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,)

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
17Q-1		

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)
16,584	**Second to the last Wednesday of April**	**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. Ana 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-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATIONS CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended : **March 31, 2024**

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 Postal Code
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
Not applicable

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, P0.50[1] par value	4,892,777,994	

11. Are any or all of these securities listed on the Philippine Stock Exchange?
Yes ■ No ☐

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

The Philippine Stock Exchange, Inc. **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 ■ No ☐

(b) has been subject to such filing requirements for the past 90 days.
Yes ■ No ☐

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

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PART 1 – FINANCIAL INFORMATION

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

Unaudited Consolidated
Financial Statements

As at March 31, 2024 and December 31, 2023
and
For the three months ended March 31, 2024 and 2023

FILINVEST REIT CORP. (formerly CYBERZONE PROPERTIES, INC.)
INTERIM STATEMENT OF FINANCIAL POSITION

	March 31, 2024	December 31, 2023
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 16)	**992,626,107**	1,301,018,941
Receivables (Note 5)	**166,932,126**	146,541,127
Other current assets (Note 8)	**477,923,861**	297,335,022
Total Current Assets	**1,637,482,094**	1,744,895,090
Noncurrent Assets		
Investment properties (Notes 7 and 13)	**45,128,766,571**	45,094,555,000
Intangible assets (Notes 6 and 13)	**2,789,180,000**	2,789,180,000
Other noncurrent assets (Note 8)	**263,216,144**	317,608,846
Total Noncurrent Assets	**48,181,162,715**	48,201,343,846
Total Assets	**49,818,644,809**	49,946,238,936
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 9)	**1,702,493,791**	1,814,798,144
Current portion of:		
Lease Liabilities (Note 14)	**2,113,920**	2,088,451
Security and other deposits (Note 11)	**194,339,290**	191,930,531
Loans Payable - net (Note 10)	**5,990,107,837**	
Total Current Liabilities	**7,889,054,838**	2,008,817,126
Noncurrent Liabilities		
Loans Payable (Note 10)		5,985,415,836
Lease liabilities - net of current portion (Note 14)	**26,742,018**	26,656,853
Security and other deposits - net of current portion (Note 11)	**560,814,753**	566,829,817
Total Noncurrent Liabilities	**587,556,771**	6,578,902,506
Total Liabilities	**8,476,611,608**	8,587,719,632
Equity (Note 12)		
Capital stock - P0.50 par value	**2,446,388,997**	2,446,388,997
Additional paid-in capital	**2,518,356,922**	2,518,356,922
Retained earnings (deficit) – end	**36,377,287,282**	36,393,773,385
Total Equity	**41,342,033,201**	41,358,519,304
Total Liabilities and Equity	**49,818,644,809**	49,946,238,936

FILINVEST REIT CORP. (formerly CYBERZONE PROPERTIES, INC.)
INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	Quarter Ended March 31	
	2024	2023, As restated
REVENUES		
Rental income (Notes 6, 7, 13, and 14)	**558,288,257**	630,441,727
Others (Note 15)	**166,359,926**	174,825,267
	724,648,184	805,266,995
COST AND EXPENSES		
Utilities (Note 8)	**59,725,346**	73,020,432
Rental expense (Notes 13 and 14)	**56,980,123**	63,467,820
Manpower and service cost	**48,114,548**	42,186,036
Repairs and maintenance	**46,015,909**	47,108,267
Taxes and licenses	**42,056,659**	41,052,240
Insurance	**5,377,387**	2,687,102
Service and management fees (Note 13)	**44,469,097**	46,629,622
Commission	**20,323,409**	-
Others (Notes 5 and 8)	**2,256,339**	2,871,844
	325,318,817	319,023,364
OTHER INCOME (CHARGES)		
Interest income (Notes 4, 5, 15 and 16)	**10,910,302**	4,057,835
Interest and other financing charges (Notes 10 and 14)	**(106,549,513)**	(98,475,938)
Other income (charges) - net	**(29,383)**	(10,037)
	(95,668,594)	(94,428,140)
INCOME BEFORE INCOME TAX	**303,660,772**	391,815,491
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current	**-**	-
Deferred	**-**	-
	-	-
NET INCOME	**303,660,772**	391,815,491
OTHER COMPREHENSIVE INCOME		
TOTAL COMPREHENSIVE INCOME	**303,660,772**	391,815,491
Basic/Diluted Earnings Per Share (Note 17)	**0.06**	0.08

