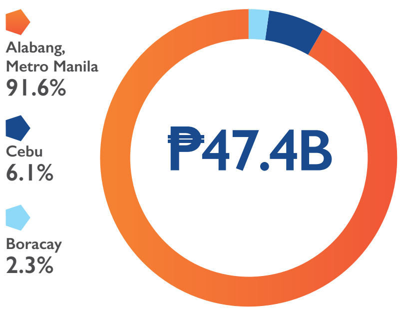
In the fourth quarter of 2022, FILRT acquired a 29,086 square meter land located in the most prime section of Boracay, Aklan from its ultimate parent company, Filinvest Development Corporation (FDC), with a valuation of ₱1.077 billion. This brought total valuation of the portfolio to ₱47.4 billion as of end-2022, as valued by an independent appraisal company.

The portfolio is strongly focused on Metro Manila, in particular the Alabang Central Business District (CBD), where the Filinvest group is the market leader with almost half of the market share. Alabang is a strong CBD market that has seen higher rental rate growth than Makati and overall Metro Manila over the last decade.

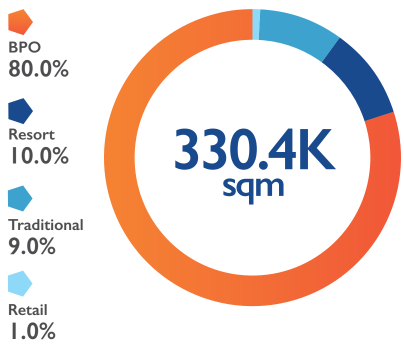
Filinvest City is an integrated township with excellent connectivity to major CBDs and neighboring regions such as CALABARZON. The township features superior workforce accessibility with five major thoroughfares like the Skyway, South Luzon Expressway and Alabang-Zapote Road, and one of South Metro Manila's largest multi-modal transport hubs for the workforce.

BPO tenants contribute 80% of occupied GLA. With the infusion of the Boracay property, resort takes up 10%. Traditional office tenants take up 9% and the small remainder is leased to retail tenants. FILRT has zero POGO exposure.

Portfolio geographical breakdown by valuation



Tenant sector by occupied GLA



Overall, the portfolio had an average occupancy of 89 percent in 2022 and a weighted average lease expiry (WALE) of 6.9 years as of end-2022. The office assets have well spread out lease expiries, with the bulk of the leases expiring in 2025 and beyond.

The office assets are on land held on leasehold basis. FILRT has secured long lease terms of 75 years for the Metro Manila assets from its Sponsor, Filinvest Land, Inc. (FLI).

Financial Performance

FILRT recorded a net income of ₱1.31 billion in 2022 achieved on the back of rental and other revenues of ₱3.24 billion. FILRT is conservatively levered with debt of ₱6.0 billion at the end of 2022 in the form of bonds. This put the loan-to-value ratio at 11.85% which is well below the 35% regulatory limit. The bonds matured and were fully paid on January 7, 2023.

Dividends

To date, FILRT has distributed seven dividends since its IPO. In 2022, FILRT declared and paid dividends totaling ₱0.404 per share, delivering a yield of 7.35% based on its 2022 closing price of ₱5.50 per share. FILRT's dividend yield is is higher compared to the 2022 average and end of period yield of 10-year government bonds.

Growth Prospects

FILRT's Sponsor, FLI, is fully committed to grow the REIT portfolio with regular asset infusions. With the guidance of FILRT's fund management company, the common goal is to expand the portfolio and provide a stable and competitive return to investors, with focus on dividend yield protection.

The investment strategy in acquiring assets is clear. It should be: one, located in key CBDs in Metro Manila and major regional hubs or key cities in the Philippines; two, should have a high and stabilized occupancy; and three, of Grade A quality that may be related to other types of real estate properties such as retail, residential, leisure and industrial.

The acquisition of the Boracay property a key step towards the aim of diversification. It not only expanded the asset-type but also broadened the income profile mix beyond office leasing and into the hospitality sector.

A pipeline of possible commercial assets has been identified for potential asset infusion. FLI has about 465,000 square meters of office and mall gross GLA in key CBDs that are potential acquisitions for FILRT. There are also other asset classes within the Filinvest group that are under consideration, the details of which will be announced in due course.

LEFT TO RIGHT:

LOURDES JOSEPHINE GOTIANUN-YAP
Chairperson

MARICEL BRION-LIRIO
Director, President and Chief Executive Officer

FRANCIS NATHANIEL C. GOTIANUN
Director

LEFT TO RIGHT:

VAL ANTONIO B. SUAREZ
Independent Director

GEMILO J. SAN PEDRO
Independent Director

VIRGINIA T. OBCENA
Independent Director

TRISTANEIL D. LAS MARIAS
Director

LEFT TO RIGHT:

MARICEL BRION-LIRIO
President and Chief Executive Officer

ANA VENUS A. MEJIA
Treasurer and Chief Finance Officer

RAYMOND WILFRED L. CASTAÑEDA
Data Pivacy Officer

LEFT TO RIGHT:

PATRICIA CARMEN D. PINEDA
Investor Relations Officer

KATRINA O. CLEMENTE-LUA
Assistant Corporate Secretary and Corporate Information Officer

MARIA VICTORIA REYES-BELTRAN
Compliance Officer


In memoriam
Mercedes T. Gotianun
Nov. 5, 1928 – Dec. 11, 2022

A Tribute to an Extraordinary Lady

The Filinvest Group of Companies pays tribute to Mercedes T. Gotianun, the other half of the husband-and-wife tandem whose visionary leadership and entrepreneurial spirit nurtured Filinvest into the multi-business conglomerate that it is today.

Mercedes was a paragon of business acumen and a role model of success for women in business. A BS Pharmacy (Magna Cum Laude) degree holder from the University of the Philippines, she displayed admirable leadership qualities and an effective hands-on management style from the moment she became part of the formidable Filinvest duo.

With her husband, the late Andrew Gotianun Sr., as the idea man, Mercedes was the tireless implementor. Together, they turned a humble consumer financing company with a meager P300,000 in borrowed funds into a robust conglomerate with interests in high-growth industries. Since 1967, she held various leadership positions across their businesses.

She joined Family Savings Bank in 1970 as Executive Vice President and became President in 1978.

Under her leadership, Family Savings Bank grew into the largest savings bank in the country in terms of capital. In 1981, it was granted an authority by the Central Bank of the Philippines to engage in full commercial banking and was renamed Family Bank and Trust Co. (FBTC). In 1982, FBTC became the 8th financial institution to acquire a universal banking license, thus making Mercedes the first Filipina to become president of a universal bank.

After spending a few years abroad, Mercedes and Andrew bounced back from retirement, applying the Midas touch in yet another industry – real estate. In 1989, the couple headed into property development, turning Filinvest into one of the Philippines' leading full-range developers. A few years later, they made a successful return to banking through EastWest Bank.

More than being a diligent businesswoman, Mercedes was also a successful homemaker. She was a forerunner of career women who had to balance family and business. Dividing her time between the home and the boardroom, Mercedes was known to keep her household as well-organized as her businesses. She raised four children, who all became accomplished professionals and leaders of the company. She was a major influence on her grandchildren, many of whom are now holding various positions in the Filinvest Group.

Mercedes was also a compassionate philanthropist. She and Andrew always had a soft spot for children and they believed that access to education would open up more opportunities for underprivileged youth. A fateful meeting with Fr. Pierre Tritz, SJ during a Jesuit occasion started a long-standing relationship between his Educational Research and Development Assistance (ERDA) Foundation and the Filinvest Group that now spans over five decades. Filinvest continues to work with ERDA and other organizations to advance their advocacy for education.

Known to lead by example, Mercedes always stressed the importance of work ethics in dealing with partners and the general public. She often said, "I would like to leave a legacy of honesty, fairness, and integrity, same as my husband."

When asked about her formula for success, she kept it short and sweet – prayers, confidence in your abilities, and hard work. And indeed, this was what she lived by throughout her long and fruitful life.

Mercedes will be remembered not only for her extraordinary life and legacy, but more fondly for her wit, intelligence, and unwavering devotion to her family. Hers is the epitome of a life well lived.

Championing Environmental, Economic, Social, and Governance Best Practices

As a sustainability-themed REIT, FILRT has embedded EESG into its assets and operations in order to preserve, enhance and create value.

Scope and Material Topics

The sustainability report of FILRT covers the management of its portfolio of assets as of December 2022. The asset list includes sixteen office buildings located in Northgate Cyberzone in Alabang, Muntinlupa City, an office tower in Cebu City, and the property in Boracay Island, Malay, Aklan. However, this report does not include the EESG performance of the Capital One and Boracay properties, which are managed by the lessees.

Since FILRT operates as a lessor of commercial spaces, some material topics that are relevant to its Sponsor, Filinvest Land Inc. (FLI), may not be significant for FILRT. First, FILRT does not undertake land development and construction of new buildings but leases and manages properties that are operational and with stable revenues. Second, FILRT does not have direct employees but engages seconded talents from FLI, Filinvest Development Corp. (FDC) and other subsidiaries within the Filinvest group. Property management and fund management are performed by ProOffice Works Services, Inc. and FREIT Fund Managers, Inc., respectively. Thus, the human capital narratives are discussed under FLI's and FDC's EESG performance disclosures.

From stakeholder interactions, the following material topics were deemed relevant to FILRT's operations:

EESG Aspect	FILRT's Material Topics
Economic	• Jobs generated or maintained • Support to businesses and tenants • Financial liquidity • Macroeconomics and impacts on office leasing
Environment	• Environmental compliance • Resource efficiency • Energy efficiency, renewable energy and climate change mitigation • Waste management • Design of green buildings and neighborhoods • Climate change adaptation and mitigation
Social	• Occupational health and safety • Pandemic impacts: health, work arrangements • Talent development and engagement • Public and workforce mobility • Work from Home
Governance	• Good governance structure • Government policy and regulatory compliance • Transparency with disclosures • Compliance with emerging regulations

Materiality assessment is undertaken through regular interactions with office tenants, many of whom have adopted their own sustainability goals. The insights gathered, along with those from other Filinvest units, contributed to the crafting of FDC's sustainability framework which is supported by the pillars of Green, Inclusive and Resilient. Under each pillar, there are specific focus areas FILRT has identified as relevant to its business model and operating environment. These focus areas form the core of FILRT's non-financial performance reporting going forward.

Stakeholder Engagement

FILRT's primary stakeholders are its office, retail, and lot tenants. Other stakeholders include REIT investors, providers of capital, regulators, the Filinvest Group, and its supply chain. The company keeps track of all concerns raised by its stakeholders and employs multiple channels to address these concerns and attain common objectives.

Stakeholder	Concerns	Engagement Channels and Response
Seconded employees from Filinvest Group	• Training and Development • Workload • Employee Engagement • Occupational Health and Safety	• Competency assessment and trainings using various channels • Email communications, bulletins and town hall meetings • Online administrative tools • COVID-19 Protocols and vaccination program
Lessees / Tenants	• Health and Safety of workers and tenants' clients • Support to tenants' own EESG goal	• Compliance with protocols on COVID-19 • Coordination and disclosures on the environmental performance of building operations
Investors and Lenders	• Financial liquidity/sustainability • Disclosure transparency • Good governance • EESG performance	• Timely and transparent disclosures • Press releases, FILRT website, one-on-one meetings and investor conferences • Publication of Annual Report and Sustainability Report • Development of a sustainability framework and EESG information repository
Supply Chain and Service Providers	• Supplier accreditation and efficiency in transactions • Indirect jobs generated	• Centralized supply chain management
Government Agencies	• Government incentives • Compliance • Good governance	• Sustaining PEZA accreditation • Timely regulatory filings and permit renewals • Independent board members appointed to oversight roles • Participation in public consultations on proposed regulations
Environment	• Compliance • Energy efficiency • Waste management • Green spaces • Green designs • Resiliency • Climate Change mitigation	• Consistent compliance with all environmental regulations, including wastewater effluents, hazardous wastes and air emissions • District cooling system (DCS) • E-Jeepneys and pedestrian paths • Building LEED certifications and green design of assets • Partnerships to secure renewable electricity supply

Filinvest Group's Sustainability Framework

Filinvest is a sustainability champion whose comitments are manifested through corporate social investment, adoption of best practices and management of EESG and business risks to ensure long-term value creation, and delivering innovations to maximize positive impact.

GREEN

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

Green Designs for Sustainable Communities (biodiversity and resource efficiency - energy, water, waste - and people-centricity)

Closed Loops and Circular Economy (resource efficiency)

Net Zero (carbon commitment)

INCLUSIVE

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

Serving the Underserved/Unserved (banking the unbanked, affordable housing, energy & water security, unlocking tourism value, supporting farmers)

Nurturing Talent: Opportunities for Jobs, Development and Growth (human capital readiness)

Engaging Communities (local partnerships, supply chain)

RESILIENT

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

Resilient Assets (site resilience)

Resilient Operations (business continuity, supply chain resilience, financial resilience)

Organizational Agility (integrated business ecosystem, people agility)

Green

Filinvest acknowledges that its relationship with the environment is reciprocal. The company relies on ecosystem services like water, energy, climate control, and pollution assimilation to sustain its operations. In turn, the company must provide services to the environment to ensure these ecosystem services are sustained for the long-term.

FILRT's office assets, particularly those developed recently, have incorporated green designs that include built-in efficiencies in energy, water, and resources. These designs also consider the needs of the people who work in these spaces, such as mobility and quality of life

FILRT's property management also strives to manage the negative impacts on the physical environment by minimizing the use of resources, and, as applicable, reuse such resources. Circular economy solutions are in place, but more are being developed.

A commitment to contribute to the Philippines and the United Nations' Net Zero carbon emissions goal is essential for fulfilling responsibility towards the environment. FILRT offers energy efficiency and renewable energy solutions as key deliverables to its clients who also have their own Net Zero aspirations.

Inclusive

FILRT has built in designs in its assets that ensure no one is left behind in economic empowerment. Enhancing ease of travel for workers is achieved through strategic partnerships in the transport sector, while thoughtful designs for buildings and public spaces ensure mobility and productivity for differently-abled individuals. Women are empowered to take leadership roles in the Filinvest organization. Talents are given the opportunity to grow their careers and the company supports them through various capacity building strategies like training and mentoring.