FILINVEST REIT CORP. (formerly CYBERZONE PROPERTIES, INC.)
STATEMENTS OF CASH FLOWS

	Three Months Period Ended March 31	
	2024	2023, As restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**303,660,772**	391,815,491
Fair value change in investment properties, intangible asset and straight-line adjustment		(4,509,604)
Interest expense and other financing changes (Notes 10 and 14)	**107,169,526**	93,442,916
Interest income (Notes 4, 5, 15 and 16)	**(10,910,302)**	(4,057,835)
Operating income before changes in operating assets and liabilities	**399,919,997**	476,690,968
Changes in operating assets and liabilities		
Decrease (increase) in:		
Receivables	**(20,395,905)**	61,798,141
Other current assets	**(129,020,480)**	(135,276,282)
Increase (decrease) in:		
Accounts payable and accrued expenses	**(40,430,966)**	(76,637,823)
Security and other deposits	**(3,606,304)**	3,615,558
Other noncurrent liabilities	**(86,027,248)**	
Net cash generated from operations	**120,439,092**	330,190,562
Interest received	**10,910,302**	4,057,835
Net cash provided by operating activities	**131,349,393**	334,248,397
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Investment properties (Notes 7 and 21)	**(34,211,571)**	(52,777,962)
Intangible assets (Note 6)		220,765
Decrease (increase) in:		
Other noncurrent assets (Note 8)	**24,032,349**	3,400,819
Net cash provided by (used) in investing activities	**(10,179,222)**	(49,156,378)
CASH FLOW FROM FINANCING ACTIVITIES (Note 22)		
Payments of:		
Payment on bonds		(6,000,000,000)
Proceeds from long-term debt (Note 10)		6,000,000,000
Principal portion of lease liability (Note 14)	**(509,378)**	(485,122)
Interest and transaction cost (Note 10)	**(101,237,500)**	(92,258,961)
Dividends Payable (Note 12)	**(327,816,126)**	(347,387,238)
Net cash provided by (used) in financing activities	**(429,563,004)**	(440,131,321)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(308,392,833)**	(155,039,302)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,301,018,941**	1,701,935,199
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**992,626,107**	1,546,895,897

FILINVEST REIT CORP. (formerly CYBERZONE PROPERTIES, INC.)
INTERIM STATEMENTS OF CHANGES IN EQUITY

	Three Months Period Ended March 31	
	2024	2023, As restated
Capital Stock		
Common shares - P0.50 par value		
Authorized - 14,263,698,000 shares		
Issued - 4,892,777,994 shares		
Outstanding - 4,892,777,994 shares	**2,446,388,997**	2,446,388,997
Additional paid-in capital	**2,518,356,922**	2,518,356,922
Retained earnings		
Balance at beginning of the period (Note 2)	**36,393,773,385**	36,038,474,598
Net income	**303,660,772**	391,815,491
Dividends (Note 12)	**(327,816,126)**	(347,387,328)
Balance at end of the period	**36,369,618,032**	36,085,902,851
Equity attributable to equity holders of the Company	**41,334,363,951**	41,047,648,770
Total Equity	**41,334,363,951**	41,047,648,770

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 registered office address of the Company is 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 August 12, 2021, the Company was listed in The Philippine Stock Exchange as a Real Estate Investment Trust (REIT) entity.

2. Material Accounting Policy Information

Basis of Preparation

The financial statements of the Company have been prepared using a historical cost basis. The consolidated 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.

Statement of Compliance

The consolidated 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 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The adoption of these new standards did not have an impact on the financial statements of the Company.

- 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. Accordingly, the Company amended Note 2 to the financial statements to include material accounting policy only.