Resilient

FILRT strives to own and operate assets that are ready to withstand and immediately recover from various types of disruptions or challenges that may be natural or man-made. The ability to respond quickly to risk events is a shared goal of FILRT, its clients, and business partners. An agile organization not only helps build resilience against emerging risks, but also enables responding to opportunities when they arise.

FILRT's 2022 Environment, Economic, Social, Governance Highlights

32% of electricity used was from renewables (from 26% in 2021)

100% completion of installation of variable frequency drives

Two existing buildings approved for EDGE certification

11.5% of treated effluent reused

37.5% increase in seconded female executive, managerial and supervisory roles

Zero cases of environmental violations

100% conversion to LED lights

Green and sustainable communities at the heart of Filinvest

As a sustainability-themed REIT, FILRT's growth is anchored on having a pipeline of high value and green-designed assets that attract tenants who share Filinvest's sustainability goals. Energy, water and resource efficiency, as well as inclusive mobility, green spaces and human experience are fundamental principles that are incorporated into the master planning of the district and design of the buildings.

Green Certifications

FILRT assets in Alabang are located in the master planned Filinvest City, which has a LEED Certification for Neighborhood Development. Axis Tower One and Vector Three have received LEED Gold Standard certification. These properties are designed to be at least 10% more energy-efficient than conventional buildings, with features such as highly efficient facade glazing, efficient HVAC equipment and LED lighting, and energy recovery ventilators. They also have low-flow water fixtures and reuse treated wastewater to reduce water consumption by up to 30%.

In 2022, Vector One and Two underwent an assessment for Level 1 certification under EDGE (Excellence in Design for Greater Efficiency), an international green building standard and certification system created by the International Finance Corporation. Four other towers are expected to receive their own EDGE certifications in 2023. Future properties in FILRT's pipeline, such as Axis Tower 2, 3, and 4 and Filinvest Cyberzone Cebu Tower 2, are already LEED pre-certified and feature environmentally responsible designs with energy, resource, and water efficiencies, green spaces, and green mobility options.

The Axis building cluster in Alabang has 60% of its footprint as green spaces.

Embedded Energy Efficiency

FILRT's energy management approach revolves around two key focus areas. First, the realization of energy efficiency in operations, and second, sourcing for renewable energy.

The FILRT office buildings in Alabang are supplied with chilled water for airconditioning by the largest District Cooling System (DCS) in the Philippines. The DCS was designed to potentially reduce the buildings' collective electricity consumption by 40%, and water use by 20%. This was implemented through a partnership between Filinvest and ENGIE after the individual chillers of the buildings had been decommissioned.

Natural lighting is a feature in newer buildings. Parking podiums are well illuminated by natural light and do not require artificial lighting during the day. In 2022, the conversion to LED light fixtures in all FILRT properties was completed.

As of the end of 2022, variable frequency drives were installed in 100% of chilled water pumps, boosters, transfer pumps and pressurization blowers to provide sufficient power to address real time demand.

Circular Economy Solutions

Filinvest is committed to establishing a circular economy by extending the useful life of waste materials through continuous reuse or recycling. This is in recognition of the pressure on natural resources caused by commercial operations. In FILRT, this commitment is currently demonstrated through partnerships for the recycling of hazardous waste and the reuse of treated wastewater.

Water Sources, Consumption and Wastewater Reuse

(GRI 303-2, 303-3, 303-4, 303-5)
The buildings of FILRT in Alabang obtain most of their water from the public water utility of Metro Manila's west zone, which gets its raw water from the Angat-Ipo-La Mesa watersheds and Laguna Lake. Countrywide Water Services, Inc. (CWSI), the water distribution utility in Filinvest City, supplements this water supply with groundwater to enhance the buildings' resilience against service interruptions.

The only FILRT building in Cebu gets its water mainly from the local water utility, which primarily uses groundwater, with around 10% coming from a river source, north of the city. With the completion of an 80 million liter per day desalination bulk water project by the Filinvest Group, the water security in Cebu City is expected to improve.

All wastewater in Filinvest City is accounted for and treated in a centralized sewage treatment plant by CWSI, which complies with the effluent standards set by the Department of Environment and Natural Resources (DENR DAO 2021-19). The treated effluent is discharged to the Alabang-Cupang/Mangangate River that drains into Laguna Lake. However, part of it is returned to Filinvest City for landscape irrigation and cleaning purposes in the sewage treatment facility, significantly reducing the demand for drinking water used for non-potable purposes. In 2022, 11.5% of the wastewater attributed to FILRT was reused.

The Cebu property has its own CWSI-operated sewage treatment facility that discharges effluent into a creek that empties into the Mactan Channel.

Recovering the Value of Wastes

(GRI 306-2, 306-3, 306-5)

FILRT property management has revived a long-standing partnership with ABS CBN Kapamilya Foundation's Bantay Kalikasan (AFI-BK), particularly on the long running Bantay Langis and Bantay Baterya projects, as well as AFI's industrial partners Genetron International and Philippine Recyclers Inc.

Used oil and lead acid batteries of vehicles and building equipment are donated to AFI-BK and is picked up by its industrial partners who will process the wastes into new materials. Philippine Recyclers Inc. recovers the lead from used batteries to manufacture new ones. Genetron treats and re-refines the used oil to generate new products. The two industrial partners assess the market value of the donated materials and remit the amount to AFI-BK. The money is used to fund the various Bantay Kalikasan environmental initiatives across the Philippines. AFI-BK then issues a certificate of donation to FILRT's property manager which can be used for tax credits.

The scheme also allows the property manager to minimize the total cost of disposal had another service provider been engaged. Other hazardous wastes not covered by the partnership, such as busted fluorescent bulbs and waste electronic equipment, are disposed by regulator-accredited service providers. Furthermore, converting to LED lighting in 2022 resulted in the long-term avoidance of generating hazardous wastes from busted fluorescent bulbs.

The municipal solid wastes generated in the leased office spaces of FILRT are being segregated at source and further segregated by back-of-house services. A third-party contractor is engaged to dispose of the wastes in an accredited sanitary landfill.

A Filinvest City-wide solid waste recycling scheme is being explored with an external partner that recycles wastes into construction materials.

Water Consumption, Wastewater Generation and Reuse*

Water and Wastewater (m3)	2022	2021	2020
Water used – common and leased areas	342,152	262,424	334,330
Wastewater generated and treated	286,595	228,309	290,867
Treated wastewater reused	33,009	9,074	14,722
Treated wastewater discharged	253,586	219,235	276,145

Solid and Hazardous Wastes

Wastes Generated (kg)	2022	2021
Municipal Solid Waste	1,859,000	838,000
Total Hazwaste generated	1,327	477
Total Hazwaste transported	0	0

Environmental Compliance

(GRI 307-1)

All FILRT properties have secured the necessary one-time permits such as the Environmental Compliance Certificate and Laguna Lake Development Authority (LLDA) Clearance as well as permits which require periodic renewal. Mandatory quarterly and semiannual self-monitoring reports are submitted to both the Department of Environment and Natural Resources-Environmental Management Bureau and LLDA regulators.

There were no Notices of Violations issued by the regulator in 2022 nor were there any regulatory disputes and penalties.

*Total wastewater generated and reused effluent attributable to FILRT was based on return factors calculated from the entire billed volume and treated wastewater of CWSI for Filinvest City.

Achieving Net Zero: A Glide Path to More Renewable Energy

FILRT is contributing to the Net Zero aspiration of the Filinvest Group by increasing its utilization of renewable energy and implementing energy efficient solutions.

By the end of 2022, six of the FILRT properties received 100% of their electricity from renewable sources through a partnership with FDC Utilities' Retail Electricity Supply. In 2023, it is expected that more renewable energy will be secured through renegotiation of Open Access contracts.

All FILRT buildings consume diesel during regular testing and preventive maintenance work on the standby gensets. The decrease in diesel consumption compared to 2021 is due to a temporary surge in usage caused by an extended power outage in Cebu following a typhoon in January 2021.

Despite the easing of mobility restrictions in 2022, many business process outsourcing tenants continued to implement work-from-home arrangements for their staff. However, a marked increase in people occupancy had been noted.

In 2022, 32% of the total electricity used in common areas was renewable, significantly higher than the 26% reported in 2021. Specifically, 5,109 MWH out of the total 15,948 MWH of electricity used was renewable.

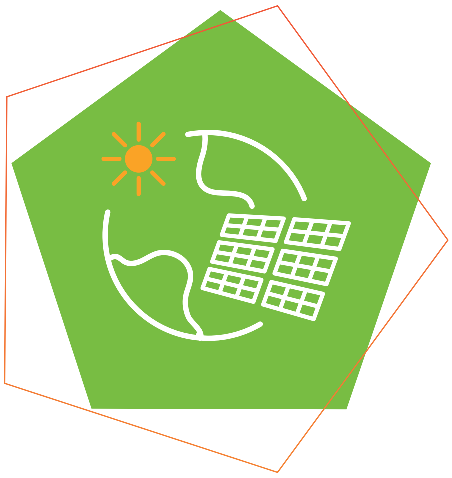
Including leased areas, the total renewable energy usage in 2022 was 18,333.6 MWH out of a total of 48,077 MWH of electricity consumed, resulting in a 38% share of renewables.

Environmental Compliance	2022	2021	2020
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	0	0
Number of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	0	0
Number of cases awaiting resolution	0	0	0
Number of cases resolved through a dispute resolution mechanism	0	0	0

Energy Consumption
(GRI 302-1, 302-2, 303-3)

Energy and Energy Use Intensity	2022	2021	2020
Diesel (liters)	85,673	123,980	44,948
Electricity – renewable – common area (KWH)	5,108,971	3,836,340	5,754,576
Electricity – renewable – total area (KWH)	18,333,602	Not reported	Not reported
Electricity – mixed – common area (KWH)	10,838,663	10,652,456	12,802,055
Electricity – mixed – total area (KWH)	29,743,514	Not reported	Not reported
Electricity – RE and non-RE – common area (KWH)	15,947,634	14,488,796	Not reported
Electricity – RE and non-RE – total area (KWH)	48,077,166	Not reported	Not reported
Electricity Use Intensity* (total area KWH/leased area) – (KWH/m^2)	182.36	Not reported	Not reported

In 2022, FILRT's electricity for common areas that are sourced from renewables jumped to 32%, from 26% in 2021.



*Electricity use intensity is based on year-round average monthly office spaces occupancy of 263,643 m2 and does not include the Boracay property.

The greenhouse gas emissions of FILRT properties are largely attributed to Scope 1 emissions from the burning of diesel for gensets and vehicles, Scope 2 emissions due to the purchase of electricity, and Scope 3 emissions due to the refrigeration services provided by the District Cooling System (DCS).

Six buildings (iHub 1 & 2, Vector 1 & 2, Filinvest One and Plaza A) sourced 100% renewables from FDCRES and did not contribute to Scope 2 emissions. These buildings avoided a total of 3,639 and 13,057 tonnes CO2-e of carbon emissions based on common area and total area consumption, respectively. Six other buildings source from a FDC RES contract, and the rest buy directly from the local distribution utility. Non-RE-covered buildings are currently being assessed for 100% RE sourcing or tagging as contestable or eligible for Open Access.

Since the District Cooling System is a third party that provides services to various buildings, the electricity consumption required to produce chilled water is considered Scope 3 from the perspective of FILRT. Moreover, the electricity used by the E-Jeepneys plying across Filinvest City are not considered eligible for Scope 3 as their services are rendered directly to the commuting public.

Greenhouse Gas Emissions
(GRI 305-1, 305-2, 305-3, 305-4)

GHG Emission Type	2022	2021	2020
Scope 1*, tonnes CO_2-e	232	335	121
Scope 2** (common area), tonnes CO2-e	7,719	7,587	9,118
Scope 2** (total area), tonnes CO_2-e	34,241	Not reported	Not reported
Scope 3***, tonnes CO_2-e	6,270	7,793	8,839
GHG Intensity**** (Scope 1, 2 & 3 over leased area), in tonnes CO_2-e/m^2	0.130	Not reported	Not reported

Environment-Friendly Transport and Inclusive Mobility

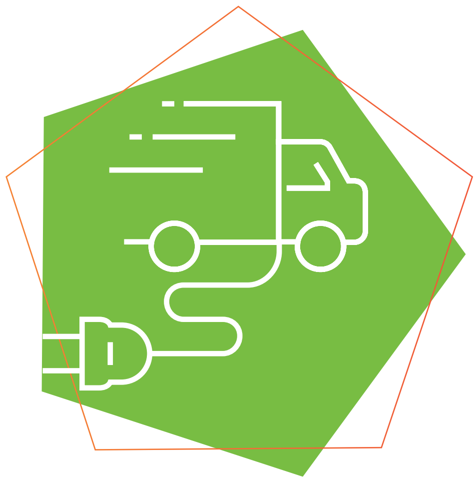
The implementing rules and regulations of the Electric Vehicle Industry Development Act (RA 11697) requires the designation of dedicated parking slots for electric vehicles as well as the provisioning of charging stations in 5% of parking slots. In anticipation of the government's comprehensive roadmap for the electric vehicle industry as provided for in the new law, FILRT is exploring an operating model and preparing a transition plan to comply with the said regulation. This is also to serve tenants that are using electric vehicles in their fleet.

In all the FILRT properties, bicycle parking facilities and marked bike lanes are in place to encourage greener modes of transport. Wide sidewalks and paths are provided across the neighborhood to encourage walking while keeping people safe.

Infrastructure for the differently-abled are available in the form of ramps at the sidewalks, road crossings and at building entrances. Office buildings are equipped with wide-door elevators that facilitate the easy entrance and maneuvering of those who use wheelchairs.

Filinvest City's 360 Eco-Loop consists of a fleet of electric 13- and 23-seater jeepneys (e-jeepneys) which run on electric energy. Operated by a transport cooperative of more than 50 drivers and support staff, these e-jeepneys ply the streets of the neighborhood to offer low carbon transport for the commuting public. There are a total of 28 fixed stops across Filinvest City, including Northgate Cyberzone.