- Amendments to PAS 8, Definition of Accounting Estimates

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

- Amendments to PAS 12, International Tax Reform – Pillar Two Model Rules

Changes in Accounting Policy
In 2023, the Company voluntarily changed its accounting policy on investment properties and intangible assets from cost model to fair value model which requires restatement of previous financial statements. The change will provide the users of financial statements with more relevant information as it reflects the current valuation of the Company as a REIT entity. As a result, statement of financial position and comparative statement of comprehensive income and statement of changes in equity for three-month period ended March 31, 2023, were restated to reflect the effect of the voluntary change.

Statements of financial position as of March 31, 2023

	2023		
	As previously reported	**Restatements**	**As restated**
Asset			
Receivables	727,342,255	4,288,841	731,631,096
Investments Properties	9,972,199,939	34,497,248,273	44,531,066,000
Property and equipment	61,617,788	(61,617,788)	-
Intangible assets	984,120,486	1,901,419,514	2,885,540,000
Liabilities and Equity			
Retained Earnings	304,197,301	36,402,956,628	36,707,153,929

Statements of comprehensive income for the years ended of March 31, 2023

	2023		
	As previously reported	**Restatements**	**As restated**
Net fair value changes in investment properties and intangible assets	-	87,681,504	87,681,504
Cost and expenses	(402,416,027)		(402,416,027)
Income (loss)	304,133,987	87,681,504	391,815,491

Statements of cash flows for the years ended of March 31, 2023

	2023		
	As previously reported	**Restatements**	**As restated**
Cash flows provided by (used in)			
Operating activities	334,248,396	-	334,248,396
Investing activities	(49,156,378)	-	(49,156,378)
Financing activities	(440,131,321)	-	(440,131,321)

Below are the details of the impact of the restatements:

a. Under fair value accounting, investment properties and intangible assets are stated at fair value, which reflects market conditions at the reporting date. The fair values of investment properties and intangible assets are determined by independent real estate valuation experts based on an income approach which is based on discounted future cash flows. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise. Gains and losses arising from the fair value accounting are adjusted to retained earnings as of January 1, 2022.

b. The net fair value change of investment properties and intangible assets is reduced by the application of the straight-line method of recognizing rental income. Consequently, the Company adjusted its receivables to derecognized accrued rental receivables arising from straight-line rent.

c. Property and equipment were reclassified to investment properties as these refers to equipment and improvements that were determined to be included in valuation of the investment properties and intangible assets.

d. Depreciation and amortization expense recognized under cost model recognized as part of cost and expenses were reversed.

e. Commission expense capitalized as part of investment properties under cost model was reversed and recognized as reduction to fair value changes. Capitalized commission expense previously reported in the statements of cash flows as part of additions to investment properties under investing activities was also reclassified to operating activities consistent with its presentation in the statement of comprehensive income.

Standards, Amendments, and Interpretations Issues but Not Yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect the future adoption of the said pronouncements will significantly impact its financial statements. The Company intends to adopt the following pronouncements when they become effective.

- Effective beginning on or after January 1, 2025
- PFRS 17, Insurance Contracts
- Amendments to PAS 21, Lack of exchangeability

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

Material Accounting Policies

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 marketplace (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
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.

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 and loans payable, security and other deposits, and lease liabilities.

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.

<u>Impairment of Financial Assets</u>
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.

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.

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.

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

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.

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 statements 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. Investment properties include land and buildings that are held to earn rentals and are not occupied by the Company.

Investment properties are subsequently measured at fair value, which reflects market conditions at the reporting date. The fair value of investment properties is determined by management and external valuer based on the “income approach”. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise. The fair value reported in the financial statements is reduced by the application of the straight-line method of recognizing rental income and lease commissions.

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.

Intangible Assets

Intangible assets pertain to build, transfer, and operate (BTO) rights and ROU assets. BTO rights are measured on initial recognition based on cost of construction of the office building constructed at a land owned by Cebu Province in accordance with the BTO agreement. For the right-of-use assets related to the BTO rights, these are also classified under intangible assets.

Intangible assets are subsequently measured at fair value. The fair value of investment properties is determined by management and external valuer based on the “income approach”. Gains or losses arising from changes in the fair values of intangible assets are included in the profit or loss in the period in which they arise. The fair value reported in the financial statements is reduced by the application of the straight-line method of recognizing rental income and lease commissions.

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 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. Portions related to the connection of succeeding buildings are amortized over the remaining years of the supply period.