FILRT and its Sponsor, Filinvest Land, continue to coordinate with government planners in the development of a transport infrastructure that integrates with the national and city master plans. Currently Filinvest City is served by major arteries in Metro Manila (South Luzon Expressway, Alabang-Zapote Road and Daang Hari) that link the Northgate Cyberzone to the surrounding residential areas where a significant percentage of workers in the business center originate.



*For Scope 1, the diesel emission factor is 2.706 kg CO2 per liter (from 2021 US EPA & GHG Protocol updates).
**For Scope 2, electricity emission factor used was for the Luzon-Visayas electricity grid at 0.7122 tons CO2-eq per MWH; this applies to electricity bought from Meralco and FDC RES. Six properties under FDCR RES have a 100% RE source.
***Scope 3 is the emission due to the District Cooling System's indirect emissions from bought electricity that are attributable to FILRT's demand for chilled water. FILRT buildings connected to DCS consumed 11,739,441 TRH, or 70.9% of the total DCS output of 16,550,956 TRH in 2022. DCS consumed 12,410,588 KWH of electricity, of which 8,802,977 KWH is indirectly attributable to FILRT. The corresponding GHG emissions of DCS in behalf of FILRT is a Scope 3 disclosure for FILRT.
****GHG Intensity is expressed in terms of tonnes of CO2-e per m2 of occupied leasable space.

Empowering Stakeholders

FILRT has positive social impact in the course of providing opportunities for its investors, the Filinvest team members, service providers, office tenants and their own workforce.

Investing Opportunities for All

The Real Estate Investment Trust (REIT) Law opened opportunities for small individual investors to take part in investing in large-scale income-producing commercial real estate without needing to buy real estate. Getting individual Filipino investors involved broadens the base of the country's financial system and helps build a more inclusive economy.

REITs reduce an individual's overall portfolio risk and offers long-term capital appreciation. It also provides a steady stream of income due to the requirement that at least 90% of the REIT's distributable income be given as dividends to shareholders. During FILRT's Initial Public Offering, a total of almost 8,300 retail investors participated in the offering, equivalent to 26% of the new investor base of FILRT.

Providing Indirect Jobs and Empowering Women

(GRI 405-1)

FILRT does not directly employ staff. Overall management, leasing, finance, property operations and other support functions are undertaken by 54 talents seconded from various units within the Filinvest Group. Of these employees, 63% are female. At the executive level, 60% are women. The FILRT Board of Directors has three women, including the chairperson. Compared to 2021, there was a 37.5% increase in the total headcount of female executives, managers and supervisory roles in FILRT.

The training and development for the Filinvest seconded employees are discussed in the annual reports of Filinvest Land, Inc. and Filinvest Development Corporation.

The day-to-day management of the FILRT properties is supported by service contractors that provide housekeeping, grounds maintenance, equipment maintenance, security and other services. In 2022, there were contracts with seven service providers who employed a total of 505 individuals.

In 2022, there was a 37.5% increase in women leaders assigned to FILRT.

Seconded Filinvest Employees, by gender

Executive	4	6
Manager	3	7
Supervisor	10	9
Rank and File	3	12
TOTAL	20	34

Note: A significant number of Filinvest employees included in the FILRT headcount occupy concurrent roles in other Filinvest subsidiaries. The rank-and-file employees perform administrative support roles in finance, leasing and property management.

Resilience a Key to Sustaining Value

Resilient Assets, Operations, and an Agile Organization

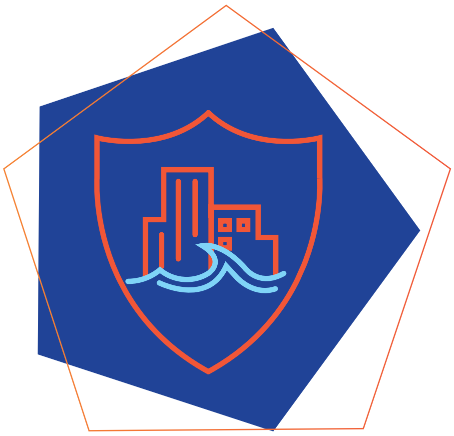
FILRT's ability to create value for its clients and as an asset owner in the long term is dependent on its ability to withstand natural or man-made disruptions. Given the Philippines' vulnerability to the effects of climate change and recent black swan events such as the COVID-19 pandemic and ongoing conflicts in Europe, committing to business resiliency is imperative for companies operating in the country.

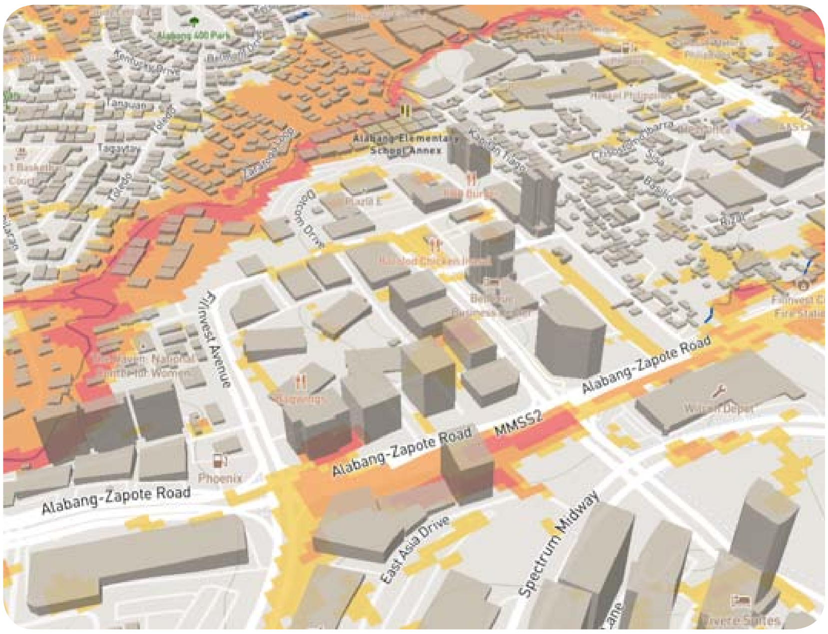
From a natural disaster risk perspective, FILRT's assets in Alabang are not highly vulnerable from 25 and 100-year floods, compared to surrounding neighborhoods, according to the flood maps of Project NOAH (Nationwide Operational Assessment of Hazards).

Any new assets developed by the Filinvest Group for inclusion into the FILRT portfolio will always undergo site risks assessment, and the designs as earlier discussed will incorporate provisions for environmental and social responsibility as well as resiliency. While there are existing business continuity plans and systems in place, the Filinvest Group is set to enhance its enterprise risk management practices. To improve its business resiliency, FILRT will review and expand its continuity plans, upgrade its security and disaster response infrastructure with digital technologies, and strengthen partnerships with external parties such as local government units and supply chain.

The Filinvest Group has started a talent development program to prepare a pipeline of future-ready individuals for critical roles in response to disruptions. The program identifies required competencies, headcount, and individual development plans for potential talents who can take on these roles at short notice.

FILRT's assets in Alabang are resilient against 25-year and 100-year floods





According to the Project NOAH map, Northgate Cyberzone (where most of FILRT assets are) is not vulnerable to record floods.

We Move Forward, Together

FILRT was launched as the first sustainability-themed REIT in the country, and it plays a crucial role in enabling its clients to achieve their sustainability goals. In recent years, there has been a growing trend towards ESG commitments by FILRT clients, and FILRT is committed to proactively responding to their needs to promote green, inclusive, and resilient operations. The shared sustainability objectives of lessors and lessees has given rise to the concept of Green Leases, where lease contracts are renegotiated to incorporate clear sustainability targets for both parties. Acting ahead of anticipated regulation, FILRT is exploring the adoption of Green Lease provisions as this will likely become the norm in coming years.

Filinvest REIT Corp. ("FILRT" or "Corporation"), formerly Cyberzone Properties, Inc., commits to the principles and best practices in good corporate governance. It has established and updated its Revised Manual for Corporate Governance (the "Revised Manual") to ensure its compliance with the leading practices on good corporate governance and related Philippine Securities and Exchange Commission ("SEC") rules and regulations. The first Manual of Corporate Governance was approved and adopted by the Board of Directors (the "Board") on April 11, 2017, while the revised Manual of Corporate Governance ("Revised Manual") was adopted on November 15, 2022.

Compliance with Best Practices on Corporate Governance

For the year 2022, FILRT complied with the PSE and the SEC regulatory requirements. It is also in compliance with its Revised Manual. In particular, FILRT wishes to highlight the following:

a) the election of three (3) independent directors to the Board;
b) the appointment of the members of the audit and risk management, compensation, related-party transaction, and corporate governance committees;
c) the conduct of regular quarterly board meetings and special meetings, the faithful attendance of the directors at these meetings and their proper discharge of duties and responsibilities as such directors;
d) the timely and accurate submission to the SEC and the PSE of reports and disclosures required under the Real Estate Investment Trust ("REIT") Act and its Implementing Rules and Regulations ("IRR"), Securities Regulation Code and the PSE Listing and Disclosure Rules;
e) FILRT's adherence to national and local laws pertaining to its operations;
f) the observance of applicable accounting standards by FILRT;
g) the conduct of annual corporate governance seminar attended to by its directors and senior management officers; and
h) the continuous enhancement of FILRT's website to provide our shareholders and stakeholders with ease of reference to our corporate governance policies.

The Corporation continuously reviews its Revised Manual, in compliance with SEC directives and to reflect current best practices.

In order to keep abreast of best practices in corporate governance, the members of the Board and key officers participated in the Annual Corporate Governance Training Program conducted by Center for Global Best Practices on December 9, 2022.

FILRT, through its Board of Directors and in coordination with the Management, reviews its corporate governance practices annually and welcomes proposals, especially from institutions and entities such as the SEC, PSE and the Institute of Corporate Directors.

Board of Directors

Leading the practice of good corporate governance is the Board of Directors. The Board of Directors of FILRT is firmly committed to the adoption of and compliance with the best practices in corporate governance as well as the observance of all relevant laws, regulations and ethical business practices.

Nominations and Voting for the Board of Directors

The members of the Board are elected during the annual stockholders' meeting. The stockholders of FILRT may nominate individuals to be members of the Board of Directors.

The Corporate Governance Committee, convened to serve as the Nominations Committee, receives nominations for directors as may be submitted by the stockholders. After the deadline for the submission thereof, the Corporate Governance Committee meets to evaluate the qualifications as well as grounds for disqualification, if any, of the nominees based on the criteria set forth in FILRT's Revised Manual, the REIT Act and its IRR, and the Securities Regulation Code. 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 recommended the nominees for 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 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 directors shall be in accordance with FILRT's Revised Manual and By-Laws.

It shall be the responsibility of the Chairperson of the annual 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.

A stockholder may vote such number of shares for as many persons as there are directors to be elected. 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, 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 FILRT multiplied by the whole number of directors to be elected.

The directors of FILRT are elected at the annual stockholders' meeting, to hold office until their respective successors have been duly appointed or elected and qualified. Vacancies in the

Board occurring mid-term are filled as provided in the Revised Corporation Code and FILRT's Revised Manual. Officers and committee members 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.

Independent Directors

Before the annual meeting, a stockholder of FILRT may nominate individuals to be independent directors, taking into account the following guidelines:

A. "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 judgement in carrying out his responsibilities as 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, or has not been a senior officer or employee of the covered Corporation unless there has been a change in the controlling ownership of the Corporation;
    ii. Is not, and has not been in the two (2) years immediately preceding the election, a director of the covered Corporation; a director, officer, employee of the covered Corporation's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the covered Corporation's substantial shareholders and its related companies, except when the same shall be an independent director of any of the foregoing;
    iii. Has not been appointed in the covered Corporation, its subsidiaries, associates, affiliates or related companies as Chairperson "Emeritus," "ExOfficio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within two (2) years immediately preceding his election;
    iv. Is not an owner of more than two percent (2%) of the outstanding shares of the covered Corporation, its subsidiaries, associates, affiliates or related companies;
    v. Is not a relative of a director, officer, or substantial shareholder of the covered Corporation or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;
    vi. Is not acting as a nominee or representative of any director of the covered Corporation or any of its related companies;
    vii. Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal shareholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;
    viii. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the covered Corporation, any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the two (2] years immediately preceding the date of his election;
    ix. Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the covered Corporation or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment within the two (2) years immediately preceding the date of his election;
    x. Is not affiliated with any non-profit organization that receives significant funding from the covered Corporation or any of its related companies or substantial shareholders; and
    xi. Is not employed as an executive officer of another Corporation where any of the covered Corporation's executives serve as directors.

B. When used in relation to FILRT subject to the requirements above:
    i. "Related company" means another company which is: (a) its holding company, (b) its subsidiary, or (c) a subsidiary of its holding company; and
    ii. "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.

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

D. He shall likewise be disqualified during his tenure under the following instances or causes:
    i. He becomes an officer or employee of FILRT, or no longer qualifies based on the definition of an "Independent Director" indicated above;
    ii. His beneficial security ownership exceeds 10% of the outstanding capital stock of FILRT;
    iii. He fails, without any justifiable cause, to attend at least 50% of the total number of board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family member;
    iv. If he becomes disqualified under any of the grounds stated in FILRT's Revised Manual.

E. Pursuant to SEC Memorandum Circular No. 9, 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 ID 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 this, 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.

Members of the Board of Directors, Attendance and Committee Memberships

The following table lists down the members of the Board of Directors and their attendance in Board Meetings in 2022:

2022 Board of Directors Attendance in Board Meetings

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	% Attendance
Chairperson	Lourdes Josephine Gotianun-Yap	April 20, 2022	8	8	100%
Member	Maricel Brion-Lirio	April 20, 2022	8	8	100%
Member	Francis Nathaniel C. Gotianun	April 20, 2022	8	8	100%
Member	Tristaneil D. Las Marias	April 20, 2022	8	8	100%
Independent	Val Antonio B. Suarez	April 20, 2022	8	8	100%
Independent	Virginia T. Obcena	April 20, 2022	8	8	100%
Independent	Gemilo J. San Pedro	April 20, 2022	8	8	100%

The following table lists down the attendance of the Board of Directors during the April 20, 2022 Annual Stockholders' Meeting and their memberships in the different Committees:

Board	Name	Date of Election
Chairperson	Lourdes Josephine Gotianun-Yap	April 20, 2022
Member	Maricel Brion-Lirio	April 20, 2022
Member	Francis Nathaniel C. Gotianun	April 20, 2022
Member	Tristaneil D. Las Marias	April 20, 2022
Independent	Val Antonio B. Suarez	April 20, 2022
Independent	Virginia T. Obcena	April 20, 2022
Independent	Gemilo J. San Pedro	April 20, 2022

Duties and Responsibilities of the Different Board Committees

Audit and Risk Management Committee

The Board constituted an Audit and Risk Management Committee composed of at least three (3) non-executive director-members with accounting and financial background, the majority of whom should be independent directors, including the Chairperson. At least one member of the committee must have relevant thorough knowledge and experience on risk and risk management.

The Audit and Risk Management Committee shall have the following duties and responsibilities:

Internal Audit

a. Recommend the approval of the Internal Audit (IA) Charter, which formally defines the responsibilities, powers and authority of the IA Department, the audit plan of the IA Department, as well as oversees the implementation of the IA Charter;

b. Through the IA Department, monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets;

c. Oversee the IA Department, and recommend the appointment and removal of an IA head as well as his qualifications, and grounds for appointment and removal. The Audit Committee should also approve the terms and conditions for outsourcing internal audit services, if applicable;

d. Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee;

e. Monitor the management's responsiveness to the Internal Auditor's findings and recommendations;

f. Prior to the commencement of the audit, discuss with the External Auditor the nature, scope and expenses of the audit, and ensure the proper coordination if more than one audit firm is involved in the activity to identify proper coverage and minimize duplication of efforts;

g. Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid and the corporation's overall consultancy expenses. The Audit Committee should disallow any non-audit work that will conflict with the duties of an External Auditor or may pose a threat to his/her independence. The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report;

h. Review and approve the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
   - Any change/s in accounting policies and practices
   - Areas where a significant amount of judgment has been exercised
   - Significant adjustments resulting from the audit
   - Going concern assumptions
   - Compliance with accounting standards
   - Compliance with tax, legal and regulatory requirements
i. Review the recommendation in the External Auditor's management letter;
j. Establish standard for the selection of and assess the integrity and independence of the External Auditor, as well as review and monitor the External Auditor's suitability and effectiveness on an annual basis;
k. Perform oversight functions over the corporation's Internal and External Auditors and ensure their integrity and independence and unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions taking into consideration relevant Philippine professional and regulatory requirements;
l. Coordinate, monitor and facilitate compliance with laws, rules and regulations;
m. Recommend to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the shareholders;
n. Evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, the Related Party Registry is updated to capture subsequent changes in relationships with counterparties (from non-related to related and vice versa);
o. In case of the absence of a Related Party Transactions (RPTs) Committee, evaluate all RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Corporation are misappropriated or misapplied;
p. Meet internally and with the Board at least once every quarter without the presence of the CEO or other Management team members, and periodically meet with the head of the IA.

Risk Management

a. Develop a formal ERM plan which contains the following elements: (a) common language or register of risks, (b) well-defined risk management goals and objectives, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures;
b. Oversee the implementation of the ERM plan. The committee conducts regular discussions on the Corporation's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;
c. Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The committee should revisit defined risk management strategies, looks for emerging or changing material exposures, and keeps abreast of significant developments that seriously impact the likelihood of harm or loss;
d. Advise the Board on its risk appetite levels and risk tolerance limits;
e. Review at least annually the Corporation's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and major events which may have occurred in the Corporation;
f. Assess the probability of each identified risk becoming a reality and estimate its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the corporation and its stakeholders;
g. Oversee the management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation. This function includes regularly receiving information on risk exposures and risk management activities from management; and
h. Report to the Board on a regular basis, or as deemed necessary, the Corporation's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.

Compensation Committee

The Board constituted a Compensation Committee composed of at least three (3) director-members, one of whom must be an independent director.

Duties and Responsibilities:

a. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment;
b. Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the Corporation successfully;
c. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers;
d. Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which, among others, compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired;

e. Disallow any director to decide his or her own remuneration;
f. Provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and ensuing year; and
g. Review the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.

Corporate Governance Committee

The Corporate Governance Committee shall assist the Board in fulfilling its corporate governance and compliance responsibilities. The Committee shall be composed of at least three (3) director-members, majority of whom shall be independent directors, including the Chairperson.

Duties and responsibilities:

a. Oversee the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the corporation's size, complexity of operations and business strategy, as well as its business and regulatory environments;
b. Oversee the periodic performance evaluation of the Board and its committees as well as the executive management, and conduct an annual evaluation of the said performance;
c. Ensure that the results of the Board evaluation are discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
d. Recommend the continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;
e. Adopt corporate governance policies and ensure that these are reviewed and updated regularly, and consistently implemented in form and substance;
f. Propose and plan relevant trainings for the members of the Board;
g. Act as nomination committee and determines the nomination and election process for the Corporation's directors and defines the general profile of board members that the Corporation may need, and ensure that appropriate knowledge, competencies and expertise that complement the existing skills of the Board are adopted as standards and criteria for nomination and election;
h. Establish a formal and transparent procedure for determining the remuneration of directors and officers that is consistent with the corporation's culture and business strategy as well as the business environment in which it operates; and
i. Review and evaluate the qualifications of all persons nominated to the Board, as well as those nominated to other positions requiring appointment by the Board, and provide assessment on the Board's effectiveness in directing the process of renewing and replacing the Board's members.

The Corporate Governance Committee shall also serve as the Nominations Committee. It shall review and evaluate the qualifications of all persons nominated to the board as well as those nominated to other positions requiring appointment by the Board and assess the effectiveness of the Board's process and procedures in the election or replacement of directors.

Related-Party Transaction Committee

The Related Party Transaction Committee is composed of at least three (3) non-executive directors, two (2) of whom must be independent, including the Chairperson of the Committee.

The Related Party Transaction Committee has the following duties and responsibilities:

- Conduct continuous evaluation and monitoring of existing relations among counterparties to ensure that all related parties are identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and the SEC;
- Evaluate all material RPTs to ensure that these are transacted on an arm's length basis and that no corporate or business resources of the Corporation are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions.

  In evaluating RPTs, the Committee may take into account the following:

  - The related party's relationship to the Corporation and interest in the transaction;
  - The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
  - The benefits to the Corporation of the proposed RPT;
  - The availability of other sources of comparable products or services; and
  - An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Corporation should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs.
  - Ensure that appropriate disclosure is made to the regulating and supervising authorities relating to the Corporation's RPT exposures, and policies on conflicts of interest or potential conflicts of interest;
  - Report to the Board, on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
  - Ensure that transactions with related parties, including write-off of exposures, are subject to a periodic independent review or audit process; and
  - Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

2022 Board of Directors Attendance in Committee Meetings

Board Committees and Members	Date of Appointment	Meetings Attended/Held	% Attendance	Length of Service in the Committee*
Audit and Risk Management Committee				
Virginia T. Obcena (Chairperson, Independent Director)	April 20, 2022	4/4	100%	1 year
Gemilo J. San Pedro (Independent Director)	April 20, 2022	4/4	100%	1 year
Val Antonio B. Suarez (Independent Director)	April 20, 2022	4/4	100%	1 year
Compensation Committee				
Val Antonio B. Suarez (Chairman, Independent Director)	April 20, 2022	1/1	100%	1 year
Lourdes Josephine Gotianun-Yap	April 20, 2022	1/1	100%	1 year
Virginia T. Obcena (Independent Director)	April 20, 2022	1/1	100%	1 year
Corporate Governance Committee				
Val Antonio B. Suarez (Chairman, Independent Director)	April 20, 2022	3/3	100%	1 year
Virginia T. Obcena (Independent Director)	April 20, 2022	3/3	100%	1 year
Gemilo J. San Pedro (Independent Director)	April 20, 2022	3/3	100%	1 year
Related-Party Transaction Committee				
Virginia T. Obcena (Chairperson, Independent Director)	April 20, 2022	2/2	100%	1 year
Gemilo J. San Pedro (Independent Director)	April 20, 2022	2/2	100%	1 year
Val Antonio B. Suarez (Independent Director)	April 20, 2022	2/2	100%	1 year

Shareholders' Benefits

The Corporation recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Therefore, the following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the Corporation and all its investors.

The Board shall be committed to respect the following rights of the stockholders:

I. Right to Nominate and Vote

1. Shareholders shall have the right to nominate, elect, remove and replace directors and vote on material corporate acts in accordance with the Revised Corporation Code.
2. Cumulative voting shall be used in the election of directors.
3. A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

II. Power of Inspection

All shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries, in accordance with the Revised Corporation Code, during business hours and upon prior written notice to the Corporation.

All shareholders shall be furnished with annual reports, including financial statements, without cost or restrictions.

III. Right to Information

1. The shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Corporation's shares, dealings with the Corporation, relationships among directors and key officers, and the aggregate compensation of directors and officers.
2. The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes and in accordance with SEC regulations.
3. In accordance with the SEC regulations, the minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".

IV. Right to Dividends

1. Shareholders shall have the right to receive dividends subject to the discretion of the Board.
2. The SEC may direct the Corporation to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: i) when justified by definite corporate expansion projects or programs approved by the Board; or ii) when the Corporation is

prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or 3) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.

V. Appraisal Right

- In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence.
- 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; and
- In case of merger or consolidation.

VI. Right to Attend and Participate in Shareholders' Meetings

The Board should be transparent and fair in the conduct of the annual and special shareholders' meetings of the Corporation.

The shareholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the shareholder's favor.

It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

Dividend Policy and Dividends Paid

The Corporation has adopted a dividend policy in accordance with the provisions of the REIT Law, pursuant to which the Corporation's shareholders may be entitled to receive at least ninety percent (90%) of the Corporation's annual Distributable Income no later than the fifth (5th) month following the close of the fiscal year of the Corporation.

The following table shows the cash dividends declared by the Corporation's BOD on the outstanding capital stock:

Dividend Declaration	Record Date	Dividend per Common Shares	Total Dividends Declared	Payment Date
August 31, 2021	September 15, 2021	0.112	547,991,135	September 30, 2021
November 18, 2021	December 03, 2021	0.112	547,991,135	December 20, 2021
February 15, 2022	March 02, 2022	0.112	547,991,135	March 20, 2022
April 20, 2022	May 06, 2022	0.116	567,562,247	May 27, 2022
August 09, 2022	August 31, 2022	0.088	430,564,463	September 20, 2022
November 15, 2022	December 01, 2022	0.088	430,564,463	December 20, 2022

Annual Stockholders' Meeting and Procedures

Notice of Annual Stockholders' Meeting

On February 15, 2022, FILRT disclosed to the Philippine Stock Exchange that its Board of Directors had fixed the date of the Annual Stockholders' Meeting on April 20, 2022 with the record date set on March 2, 2022.

Stockholders were informed that the Annual Stockholders' Meeting for 2022 would be conducted virtually on April 20, 2022 (Wednesday) at 9:00 a.m.

Only stockholders of record as of March 2, 2022 were entitled to attend and vote in the said meeting.

On the same day, right after the stockholders' meeting, FILRT disclosed to the PSE the results of the annual stockholders' meeting which included the following:

a. Approval of the Minutes of the Annual Stockholders' Meeting held on November 18, 2021;
b. Presentation of the President's Report and Ratification of the Audited Financial Statements for the year ended December 31, 2021;

c. General ratification of the Acts, Resolutions and Proceedings of the Board of Directors, Board Committees and Management from the date of the last annual stockholders' meeting up to April 20, 2022;
d. Appointment of SyCip Gorres Velayo & Co. as the independent external auditor of FILRT for the year 2022; and
e. Approval of the amendment of FILRT's By-Laws.

FILRT likewise disclosed that the following were elected as directors to serve for the period 2022-2023 and until their successors shall have been duly elected and qualified:

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

Statutory Compliance

FILRT fully complied with the Philippine Stock Exchange (PSE) and Securities and Exchange Commission (SEC) regulatory requirements. Below is the Corporation's Reportorial Compliance Report:

Investor Relations

FILRT's website, www.filinvestreit.com, makes available to the public current information on the Corporation, including details of its operations.

The Investor Relations section of the website provides information regarding the Corporation's operations, financial performance and other significant developments. It likewise contains financial statements, press releases, declaration of dividends, ownership structure and any changes in the ownership of major shareholders and officers, and other reportorial requirements by the Philippine Stock Exchange.

The contact details of the Investor Relations Department are available on the website.

Type of Report	Number of Filings
Financials	
Annual Report (17-A)	1
Quarterly Report (17-Q)	3
2021 Audited Financial Statements	1
Request for extension in filing 17-A, 17-Q	None
Ownership	
Annual List of Stockholders – for Annual Stockholders' Meeting	1
Foreign Ownership Monitoring Report	13
Public Ownership Report	4
Report on Number of Shareholders and Board Lot	12
Initial Statement of Beneficial Ownership of Securities (23-A)	2
Statement of Changes in Beneficial Ownership of Securities (23-B)	9
Top 100 Stockholders' List	4
Notices – Stockholders' Meetings/Briefings/Dividends	
Notice of Annual/Special Stockholders' Meeting	1
Dividend Notice (part of disclosure on Results of Stockholders' Meeting)	4
Other Disclosures	
Certification – Qualifications of Independent Directors	1
Clarifications of News Articles	None
Definitive Information Statement (20-IS)	1
General Information Sheet	2
Preliminary Information Statement (20-IS)	1
SEC Form 17-C (Current Report)	
Which includes the following:	
a) Results of Annual Stockholders' Meeting/Board Meetings	8
b) Press Releases	8
c) Other Matters	15

FILRT's risk governance is led by an Audit and Risk Management Oversight Committee which considers strategic, operational, financial and compliance risks, sets the tone for risk treatment and assesses risk monitoring and assessment reports. The President and CEO serves as the chief risk executive for FILRT.

The following table lists down the significant risk items with the corresponding risk mitigation actions.