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.

Impairment of Nonfinancial Assets

The Company assesses at each financial reporting date whether there is an indication that its nonfinancial assets (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 assets 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.

Retained earnings
Retained earnings represent accumulated earnings of the Company, less dividends declared and any adjustment arising from the 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.

<u>Earnings per Share (EPS)</u>
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.

<u>Revenue Recognition</u>
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.

<u>Costs and Expense Recognition</u>
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.

<u>Borrowing Costs</u>
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.

<u>Income Taxes</u>

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 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.

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 basis as rental income.

Company as lessee

Except for short-term leases and leases 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. Right-of-use assets are subsequently measured at fair value consistent with the accounting policy for intangible assets and this is integrated into the fair value of the intangible asset.

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.

<u>Segment Reporting</u>
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 September 30, 2022, and December 31, 2022.

<u>Provisions</u>
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.
<u>Contingencies</u>
Contingent liabilities are not recognized in the consolidated 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 consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

<u>Events After the Financial Reporting Date</u>
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 consolidated financial statements. Any year-end events that are not adjusting event is disclosed in the notes to the consolidated financial statements when material.

3. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements in compliance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated 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 consolidated 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.

<u>Judgments</u>
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 consolidated 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, 2023, and 2022 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 derecognized its deferred taxes as of December 31, 2023, and 2022.

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.

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 6), 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 but does not have ownership over the properties. Accordingly, the related development cost and lease payments were recorded under "BTO rights" presented under intangible assets in the statement of financial position.

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.

Determining the lease term – Company as lessee
The Company has a lease contract for the land where the investment properties and BTO rights are situated that includes an extension and a termination option. The Company applies judgment in evaluating whether or not it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is significant event or change in circumstances within its control and affects its ability to exercise the option to renew or terminate the lease contract.

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. 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 the customer's actual default in the future. The Company also considers the security deposit and advance rentals in the determination of the expected credit loss.

As of March 31, 2024, and December 31, 2023, the Company's allowance for ECL on its trade receivables amounted to 14.2 million and 14.2 million, respectively.

Determining fair values of investment properties and intangible assets
The Company reviews the fair value of its investment properties and intangible assets with reference to external independent property valuations and market conditions existing at reporting date, using income approach which is based on the assets' discounted cash flows. The assumptions underlying estimated fair values are those relating to growth rate and discount rates that reflect current market conditions. The property valuations have been prepared based on the information that is currently available.

The fair value of investment properties and intangible assets amounted to 45,094.6 million and 2,789.2 million as of March 31, 2024, respectively, and 45,094.6 million and 2,789.2 million as of December 31, 2023, respectively.

The net fair value changes recognized in profit or loss amounted to NIL and to increase of 419.1 million in March 31, 2024, and December 31, 2023, respectively.

Impairment assessment of nonfinancial assets carried at cost
The Company assesses at each financial reporting date whether there is any indication that the nonfinancial assets carried at cost 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.

In 2024, the Company recognized provision for probable losses on other current and noncurrent assets amounting to 11.1 million, and 11.1 million, respectively (nil in 2022).

4. Cash and Cash Equivalents

This account consists of:

	March 31, 2024	December 31, 2023
Cash on hand and in banks	471,877,100	735,624,130
Cash equivalents	520,749,006	565,394,811
	992,626,107	1,301,018,941

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 4.25% to 6.4 % and 2.50% to 5.50% in 2024 and 2023, respectively.

Interest earned from cash and cash equivalents amounted to 9.9 million and 44.7 million in 2024 and 2023, respectively.

There is no restriction on the Company's cash and cash equivalents as of March 31, 2024, and December 31, 2023.

5. Receivables

This account consists of:

	March 31, 2024	December 31, 2023
Trade Receivables	**149,495,930**	129,123.019
Advances to Officers and employees	**31,653,956**	31,635,868
	181,149,886	160,758,887
Less: Allowance for ECL	**14,217,760**	14,217,760
	166,932,126	146,541,127

Movements in the Company's allowance for ECL follow:

	March 31, 2024	December 31, 2023
Balance at beginning of the year	**14,217,760**	7,702.272
Provision	-	6,515,488
Balance at end of the year	**14,217,760**	14,217,760

Trade receivables represent charges to tenants for rentals and utilities which are normally collectible within 20 days from billing date. 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 of 18% per annum and penalty at range of 18%-24% per annum. Interest and penalties from late payments amounted to 2.9 million, and 7.7 million in 2024 and 2023, respectively.

The provision for ECL amounting to NIL in 2024, and 6.5 million in 2023 is presented as part of "Others" in the cost and expense section in the statement of comprehensive income.

Advances to officers and employees pertain advances for project costs, marketing activities, 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. Intangible Assets

The rollforward analysis of intangible assets follows:

	March 31, 2024	December 31, 2023
Balance at beginning of the year	**2,789,180,000**	2,885,540,000
Additions/Disposal	-	-
Decrease in fair value	-	(96,360,000)
Balance at end of the year	**2,789,180,000**	2,789,180,000

"Intangible assets" relate to the fair value of the BTO rights and right-of-use assets related to Cyberzone Cebu Tower 1 constructed at the land properties owned by The Province of Cebu (Cebu Province).

On March 26, 2012, FLI entered into a BTO agreement with 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. On April 22, 2015, FLI and Cebu Province agreed to extend the initial term of twenty-five (25) years for an additional period of five (5) years.

On February 26, 2021, the Company and FLI executed deed of assignment of rights for the transfer of Cebu Towers 3 and 4 to FLI by way of assignment of right to manage and operate. Hence, the cost of these properties, including the related right-of use assets and lease liabilities, were derecognized. 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.

Rental income recognized arising from the BTO agreement on Cebu Tower 1 amounted to 42.5 million, and 170.0 million in 2024 and 2023, respectively.

Tenant dues from BTO rights amounted to 16.4 million and 67.3 million in 2024 and 2023, respectively.

Operating expenses incurred for maintaining and operating these assets amounted to 35.4 million and 88.0 million in 2024 and 2023, respectively.

Borrowing costs capitalized on the BTO project amounted to 4.3 million in 2021 (nil in 2024 and 2023). The capitalization rates used in 2021 range from 4.0% to 5.2%.

7. Investment Properties

The roll forward analyses of this account follow:

	March 31, 2024	December 31, 2023
Balance at beginning of the year	**45,094,555,000**	44,531,066,000
Increase (decrease) in fair value		486,753,044
Additions	**34,211,571**	76,735,956
Balance at end of the year	**45,128,766,571**	45,094,555,000

The investment properties consist of 16 mixed-use office buildings located in Filinvest Cyberzone Alabang, Muntinlupa and three (3) parcels of land located in Boracay Island. These investment properties are currently leased to third parties and are carried at fair value.

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

Rental income from investment properties amounted to 526.0 million and 2,141.1 million in 2024 and 2023, respectively. Tenant dues from investment properties amounted to 165.7 million and 611.3 million in 2024 and 2023 respectively.

Operating expenses incurred for maintaining and operating these investment properties amounted to 325.3 million, and 1,285.1 million in 2024 and 2023, respectively.

The Company has no contractual obligations to acquire investment properties as of March 31, 2024, and December 31, 2023. As of March 31, 2024, investment properties are not used as collateral and are not subject to any existing liens and encumbrances.

8. Other Assets

Other current assets consist of:

	March 31, 2024	December 31, 2023
Input VAT - net	**322,769,512**	265,502,045
Prepayments	**79,275,740**	1,192,701
Creditable withholding taxes	**50,282,501**	-
Others	**36,645,897**	41,690,065
	488,973,650	308,384,811
Less: allowance for probable losses	**11,049,789**	11,049,789
	477,923,861	297,335,022

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.

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

Others include office and maintenance supplies. In 2023, the Company recognized provision for probable losses on other current assets amounting to 11.0 million and presented as part of “Others” in the cost and expense section in the statement of comprehensive income.