Top Risks	Context	Company Response
Philippine macroeconomics and demand for commercial space	Growth or contraction in the real estate sector due to prevailing macroeconomic trends brought on by global issues such as geopolitical tensions, resource and climate risks, technological breakthroughs and demographic shifts.	Continued development of Filinvest City and in other high potential locations
Government's real estate-related policies	Potential changes in regulatory provisions that may impair leasing operations, and threaten the accreditation with specific agencies	Engagement with national agencies during the public consultations on policies or regulations under development
Related party transactions	FILRT operations are supported by other FLI subsidiaries and other Filinvest Group units, such as property management, provision of centralized air conditioning services, supply chain management, marketing and communications, ESG governance, investor relations, etc.	Corporate governance provisions and related party transactions policy Application of arms-length principle in all dealings Compliance with BIR transfer pricing guidelines
Office and retail leasing trends	Post-pandemic global leasing trends show increased vacancies and untimely expiration or early termination of leases due to the shift towards flexible working arrangements. Rise in the proliferation of ESG-themed or 'green' leases.	Leasing policies on screening tenant applicants Securing appropriate mix of tenants Security deposits and advance rent Reconfiguration of tenant spaces where required Flexibility on catering to tenant needs Acquisition of assets beyond office building, such as malls and land for lease Exploration of 'green lease' provisions with tenants that have their own sustainability targets
Loss of tax exemptions and incentives	Potential loss of PEZA accreditation due to non-compliance with conditions by the tenants, particularly on the work-from-home dispute that arose in 2022.	Compliance with conditions in accreditations and permits Timely renewal of permits and filing of mandatory reports
Illiquidity of real estate investments	An inherent risk that may affect the ability to vary the portfolio or liquidate part of the assets to quickly respond to changes in market or economic conditions	Active management of capital structure
Increase in operating expenses	Post-pandemic increase in cost of living such as energy, and logistics issues in the supply chain aggravated by geopolitical developments in 2022. Historical highs in inflation rate may affect the net operating income.	Optimize operating costs
Litigation risks and regulatory disputes	Disagreements with tenants on the provisions of contracts, or renegotiation of existing contracts	Relationship management with regulators and tenants

A. ECONOMIC PERFORMANCE

Direct Economic Value Generated and Distributed (GRI 201-1)	2022	2021
	(Mn PHP)	(Mn PHP)
Direct economic value generated (revenue)	3,239.6	3,442.0
Direct economic value distributed	1,228.0	1,160.7
a. Operating costs	1,228.0	1,160.7
a. Employee wages and benefits	-	-
c. Payments to suppliers and other operating costs	213.0	103.1
d. Dividends given to stockholders and interest payments to lenders (does not include principal debt payments)	1,976.7	1,096.6
e. Taxes paid to government	141.2	95.4

Procurement Practices

Proportion of Spending on Local Suppliers (GRI 204-1)	2022	2021
	('000 PHP)	('000 PHP)
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	98.11%	99%

Anti-corruption

Trainings on Anti-corruption Policies and Procedures (GRI 205-2)	2022	2021
	('000 PHP)	('000 PHP)
Percentage of employees who have received written communication about corporate anti-corruption policies and procedures	0%	0%
Percentage of business partners who have received written communication about corporate anti-corruption policies and procedures	0%	0%
Percentage of directors and management who have received anti-corruption training	100%	100%
Percentage of employees who have received anti-corruption training	100%	100%

Incidents of corruption (GRI 205-3)	2022	2021
Number of incidents in which directors were removed or disciplined for corruption	0	0
Number of incidents in which employees were dismissed or disciplined for corruption	0	0
Number of incidents when contracts with business partners were terminated due to corruption	0	0

B. ENVIRONMENT PERFORMANCE

Direct Economic Value Generated and Distributed (GRI 201-1)	Unit	2022	2021
Diesel	L	85,673	123,980
Electricity (renewable) – common area	KWH	5,108,971	3,836,340
Electricity (renewable) – total area	KWH	18,333,602	No disclosure
Electricity (non-renewable) – common area	KWH	10,838,663	10,652,456
Electricity (non-renewable) - total area	KWH	29,743,514	No disclosure
Electricity (RE & non-RE) – common area	KWH	15,947,634	14,488,796
Electricity (RE & non-RE) -- total area	KWH	48,077,116	No disclosure
Energy Intensity – total area KWH/leased area	KWH/m^2	182.36	No disclosure

Energy Consumption (GRI 302-1)	Unit	2022	2021
Diesel	GJ	3,307	4,786
Electricity (renewable) – common area	GJ	18,392	13,811
Electricity (renewable) – total area	GJ	66,001	No disclosure
Electricity (non-renewable) – common area	GJ	39,019	38,349
Electricity (non-renewable) – total area	GJ	107,077	No disclosure
Electricity (total) – common area	GJ	57,411	52,160
Electricity (total) -- total area	GJ	173,078	No disclosure
Energy Intensity (total energy used/occupied area)	GJ/m^2	0.656	No disclosure

Energy Density conversion: Diesel –0.0386 GJ/L, Electricity – 0.0036 GJ/KWH

Water Consumption (GRI 303-5)	Unit	2022	2021
Water used – total area	m^3	342,152	No disclosure
Water used – common area	m^3	287,936	262,424
Water recycled and reused	m^3	33,009	9,074

Materials Used (GRI 301-1)	Unit	2022	2021
Materials Used – steel	kg	FILRT does not directly undertake construction activities. Assets are already built and operating when infused into the FILRT portfolio.	
Materials Used – cement	kg		
Percentage of recycled input materials used to manufacture the organization's primary products and services	%		

Ecosystems and Biodiversity (GRI 304-1 & 304-3)	2022	2021
Operational sites owned, leased in or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	FILRT's property assets are mostly located in highly populated areas where there is no immediate threat of human activity on biodiversity. The entire Boracay Island, where one of the FILRT properties is located, has been designated as a Water Quality Management and Conservation Area (WQMACA) by the environmental regulator through DENR DAO 2019-15.	
Habitats protected or restored	See comment above. The WQMACA board has not yet published its master plan for the conservation of biodiversity in Boracay Island.	
IUCN Red List species and national conservation list species with habitats in areas affected by operations	No disclosure.	

Environmental Impact Management

Greenhouse Gas Emissions (GRI 305-1, 305-2, 305-3, 305-6)	Unit	2022	2021
Direct Emissions (Scope 1) –diesel	Tonnes CO_2-e	232	335
Indirect Emissions (Scope 2) – purchased electricity, common areas only	Tonnes CO_2-e	7,719.3	7,587
Indirect Emissions (Scope 2) – purchased electricity, total	Tonnes CO_2-e	34,240.5	Not reported
Indirect Emissions (Scope 3) – due to DCS services	Tonnes CO_2-e	6,269.5	7,793
GHG Intensity (Scope 1, 2 & 3 over leased area)	Tonnes CO_2-e/m^2	0.130	No disclosure
Emissions of ozone-depleting substances (ODS)	Tonnes	Not reported	Not reported

- Scope 2 applies only to the non-RE KWH consumption.
- GHG Intensity (GRI 305-4) is expressed in terms of tons of CO2 used by the year-round average area of occupied leasable space.
- FILRT buildings connected to DCS consumed 11,739,441 TRH, or 70.9% of the total DCS output of 16,550,956 TRH in 2022. DCS consumed 12,410,588 KWH of electricity, of which 8,802,977 KWH is indirectly attributable to FILRT. The corresponding GHG emissions of DCS in behalf of FILRT is a Scope 3 disclosure for FILRT.
- Diesel EF: 2.706 kg CO2 per liter
- Luzon-Visayas Grid EF: 0.7122 tons CO2 per MWH

Air Pollutant Emissions (GRI 305-7)	Unit	2022	2021
Nitrogen oxides (NOx)	Kg	Deemed immaterial. Standby gensets of buildings are operated only for a few minutes during preventive maintenance. There were no massive power failures in 2022 that necessitated the extended use of gensets in any of the properties.	
Sulfur oxides (SOx)	Kg		
Persistent Organic Pollutants (POP)	Kg		
Volatile organic compounds (VOC)	Kg		
Hazardous air pollutants (HAP)	Kg		

Solid Wastes Generation (GRI 306-3, 306-4, 306-5)	Unit	2022	2021
Reusable	Tonnes	Nil	Nil
Recyclable	Tonnes	Nil	0.117
Composted	Tonnes	Nil	Nil
Residuals (landfilled)	Tonnes	1,859	838
Total	Tonnes	1,859	838

Hazardous Wastes (GRI 306-4, 306-5)	Unit	2022	2021
Hazardous wastes generated	Tonnes	1,327	477
Hazardous wastes transported and treated	Tonnes	0	0

Effluents (GRI 303-4)	Unit	2022	2021
Wastewater generated – total area	m^3	286,595	Not reported
Total volume of effluent discharge	m^3	253,586	9,074
Total volume of effluent reused	m^3	33,009	Not reported
Percent of effluent recycled	m^3	11.5%	3.97%

Environmental Compliance (GRI 30	Unit	2022	2021
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	PHP	0	0

C. SOCIAL PERFORMANCE

Employee Management

Employee Hiring and Benefits	2022			2021		
	Total	Male	Female	Total	Male	Female
Total number of regular employees	FILRT does not have permanent employees but seconded talents from across the Filinvest Group, particularly FDC, FLI and FLI subsidiary Pro Office Works. The headcounts are reported in the respective sustainability reports of listed companies FDC and FLI.					
Voluntary attrition rate	N/A					
Ratio of lowest paid employee against minimum wage	N/A					

Employee Training and Development

Employee Training and Development	2022			2021		
	Total	Male	Female	Total	Male	Female
Total training hours provided to employees	Training information for the seconded talents from the Filinvest Group are indicated in the respective sustainability reports of FDC and FLI.					
Average training hours provided to employees						

Labor Management Relations

Labor Management Relations	2022			2021		
	Total	Male	Female	Total	Male	Female
% of employees covered by Collective Bargaining Agreements	N/A					
Number of consultations conducted with employees concerning employee related policies	N/A					

Diversity and Equal Opportunity

Diversity and Equal Opportunity	2022			2021		
	Total	Male	Female	Total	Male	Female
% of workers in the workforce by gender	54	37%	63%	--	44%	56%
Number of employees from indigenous communities and/or vulnerable sector	0	0	0	--	0	0

Workplace Conditions and Occupational Health and Safety

Occupational Health and Safety	2022	2021
Safe manhours	219,373	235,226
Number of work-related injuries	0	0
Number of work-related fatalities	0	0
Number of work-related ill-health	0	0
Number of safety drills	35	Not reported

Labor Standards and Human Rights

Labor Laws and Human Rights	2022	2021
Policies that explicitly disallow violations of labor laws and human rights (e.g. harassment, bullying in the workplace)	(These are policies and regulations adopted by FLI and its subsidiaries, as well as the FDC parent.)	4
(These are policies and regulations adopted by FLI and its subsidiaries, as well as the FDC parent.)	0	0

Relationship with Community

Significant Impacts on Local Communities	2022	2021
For operations affecting IPs, total number of Free and Informed Prior Consent (FPIC) consultations and Certification Preconditions (CPs) secured	0	0

Customer Management

Customer Satisfaction	2022	2021
Customer Satisfaction Score		No survey result was available in 2021

Product/Service Health and Safety	2022	2021
Number of substantiated complaints on product or service health and safety	None	None
Number of complaints addressed	N/A	N/A

Marketing and Labeling	2022	2021
Number of substantiated complaints on product or service health and safety	None	None
Number of complaints addressed	N/A	N/A

Customer Privacy	2022	2021
Number of substantiated complaints on customer privacy	0	0
Number of complaints addressed	0	0
Number of customers, users and account holders whose information is used for secondary purposes	0	0

Data Security

Data Security	2022	2021
Number of data breaches, including leaks, thefts and loss of data	0	0

SEC CONTENT INDEX

Disclosures		Reporting location	Remarks/ explanation
Company details			
Name of Organization		About This Report	Filinvest REIT Corp. (FILRT)
Location of Headquarters			23rd Floor, Axis Tower 1, Northgate Cyberzone, Filinvest Corporate City, Alabang, Muntinpula City, Philippines
Location of Operations			Alabang, Muntinlupa City and Cebu City
Report Boundary: Legal entities included in this report		Scope and Materiality	All FILRT assets leased out in Alabang and Cebu, except for the operations of Capital One which has its own property management office
Business Model		Business Model	Property Leasing and Operations
Reporting Period		About this Report	January 1 – December 31, 2022.
Highest Ranking Person for this report			Maricel Brion-Lirio, FILRT President and CEO
A. Economic disclosures		**Reporting location**	**Remarks/explanation**
Economic Performance			
Direct Economic Value Generated and Distributed			
General Disclosures	Management Approach	EESG Index	
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPIs	Direct economic value generated (Revenue)		
	Direct economic value distributed		
Climate-Related Risks and Opportunities			
General Disclosures	Governance	Sustainability Framework	FILRT aligns with the Net Zero aspirations and commitment to Resilience in the FDC parent's sustainability framework
	Strategy		
	Risk Management		
	Metrics and Targets		

Procurement Practices			
Proportion of Spending on Local Suppliers			
General Disclosures	Management Approach	EESG Index	All procurement in the Filinvest group is centralized under Supply Chain Management of SharePro, a recently organized shared services company. Local procurement in 2022 was at 99%.
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPIs	Percentage of procurement budget used for significant locations of operations that is spent on local suppliers		
Anti-Corruption			
Training on Anti-Corruption Policies and Procedures			
General Disclosures	Management Approach	EESG Index	FILRT's Corporate Governance is aligned with the Corporate Governance practices of the Sponsor, FLI.
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPIs	Percentage of employees who have received written communication about corporate anti-corruption policies and procedures		
	Percentage of business partners who have received written communication about corporate anti-corruption policies and procedures		
	Percentage of directors and management who have received anti-corruption training		
	Percentage of employees who have received anti-corruption training		
Incidents of Corruption			
General Disclosures	Management Approach	EESG Index	Anticorruption policies are incorporated in FLI's Code of Business Conduct ad Ethics as well as FLI's Employee Manual
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPIs	Number of incidents in which directors were removed or disciplined for corruption		
	Number of incidents in which employees were dismissed or disciplined for corruption		
	Number of incidents when contracts with business partners were terminated due to corruption		