Other noncurrent assets consist of:

	March 31, 2024	December 31, 2023
Prepaid DCS connection charges	**168,734,011**	171,878,123
Creditable withholding taxes	**61,705,538**	92,065,891
Advances to suppliers	**36,416,305**	61,564,124
Deposits	**58,065,828**	53,806,246
	324,921,682	379,314,384
Less: allowance for probable losses	**61,705,538**	61,705,538
	263,216,144	317,608,846

Prepaid DCS connection charge is amortized using straight line method based on the contract period of connection. Amortization of connection fee amounting to 3.1 million and 12.6 million in 2024 and 2023, respectively, is presented as "Utilities" in the statement of comprehensive income.

The rollforward analysis of Prepaid DCS connection charges follows;

	March 31, 2024	December 31, 2023
Cost		
Balance at beginning and end of year	**247,677,426**	247,677,426
Accumulated Amortization		
Balance at beginning of year	**75,799,303**	63,222,855
Amortization	**3,144,112**	12,576,448
Balance at end of the year	**78,943,415**	75,799,303
Net Book Value	**168,734,011**	171,878,123

Creditable withholding taxes are attributable to taxes withheld by third parties arising from income. In 2023, the Company recognized provision for probable losses on creditable withholding taxes amounting to 61.7 million and presented as part of "Others" in the cost and expense section in the statement of comprehensive income.

Advances to suppliers represent advances for capital expenditure of the projects. The advances shall be settled through recoupment against billings.

Deposits pertain to electric meter deposits and security deposits.

9. Accounts Payable and Accrued Expenses

This account consists of:

	March 31, 2024	December 31, 2023
Due to related parties	**364,616,986**	448,925,641
Accrued expenses	**550,142,187**	628,532,390
Advances from tenants	**420,898,452**	427,523,582
Accrued interest payable	**129,005,843**	135,101,677
Payable to contractors	**192,634,977**	116,226,930
Payable to suppliers	**15,968,339**	22,508,034
Withholding taxes payable	**13,901,925**	20,207,108
Retention payable	**15,325,082**	15,772,782
	1,702,493,791	1,814,798,144
Less: noncurrent portion	**-**	-
Net Book Value	**1,702,493,791**	1,814,798,144

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 and loans payable 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 the contractors' progress billings which are returned upon completion of their services or expiry of the contractors' warranty period.

10. Bonds Payable and Loans Payable

Bonds Payable
On July 7, 2017, the Company issued fixed rate bonds with aggregate principal amount of 6,000.0 million and term of five and a half (5.5) years from the issue date. The fixed rate is 5.05% per annum, payable quarterly in arrears starting October 7, 2017. The Company completed the payment on January 9, 2023, in the aggregate amount of 6,000.0 million.

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, the Company is not in breach of these financial covenants and has not been cited in default on any of its outstanding obligations.

Loans Payable
On January 5, 2023, the Company obtained bilateral loans amounting to 6.0 billion to refinance the bond maturity due on January 09, 2023. These were comprised of a 2-year, 3.0 billion fixed rate loan with an interest rate of 6.35%, and a 2-year, 3.0 billion floater rate loan repriceable semiannually using the 6-month BVAL or reverse repurchase rate (RRP) plus spread, whichever is higher. These loans remain unpaid as of March 31, 2024.

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. As of December 31, 2021, the Company received letters of consent from all the banks authorizing the assignment of the loans to FLI. In 2021, loans payable assigned to FLI and derecognized in the statement of financial position amounted to 2,344.2 million.

Capitalized interest expense relating to loans payable amounted to 10.0 million in 2021, (nil in 2024, 2023 and 2022). The capitalization rates used in 2021 ranges from 4.0% to 5.2%.

Total interest expense charged to the statements of comprehensive income amounted to 101.2 million and 389.2 million in 2024 and 2023, respectively.

Amortization of debt issuance and transaction costs included under "Interest and other financing charges" in the statements of comprehensive income amounted to 4.6 million and 30.4 million in 2024 and 2023, respectively.

The Company's loans payable is unsecured, and no assets are held as collateral for these debts. The agreements covering the above-mentioned loans require maintaining certain financial ratios including a maximum debt-to-equity ratio of 3.0x and a minimum interest coverage ratio of 1.5x.

As of March 31, 2024, the Company's outstanding loans payable amounted to 5,990.1 million.