B. Environment Disclosures		Reporting location	Remarks/ explanation
Resource Management			
Energy consumption within the organization and Reduction of Energy Consumption			
General Disclosures	Management Approach	Net Zero	
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPIs	Energy consumption - by fuel type		Most of the energy consumption of FILRT is electricity purchased from the local electricity utility and via FDC RES Open Access contract.
	Energy reduction - by fuel type		

Water consumption within the organization			
General Disclosures	Management Approach	Water and Wastewater	
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPIs	ESG Risks and Opportunities		
	Water consumption within the organization		
	Water withdrawal		
	Water consumption		
	Water recycled and reused		
Materials Used by the Organization			
General Disclosures	Management Approach	Not material	FILRT does not engage in construction nor manufacture products.
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPIs	Materials used by weight or volume		
	Percentage of recycled input materials used to manufacture the organization's primary products and services		
	Water withdrawal		
Ecosystems and Biodiversity			
General Disclosures	Management Approach	See EESG Index for comment on Boracay	FILRT's assets are in urban areas; not adjacent to or located within biodiversity hotspots.
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPIs	Operational sites owned, leased in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		
	Habitats protected or restored		
	IUCN Red List species and national conservation list species with habitats in areas affected by operations		
Environmental Impact Management			
Air Emissions - Green House Gasses (GHG)			
General Disclosures	Management Approach	Not material	GHG emissions are primarily from diesel consumption and electricity bought. Some of the electricity is sourced from 100% renewables. Scope 3 is from the electricity used by the district cooling system which is a third party service provider to FILRT.
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPIs	ESG Risks and Opportunities		
	Direct (Scope 1) GHG Emissions		
	Energy indirect (Scope 2) GHG Emissions		
	Emissions of ozone-depleting substances (ODS)		Not reported

Air Pollutants			
General Disclosures	Management Approach	Not material	Nil. While the gensets are regularly tested, these are only for very short durations, in minutes. Not reported
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPIs	Nitrogen oxides (NOx)		
	Sulfur oxides (SOx)		
	Persistent organic pollutants (POPs)		
	Volatile organic compounds (VOCs)		
	Hazardous air pollutants (HAPs)		
	Particulate matter (PM)		
Solid Waste			
General Disclosures	Management Approach	Recovering the Value of Wastes Through Circular Economy Partnerships	
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPIs	Total solid waste generated - by type		
Hazardous Waste			
General Disclosures	Management Approach	Recovering the Value of Wastes Through Circular Economy Partnerships	Used oil and used lead acid batteries are donated to ABS CBN Foundation while the rest of the hazwastes are disposed via accredited service providers.
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPIs	Total weight of hazardous waste generated		
	Total weight of hazardous waste transported		
Effluents			
General Disclosures	Management Approach	Water Sources, Consumption and Wastewater Reuse	Wastewater discharges are estimated as a percentage of the total water consumed. Wastewater is treated in a centralized facility in Filinvest Alabang which includes sewage from other sources.
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPIs	Total volume of water discharges		
	Percent of wastewater recycled		Part of the treated effluent is sent back to the neighborhood for landscape irrigation.
Environmental Compliance			
Non-compliance with environmental laws and regulations			
General Disclosures	Management Approach	Environmental Compliance	Environmental Regulators or FILRT are the Environmental Management Bureau of the Department of Environment and Natural Resources, covering all assets. The Laguna Lake Development Authority has jurisdiction over the wastewater performance of the assets in Alabang.
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPIs	Total amount of monetary fines for non-compliance with environmental laws and/or regulations		In 2022, there were no NOVs issued by both DENR EMB NCR and LLDA regulators.
	Number of non-monetary sanctions for non-compliance with environmental laws and/or regulations		
	Number of cases resolved through a dispute resolution mechanism		

C. Social Disclosures		Reporting location	Remarks/ explanation
Employee Management			
Employee Hiring and Benefits			
General Disclosures	Management Approach	Indirect Jobs and Women Empowerment	
	The Impact and Where it Occurs		
	Total number of employees		All FILRT employees are assigned from the Sponsor's talent pool as well as other Filinvest units. Further information on matters concerning human resources management may be found at FLI's sustainability report.
KPIs	Attrition rate		
	Ratio of lowest paid employee against minimum wage		
	List of employee benefits		
Employee Training and Development			
General Disclosures	Management Approach	Indirect Jobs and Women Empowerment	Information on training is reported in FLI's sustainability report.
	The Impact and Where it Occurs		
	Total training hours provided to employees (by male/female)		
KPIs	Average training hours provided to employees (by male/female)		
Labor Management Relations			
General Disclosures	Management Approach	EESG Index	
KPIs	% of employees covered by Collective Bargaining Agreements		
	Number of consultations conducted with employees concerning employee-related policies		There is no CBA in FILRT. Employee concerns are handled by the Sponsor, FLI.
Diversity and Equal Opportunity			
General Disclosures	Management Approach	Indirect Jobs and Women Empowerment	55% of the talents assigned to FILRT are female.
	The Impact and Where it Occurs		
KPIs	% of female workers in the workforce		
	% of male workers in the workforce		
	Number of employees from indigenous communities and/or vulnerable sector		
Workplace Conditions, Labor Standards, and Human Rights Occupational Health and Safety			
General Disclosures	Management Approach	EESG Index	There were no significant safety incidents in 2022.
	The Impact and Where it Occurs		
KPIs	Safe Man-Hours		
	No. of work-related injuries		
	No. of work-related fatalities		
	No. of work-related ill-health		
	No. of safety drills		
Labor Laws and Human Rights			
General Disclosures	Management Approach	EESG Index	Filinvest's code of business conduct also applies to service providers, in accordance with contract provisions. More information can be found at the Corporate Governance reports of both FILRT and FLI.
	The Impact and Where it Occurs		
KPIs	Policies that explicitly disallow violations of labor laws and human rights (e.g. harassment, bullying) in the workplace		
	No. of legal actions or employee grievances involving forced or child labor		

Supply Chain Management			
Supplier Accreditation and Screening			
General Disclosures	Management Approach	EESG Index	Vendor accreditation policy is being implemented by Supply Chain Management under SharePro, a shared services company of the Filinvest Group.
	The Impact and Where it Occurs		
KPIs	Supplier Accreditation Policy		
	Sustainability Topics Considered When Selecting/Screening Suppliers		
Relationship with Community			
Supplier Accreditation and Screening			
General Disclosures	Management Approach	EESG Index	Vendor accreditation policy is being implemented by Supply Chain Management under SharePro, a shared services company of the Filinvest Group.
KPIs	Operations with significant impacts on local communities (by location, vulnerable group/ indigenous people (IPs)		
	Mitigating measures (if negative) or enhancement measures (if positive)		
	For operations affecting IPs, total number of Free and Prior Informed Consent (FPIC) consultations and Certification Preconditions (CPs) secured		
Customer Management			
Customer Satisfaction			
General Disclosures	Management Approach	EESG Index	
	The Impact and Where it Occurs		
KPI	Customer Satisfaction Score(s)		
Health and Safety			
General Disclosures	Management Approach	EESG Index	FILRT's primary customers are businesses who lease office spaces. Customer satisfaction survey data for 2022 are not available.
	The Impact and Where it Occurs		
KPIs	Number of substantiated complaints on product or service health and safety		
	Number of complaints addressed		
Marketing and Labelling			
General Disclosures	Management Approach	EESG Index	FILRT's primary customers are businesses who lease office spaces. Customer satisfaction survey data for 2022 are not available.
	The Impact and Where it Occurs		
KPIs	Number of substantiated complaints on customer privacy		
	Number of complaints addressed		
	Number of customers, users and account holders whose information is used for secondary purposes		
Customer Privacy			
General Disclosures	Management Approach	EESG Index	FILRT does not have individuals as customers.
	The Impact and Where it Occurs		
KPIs	Number of substantiated complaints on customer privacy		
	Number of complaints addressed		
	Number of customers, users and account holders whose information is used for secondary purposes		
Data Security			
General Disclosures	Management Approach	EESG Index	FILRT has no reported data breaches in 2022.
	The Impact and Where it Occurs		
KPI	Number of substantiated complaints on customer privacy		
	No. of data breaches, including leaks, thefts and losses of data		

Consolidated Statements of Financial Position

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

See accompanying Notes to Financial Statements.

Consolidated Statements
of Comprehensive Income

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

See accompanying Notes to Financial Statements.

Consolidated 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
			For the Year Ended December 31, 2022				
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**
			For the Year Ended December 31, 2021				
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
			For the Year Ended December 31, 2020				
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

Consolidated Statements of Cash Flows

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

See accompanying Notes to Financial Statements.

Filinvest REIT Corp.
23F Filinvest Axis Tower One
Northgate Cyberzone, Filinvest City
Alabang, Muntinlupa

www. filinvestreit.com

Part VII - EXHIBITS AND SCHEDULES

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

(a) Exhibits

The 2022 Audited Financial Statements of the Company (with the auditors' SGV, name of certifying partner and address) and Statement of Management's Responsibility are attached hereto as **Annex "A"**.

(b) Reports on SEC Form 17-C

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

Report	Report Date	Annex
Disclosure re: 2021 Annual Progress Report on the Use of Proceeds from the Initial Public Offering	January 14, 2022	Annex "A"
Disclosure re: 2021 Fourth Quarter Progress Report on the Use of Proceeds from the Initial Public Offering	January 14, 2022	Annex "B"
Results of the Board of Directors Meeting held on February 15, 2022	February 15, 2022	Annex "C"
Press Release: Filinvest REIT declares dividends	February 15, 2022	Annex "D"
Disclosure re: FREIT Performance Report for the Fourth Quarter of 2021	February 15, 2022	Annex "E"
Results of the Board of Directors Meeting held on March 15, 2022	March 15, 2022	Annex "F"
Press Release: Filinvest REIT achieves P1.9B net income in 2021	March 24, 2022	Annex "G"
Disclosure re: 2022 First Quarter Progress Report on the Use of Proceeds from the Initial Public Offering	April 18, 2022	Annex "H"
Results of the Board of Directors Meeting held on April 20, 2022	April 20, 2022	Annex "I"
Results of the Annual Stockholders' Meeting held on April 20, 2022	April 20, 2022	Annex "J"
Results of the Organizational Meeting held on April 20, 2022	April 20, 2022	Annex "K"
Press Release: FILRT declares dividends equivalent to 6.6% annualized yield	April 20, 2022	Annex "L"
Disclosure re: FREIT Performance Report for the First Quarter of 2022	May 13, 2022	Annex "M"
Press Release: Filinvest REIT posts P382M net income in 1Q22	May 16, 2022	Annex "N"
Disclosure re: Amended FREIT Performance Report for the Fourth Quarter of 2021	June 13, 2022	Annex "O"
Disclosure re: 2022 Second Quarter Progress Report on the Use of Proceeds from the Initial Public Offering	July 15, 2022	Annex "P"
Disclosure re: Amended Reinvestment Plan	July 22, 2022	Annex "Q"
Results of the Board of Directors Meeting held on August 9, 2022	August 9, 2022	Annex "R"
Press Release: FILRT declares dividends	August 10, 2022	Annex "S"
Press Release: Filinvest REIT achieves P706M net income in 1H22	August 12, 2022	Annex "T"
Disclosure re: FREIT Performance Report for the Second Quarter of 2022	August 15, 2022	Annex "U"
Disclosure re: SEC's Approval of the FILRT's Amended By-Laws	August 17, 2022	Annex "V"
Disclosure re: 2022 Final Progress Report on the Use of Proceeds from the Initial Public Offering	September 28, 2022	Annex "W"
Press Release: Filinvest REIT records P1.1B net income in 9M22	November 14, 2022	Annex "X"
Disclosure re: FREIT Performance Report for the Third Quarter of 2022	November 14, 2022	Annex "Y"
Press Release: Filinvest REIT announces land purchase and dividends	November 15, 2022	Annex "Z"
Results of the Board of Directors Meeting held on November 15, 2022	November 15, 2022	Annex "AA"

Amended Disclosure re: Acquisition of 29,086 sq.m. Land in Boracay, Aklan from Filinvest Development Corporation	December 13, 2022	Annex "BB"
Disclosure re: Three-year Investment Strategy of Filinvest REIT Corp.	December 29, 2022	Annex "CC"

FILINVEST
LAND, INCORPORATED

79 EDSA, Highway Hills, Mandaluyong City
Metro Manila 1000, Philippines
Trunk Line: (632) 7918-8188
Customer hotline: (632) 8588-1688
www. filinvestland.com

September 28, 2022

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

Attention: Ms. Alexandra Tom Wong
OIC, Disclosure Department

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

Dear Ms. Tom Wong,

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

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

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

The details of the disbursements are as follows:

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

Thank you.

Very truly yours,

ANA VENUS A. MEJIA
Chief Finance Officer

FILINVEST

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)

CITY OF MANDALUYONG) S.S.

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

	Competent Evidence of Identity	Date / Place Issued
Filinvest Land, Inc. *Represented by:*	TIN:	
Ana Venus Mejia	Unified Multi Purpose ID CRN – 0003-8766880-6	

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

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

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

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

FILINVEST LAND, INC.

79 EDSA, Highway Hills
Mandaluyong City, Metro Manila
Trunk line: (632) 918-8188
Customer hotline: (632) 588-1688
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www.filinvestland.com

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

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

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

SGV
Building a better working world

SyCip Gorres Velayo & Co.
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1226 Makati City
Philippines

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ey.com/ph

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

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

Purpose of this Agreed-upon Procedures Report

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

Restriction on Use

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

Responsibilities of the Company

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

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

Practitioner's Responsibilities

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

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

Professional Ethics and Quality Control

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

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

Procedures and Findings

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

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

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

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

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

Explanatory paragraph

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

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

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

SYCIP GORRES VELAYO & CO.

Wanessa G. Salvador

Wanessa G. Salvador
Partner

September 28, 2022
Manila, Philippines

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

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

SUBSCRIBED AND SWORN TO before me this 28th day of September 2022 in Mandaluyong City, Metro Manila, affiant exhibiting to me her Philippine Passport No. P1622490B, as competent evidence of her identity, bearing her photograph and signature, issued by the Department of Foreign Affairs Manila on 08 May 2019.

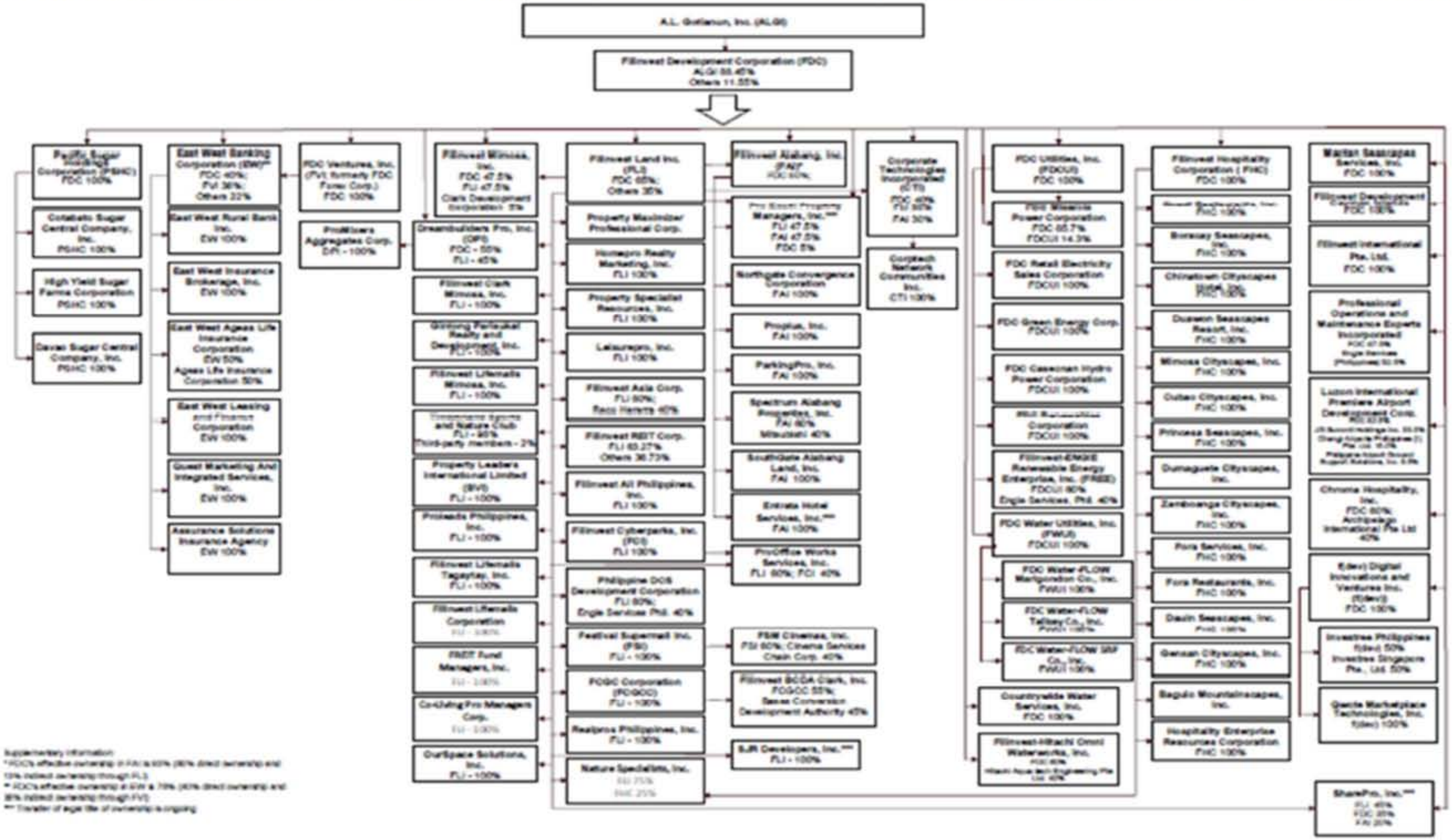
Doc. No. 343;
Page No. 70;
Book No. 30;
Series of 2022.

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

(c.) Conglomerate

Group Structure

Below is a map showing the relationship between the Company and its parent company, ultimate parent company and affiliates as of December 31, 2022.



Part VIII - SIGNATURES

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

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

By:

Signature: ______________________
Maricel Brion-Lirio

Title: President / CEO

Date: ID NO, SSS 04-0702016-2

Signature: ______________________
Ana Venus A. Mejia

Title: Treasurer and Chief Finance Officer

Date: ID NO' PASSPORT 3387436B

SUBSCRIBED AND SWORN TO BEFORE ME THIS 17 APR 2023 DAY OF ____, 20__ IN MUNTINLUPA CITY. PERSONALLY APPEARED ______ WITH VALID ID NO: ______ ISSUED BY ______

DOC. NO. 382
PAGE NO. 78
BOOK NO. 298
SERIES OF 2022

PATRICIO L. BONCAYAO, JR.
Notary Public
2nd Floor, KLC Bldg., Rotonda,
Alabang, Muntinlupa City
MCLE Compliance No. VII-0015578
Issued on 04-13-22; Valid until 4-14-2025
IBP Lifetime No. 019651; 11-06-15; Pasay City
PTR No. 4347541; 01-03-23; Muntinlupa City
NC-22-031; Muntinlupa City until 12-31-23
TIN: 187-784-581
Roll No. 38796
Tel. No. 8800-70-16
patricio_boncayao_lawoffice@yahoo.com.ph

[EXT] Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph>
Sat 4/15/2023 3:24 PM
To: Gion Peralta <gion.peralta@filinvest-cyberzone.com>

Cc: Gion Peralta <gion.peralta@filinvest-cyberzone.com>

Hi CYBERZONE PROPERTIES INC,

Valid files

- EAFS204863416RPTTY122022.pdf
- EAFS204863416ITRTY122022.pdf
- EAFS204863416AFSTY122022.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-6HAHA5KJ0NZTVVMRXNV1YZNTX0B9F56L95**
Submission Date/Time: **Apr 15, 2023 03:04 PM**
Company TIN: **204-863-416**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

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FILINVEST
REIT • FR

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Filinvest REIT Corp.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 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 2 2 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

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

SEC Registration Number

A	2	0	0	0	-	0	0	6	5	2

C O M P A N Y N A M E

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)*

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

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

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

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

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
15,058	May 30	12/31

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON's ADDRESS

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

NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated

2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

SGV
Building a better working world

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Filinvest REIT Corp. (the Company) which comprise the statements of financial position as at December 31, 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

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

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

See accompanying Notes to Financial Statements.

FILINVEST REIT CORP.
STATEMENTS OF COMPREHENSIVE INCOME

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

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

See accompanying Notes to Financial Statements.

1. Corporate Information

Filinvest REIT Corp. (formerly Cyberzone Properties, Inc.) (the “Company” or “FILRT”) was registered with the Philippine Securities and Exchange Commission (SEC) on January 14, 2000.

On December 4, 2020, the Board of Directors (BOD) approved the amendments of the Company’s articles of incorporation to change the Company’s primary purpose to engage into real estate investment trust, as provided under Republic Act No. 9856 (the Real Estate Investment Trust Act of 2009), including the Revised Implementing Rules and Regulations of Republic Act (RA) No. 9856 (the “REIT Act”), and other applicable laws, which business includes the following: (1) to own, invest in, purchase, acquire, hold, possess, lease, construct, develop, alter, improve, operate, manage, administer, sell, assign, convey, encumber, in whole or in part, or otherwise deal in and dispose of, income-generating real estate, within or outside the Philippines, in accordance with applicable laws and regulations; (2) to invest in, purchase, acquire own, hold, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of (a) real estate and other related assets; and (b) managed funds; (3) to receive, collect, and dispose of the rent, interest, and such other income rising from its property and investments; (4) to guaranty the obligations, debt, or loans of its subsidiaries or affiliates or any entity in which the corporation has lawful interest; and (5) to exercise, carry on or undertake such other powers, acts, activities and transactions as may be deemed necessary, convenient, or incidental to or implied from the purposes herein mentioned.

The 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.

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.

<u>Standards, Amendments and Interpretations Issues But Not Yet Effective</u>
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:
  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and

- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance. 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:

  - That only covenants with which an entity must comply on or before reporting date will affect a liability’s classification as current or noncurrent.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - 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.

<u>Leases</u>
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.

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).

4. Cash and Cash Equivalents

This account consists of:

	2022	2021
Cash on hand and in banks	**₱1,134,947,886**	₱515,722,841
Cash equivalents	**566,987,313**	2,071,472,790
	₱1,701,935,199	₱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.

5. Receivables

This account consists of:

	2022	2021
Trade receivables (Note 16)	**₱763,066,655**	₱730,984,104
Advances to officers and employees	**33,776,013**	31,713,801
	796,842,668	762,697,905
Less: Allowance for ECL	**7,702,272**	7,702,272
	₱789,140,396	₱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**
Cost			
Balance at beginning of year	**₱1,326,412,084**	**₱22,076,538**	**₱1,348,488,622**
Additions	**3,013,393**	**–**	**3,013,393**
Balance at end of year	**1,329,425,477**	**22,076,538**	**1,351,502,015**
Accumulated Depreciation			
Balance at beginning of year	**291,369,257**	**2,649,185**	**294,018,442**
Depreciation	**57,790,188**	**883,062**	**58,673,250**
Balance at end of year	**349,159,445**	**3,532,247**	**352,691,692**
Net Book Value	**₱980,266,032**	**₱18,544,291**	**₱998,810,323**

		2021	
	BTO Rights	Right of Use Assets (Note 18)	Total
Cost			
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
Accumulated Depreciation			
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
Net Book Value	₱1,035,042,827	₱19,427,353	₱1,054,470,180

"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%.

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**
Cost				
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**
Balance at end of year	**1,021,755,058**	**11,604,867,783**	**210,074,744**	**12,836,697,585**
Accumulated Depreciation				
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**
Balance at end of year	**–**	**2,692,359,018**	**102,228,719**	**2,794,587,737**
Net Book Value	**₱1,021,755,058**	**₱8,912,508,765**	**₱107,846,025**	**₱10,042,109,848**

	2021				
	Land	Buildings and Improvement	Right-of-use asset (Note 18)	Others	Total
Cost					
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)
Balance at end of year	–	11,485,401,130	–	127,730,011	11,613,131,141
Accumulated Depreciation					
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)
Balance at end of year	–	2,380,413,934	–	66,786,173	2,447,200,107
Net Book Value	₱–	₱9,104,987,196	₱–	₱60,943,838	₱9,165,931,034

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	
	Land Improvements	**Furniture and Fixtures**	**Total**
Cost			
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)**
Balance at end of year	**38,703,162**	**107,514,706**	**146,217,868**
Accumulated depreciation			
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**
Balance at end of year	**20,026,520**	**66,189,560**	**86,216,080**
Net Book Value	**₱18,676,642**	**₱41,325,146**	**₱60,001,788**

	2021		
	Land Improvements	Furniture and Fixtures	Total
Cost			
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
Accumulated Depreciation			
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
Net Book Value	₱19,027,115	62,659,783	₱81,686,898

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	**₱214,792,963**	₱12,596,885
Creditable withholding tax	**65,741,800**	23,411,881
Prepayments	**8,399,518**	8,500,982
Others	**38,815,931**	19,545,183
	₱327,750,212	₱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)	**₱184,454,571**	₱197,031,019
Deposits	**53,806,246**	53,497,322
	₱238,260,817	₱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
Cost		
Balance at beginning of year	**₱247,677,426**	₱382,860,734
Derecognition (Note 15)	**–**	(135,183,308)
Balance at end of year	**247,677,426**	247,677,426
Accumulated Amortization		
Balance at beginning of year	**50,646,407**	46,837,518
Amortization	**12,576,448**	6,595,943
Derecognition (Note 15)	**–**	(2,787,054)
Balance at end of year	**63,222,855**	50,646,407
Net Book Value	**₱184,454,571**	₱197,031,019

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
	2,065,726,936	1,222,657,329
Less noncurrent portion	**366,483,600**	–
Account payable and accrued expenses - net of noncurrent portion	**₱1,699,243,336**	₱1,222,657,329

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.

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
	₱760,664,238	₱750,990,427

15. Equity

Paid-up Capital

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

	2022		2021	
	Shares	**Amount**	Shares	Amount
Authorized number of shares				
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	**14,263,698,000**	**₱7,131,849,000**	14,263,698,000	₱7,131,849,000
Issued and outstanding				
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	**4,892,777,994**	**₱2,446,388,997**	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	**₱1,976,682,310**	₱2,786,409,060
b. Weighted average number of outstanding common shares	**4,892,777,994**	3,514,911,602
Dividend per share (a/b)	**₱0.40**	₱0.79

Distributable Income under the IRR of REIT Act of 2009
Under the Revised Implementing Rules and Regulations of REIT Act of 2009, section 4c, the Company shall present a computation of its distributable dividend taking into consideration requirements under the Act and the Rules. Distributable income is not a measure of performance under the PFRS. 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
	6,028,319,765	6,014,883,131
Equity	**5,312,196,469**	5,983,625,455
Debt-to-equity ratio	**1.13:1**	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.

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.

A summary of the Company's related party transactions are shown in the table below:

	2022				
	Amount/ Volume	**Outstanding balance**	Terms	Conditions	Note
Bank under common control					
Cash and cash equivalents	**(₱1,217,594,071)**	**₱1,002,247,416**	0.25% to 5.50%	No impairment	16 (a)
Interest income	**18,534,501**	**–**			
		₱1,002,247,416			
Trade receivables (Note 5)					
Parent Company					
Rental revenue	**₱37,368,094**	**₱9,897,942**	Noninterest-bearing; due and demandable	Unsecured	16 (b)
Affiliate					
Rental revenue	**99,559,933**	**42,425,693**	Noninterest-bearing; collectible every 20th day of the month	Unsecured	16 (b)
	₱136,928,027	**₱52,323,635**			
Other noncurrent asset (Note 11)					
Affiliate					
DCS connection charge	**₱–**	**₱247,677,426**		No impairment	16 (e)
Amortization	**(12,576,448)**	**(63,222,855)**			
	(₱12,576,448)	**₱184,454,571**			
Accounts payable and accrued expenses (Note 12)					
Parent Company					
Rental expense	**(₱261,454,987)**	**(₱20,957,205)**	Noninterest-bearing; payable on demand	Unsecured	16 (c)
Asset acquisition (Note 9)	**(683,264,593)**	**(683,264,593)**	Noninterest-bearing; payable quarterly up December 2024	Unsecured	16 (f)
Affiliate					
Service and energy fees	**(282,054,896)**	**(27,500,652)**	Noninterest-bearing	Unsecured	16 (d)
Affiliate					
Service fee	**(50,321,593)**	**(4,024,132)**	Noninterest-bearing; payable on demand	Unsecured	16 (d)
Management fee and manpower cost	**(190,480,933)**	**(29,985,287)**	Noninterest-bearing; payable on demand	Unsecured	16 (d)
		(₱765,731,869)			
Other noncurrent liabilities					
Parent Company					
Security deposit	**(₱27,000)**	**(₱7,854,359)**	Noninterest-bearing; payable	Unsecured	16 (b)
Affiliate					
Security deposit	**(2,386,756)**	**(23,253,138)**	Noninterest-bearing; payable	Unsecured	16 (b)
	(₱2,413,756)	**(₱31,107,497)**			

	2021				
	Amount/ Volume	Outstanding balance	Terms	Conditions	Note
Bank under common control					
Cash and cash equivalents	₱2,219,841,487	₱2,219,841,487	0.10% to 3.75%	No impairment	16 (a)
Interest income	4,062,940	–			
		₱2,219,841,487			
Trade receivables (Note 5)					
Parent Company					
Rental revenue	₱25,827,386	₱4,140,316	Noninterest-bearing; due and demandable	Unsecured	16 (b)
Affiliate					
Rental revenue	96,513,930	29,374,766	Noninterest-bearing; collectible every 20th day of the month	Unsecured	16 (b)
Service fee income (Note 19)	31,381,132	–	Noninterest-bearing	Unsecured	16 (b)
	₱153,722,448	₱33,515,082			

(Forward)

	2021				
	Amount/ Volume	Outstanding balance	Terms	Conditions	Note
Other noncurrent asset (Note 11)					
Affiliate					
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			
Accounts payable and accrued expenses (Note 12)					
Parent Company					
Rental expense	(₱41,183,886)	(₱41,183,886)	Noninterest-bearing; payable on demand	Unsecured	16 (c)
Affiliate					
Service and energy fees	(12,276,703)	(34,050,962)	Noninterest-bearing	Unsecured	16 (d)
Affiliate					
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)			
Lease liabilities					
Parent Company					
Lease liabilities (Note 18)	(₱2,162,276,983)	₱–	Noninterest-bearing; payable	Unsecured	16 (c)
Other Noncurrent Liabilities					
Parent Company					
Security deposit	₱549,299	(₱7,827,359)	Noninterest-bearing; payable	Unsecured	16 (b)
Affiliate					
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.

a) The Company maintains savings accounts and short-term deposits with East West Banking Corporation (EW), an affiliated bank. Cash and cash equivalents earn interest at the prevailing short-term investment rates.

b) *Lease agreements with related parties - Company as lessor*

The Company, as a lessor, has office space rental agreements with the following related parties:

Related Party	Lease period
FLI (parent company)	December 6, 2021 to December 5, 2031
Entities under common control	
Filinvest Alabang Inc. (FAI)	September 2, 2019 to September 1, 2024
	April 1, 2021 to March 31, 2031
Chroma Hospitality Inc.	May 2, 2017 to June 1, 2027
Festival Supermall, Inc.	May 2, 2017 to June 1, 2027
Corporate Technologies Inc. (CTI)	May 15, 2018 to November 14, 2023
Sharepro Inc.	July 1, 2022 to March 31, 2031
Filinvest Cyberparks Inc. (FCI)	August 1, 2022 to January 31, 2033
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.

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)
	(₱151,996,178)	₱116,891,494

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	**₱326,313,331**	₱425,784,556	₱593,319,985
Adjustments for:			
Additional deductible expense from dividends	**(494,170,578)**	(273,995,568)	−
Movements in unrecognized deferred taxes	**174,808,462**	(133,825,146)	(185,604,025)
Interest income subjected to final tax	**(6,951,215)**	(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)	−
	₱−	(₱151,996,178)	₱116,891,494

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

	2021		
	Investment Properties (Note 9)	Intangible Assets (Note 7)	Total
Cost			
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
Accumulated Depreciation			
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
Net Book Value	₱–	₱19,427,353	₱19,427,353

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)	**₱833,062**	₱12,772,233	₱43,530,462
Interest expense on lease liabilities (included in interest and other finance charges)	**2,375,870**	20,275,856	72,540,219
Rental expense (variable land lease payments)	**261,454,987**	271,083,960	297,968,918
	₱264,663,919	₱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	**₱27,838,182**	₱2,190,115,165
Interest expense	**2,375,870**	20,275,856
Payments	**(1,894,287)**	(14,397,140)
Derecognition	–	(2,168,155,699)
As at December 31	**28,319,765**	27,838,182
Less current portion	**1,989,001**	1,848,085
Lease liabilities - net of current portion	**₱26,330,764**	₱25,990,097

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

Maturity	**2022**	2021
1 year	**₱1,989,001**	₱1,894,287
more than 1 years to 2 years	**2,088,451**	1,989,001
more than 2 years to 3 years	**2,192,874**	2,088,451
more than 3 years to 4 years	**2,302,518**	2,192,874
more than 5 years	**60,896,003**	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
	₱7,342,382,507	₱9,576,115,430

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.

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
	₱779,663,469	₱922,722,669	₱1,048,582,442

Miscellaneous income pertains to penalties and other charges from tenants.

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	–
	₱29,754,402	₱9,986,396	₱3,908,966

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)
Liabilities for which fair values are disclosed				
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
	₱6,788,984,003	**₱6745,763,019**	₱6,765,873,558	₱6,451,595,910

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.

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

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

	2021				
	Neither Past Due nor Impaired				
	High Grade	Standard Grade	Past Due but not Impaired	Past Due and Impaired	Total
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
	₱3,278,478,963	₱–	₱116,866,623	₱7,702,272	₱3,403,047,858

**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					
	< 30 days	30-60 days	61-90 days	91-120 days	>120 days	Total
December 31, 2022	**₱55,034,892**	**₱34,858,854**	**₱7,487,949**	**₱15,482,928**	**₱35,122,404**	**₱147,987,027**
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					
	On demand	**Within 1 year**	**> 1 – 3 years**	**> 3 – 5 Years**	**Over 5 years**	**Total**
Cash and cash equivalents	**₱1,134,947,886**	**₱566,987,313**	**₱–**	**₱–**	**₱–**	**₱1,701,935,199**
Receivables	**147,987,027**	**648,855,641**	**–**	**–**	**–**	**796,842,668**
Deposits	**–**	**–**	**–**	**–**	**53,806,246**	**53,806,246**
	₱1,282,934,913	**₱1,215,842,954**	**₱–**	**₱–**	**₱53,806,246**	**₱2,552,584,113**

	2021					
	On demand	Within 1 year	> 1 – 3 years	> 3 – 5 Years	Over 5 years	Total
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
	₱632,589,464	₱2,717,574,072	₱–	₱–	₱53,947,322	₱3,404,110,858

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

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

**Includes future interest payable.*

	2021					
	On demand	Up to a year total	> 1 – 3 years	> 3 – 5 Years	Over 5 years	Total
Bonds payable	₱–	₱–	₱6,000,000	₱–	₱–	₱6,000,000
Lease liabilities	–	1,894	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
	₱1,222,657	₱407,597	₱6,257,805	₱316,356	₱63,199	₱8,267,614

**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)**	**–**	**–**
	₱6,117,104	**₱1,976,682**	**(₱2,285,760)**	**₱326,723**	**₱6,134,749**

	January 1, 2021	Availment/ Addition	Payments	Noncash Movement	December 31, 2021
Loans payable	₱2,344,167	₱–	₱–	(₱2,344,167)	₱–
Bonds payable	5,974,169	–	–	12,876	5,987,045
Lease liabilities	2,190,115	–	(14,397)	(2,147,880)	27,838
Accrued interest	113,037	–	(315,074)	304,258	102,221
Dividends payable	6,611,907	2,786,409	(1,095,982)	(8,302,334)	–
Deposit for future stock subscription	1,889,583	–	–	(1,889,583)	–
	₱19,122,978	₱2,786,409	(₱1,425,453)	(₱14,366,830)	₱6,117,104

	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
	₱10,921,015	₱1,000,000	(₱2,223,316)	₱9,425,279	₱19,122,978

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

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.

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Filinvest REIT Corp. (the Company) as at December 31, 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

Wanessa G. Salvador
Partner
CPA Certificate No. 0118546
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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

FILINVEST REIT CORP.

SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED BY REQUIRED ON REVISED SRC RULE 68 AND 68.1

DECEMBER 31, 2022

Philippine Securities and Exchange Commission (SEC) issued the amended Securities Regulation Code Rule SRC Rule 68 and 68.1 which consolidates the two separate rules and labeled in the amendment as "Part I" and "Part II", respectively. It also prescribes the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by SRC Rule 68 and 68.1 as amended that are relevant to Filinvest REIT Corp. and its subsidiary (collectively, "the Company"). This information is presented for purposes of filing with the SEC and is not required part of the basic financial statements.

<u>Schedule A. Financial Assets</u>

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.

<u>Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related parties)</u>

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.

<u>Schedule C. Amounts Receivable from Related Parties, which are eliminated during the consolidation of financial statements</u>

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) Title of Issue and type of obligation	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)
Bonds			
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.

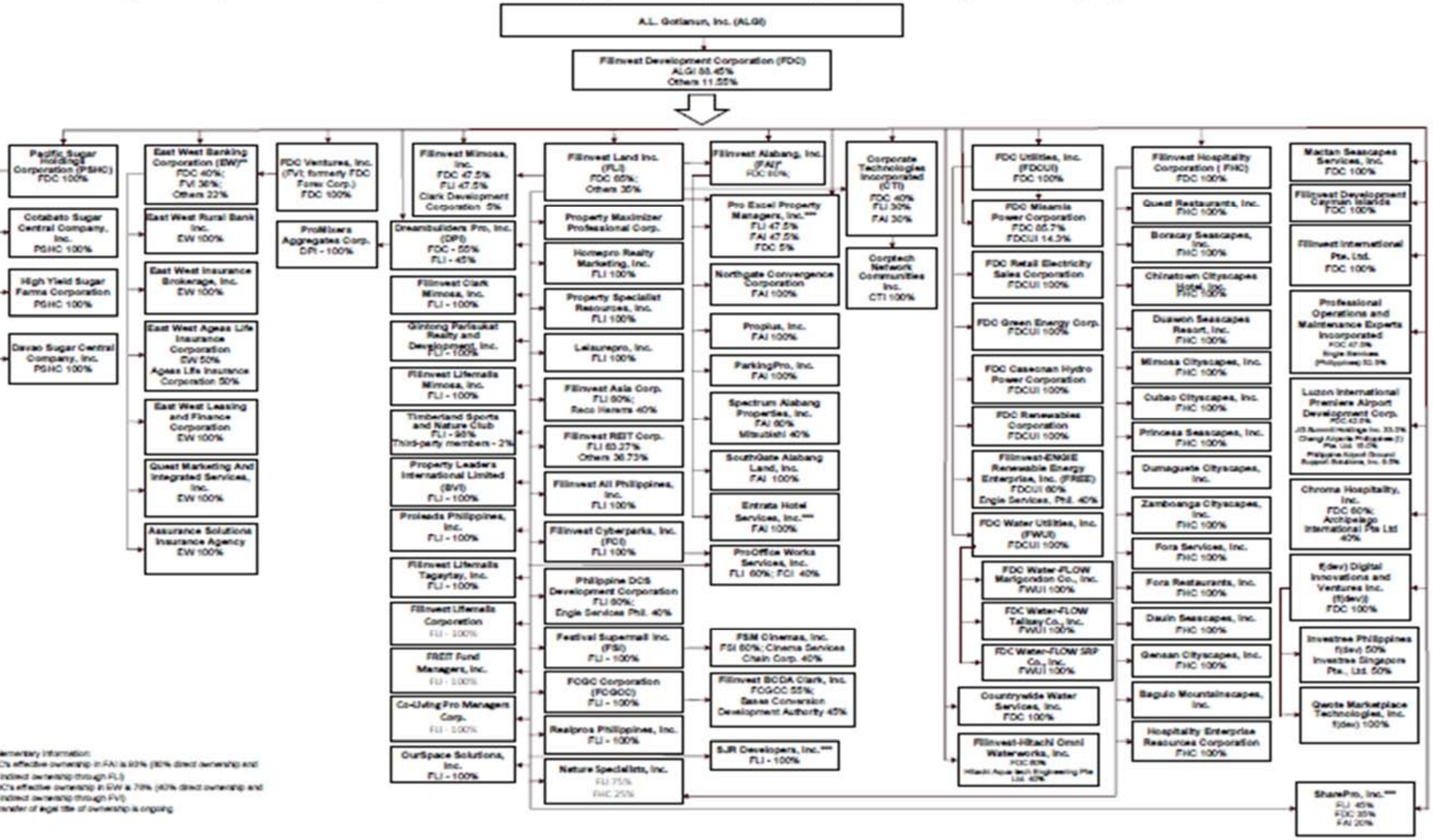
UNAPPROPRIATED RETAINED EARNINGS AVAILABLE FOR DIVIDEND DISTRIBUTION

December 31, 2022

Unappropriated Retained Earnings, January 1, 2022		₱1,018,879,536
Less: Deferred tax assets as of December 31, 2022		–
Retained Earnings, as adjusted to amount available for dividend declaration, beginning		1,018,879,536
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	–	
Net income actually earned during the year		1,305,253,324
Add (less):		
Movement in deferred tax assets		–
Cash dividend declaration during the period		(1,976,682,310)
Appropriations of retained earnings during the period		–
Unappropriated Retained Earnings, as adjusted, December 31, 2022		**₱347,450,550**

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 93% (80% direct ownership and 13% indirect ownership through FLI)

** FDC's effective ownership in EW is 78% (40% direct ownership and 38% indirect ownership through FVI)

*** Transfer of legal title of ownership is ongoing

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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Filinvest REIT Corp. (the Company) as at December 31, 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

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