11. 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:

	March 31, 2024	December 31, 2023
Current portion	**194,339,290**	191.9360.531
Noncurrent portion	**560,814,753**	566.829.817
	755,154,042	758,760,348

12. Equity

Paid-up Capital Details of the Company's capital stock as of March 31, 2024, and December 31, 2023, as follow:

	Shares	**Amount**
Authorized number of shares	14,263,698,000	7,131,849,000
Issued and outstanding	4,892,777,994	2,446,388,997

On March 5, 2021, the BOD and the stockholders approved the reduction of the par value of the common shares of the Company, from 1.0 per share to 0.5, resulting in a stock split whereby every existing one (1) common share with par value of 1.0 each will become two (2) common shares with par value of 0.5 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 1.0 per share to 7,131.8 million divided into 14,263,698,000 common shares with a par value of 0.5 per share.

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 P=47.8 million in 2021.

As of March 31, 2024, and December 31, 2023, there are 16,584 and 16,319 holders of security of the Company, respectively.

The Net Asset Value (NAV) with investment properties and BTO rights at fair value amounted to 41,342.0 million and 41,358.5 million as of March 31, 2024, and December 31, 2023, respectively. The NAV per share amounted to 8.5 and 8.5 as of March 31, 2024, and December 31, 2023, respectively.

Retained Earnings

Declaration of Dividend

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. 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.

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 3, 2021	0.112	547,991,135	December 20, 2021
February 15, 2022	March 2, 2022	0.112	547,991,135	March 20, 2022
April 20, 2022	May 6, 2022	0.116	567,562,247	May 27, 2022
August 9, 2022	August 31, 2022	0.088	430,564,463	September 20, 2022
November 15, 2022	December 1, 2022	0.088	430,564,463	December 20, 2022
February 14, 2023	March 3, 2023	0.071	347,387,238	March 24, 2023
May 31, 2023	June 15, 2023	0.071	347,387,238	June 30, 2023
August 10, 2023	August 31, 2023	0.071	347,387,238	September 20, 2023
November 29, 2023	November 30, 2023	0.071	347,387,238	December 15, 2023
February 26, 2024	March 11, 2024	0.067	327,816,126	March 26, 2024

The Company's retained earnings available for dividend declaration as of March 31, 2024, and December 31, 2023, amounted to 2,657.0 million, and 2,680.0 million, respectively. The dividend per share was computed as:

	2024	2023
a. Dividends	**327,816,126**	1,389,548,950
b. Weighted average number of outstanding common shares	**4,892,777,994**	4,892,777,994
Dividend per share (a/b)	**0.067**	0.284

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.

The computation of distributable income as presented to the Management of the Company as at March 31, 2024, and December 31, 2023, is shown below:

	2024	2023
Net Income	**303,660,772**	1,744,847,737
Unrealized gains/losses on fair value change in investment properties and intangible assets	-	(390,393,044)
Distributable income	**303,660,772**	1,354,454,693

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 expenditure. 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:

	2024	2023
Bonds payable	**-**	-
Loans payable	**5,990,107,837**	5,985,415,836
Lease liabilities	**28,855,938**	28,745,304
	6,018,963,775	6,014,161,140
Equity	**41,334,363,950**	41,358,519,304
Debt-to-equity ratio	**0.15:1**	0.15:1

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 March 31, 2024, and December 31, 2023, the fair value of the deposited properties amounted to 49,818.6 million, 49,946.2 million resulting to a debt ratio of 17.0%, and 17.2%, respectively. The Company is compliant to this Aggregate Leverage Limit.

13. 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 March 31, 2024, and December 31, 2023, are unsecured, interest free and require settlement in cash, unless otherwise stated. As of March 31, 2024, and December 31, 2023, 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 is shown in the table below:

Related Parties	**Nature of Transaction**	**Outstanding Balances as of March 31, 2024**
East West Banking Corporation (affiliate)	Bank deposits	₱464.8
Filinvest Land, Inc.	Contract of Lease for office space in Vector One (Company as Lessor)	₱0.11
Filinvest Alabang, Inc.	Contract of Lease for office space in Vector One (Company as Lessor)	₱0
Sharepro, Inc.	Contract of Lease for Office Space in Vector One via Deed of Assignment from FAI (Company as Lessor)	₱0
Filinvest Alabang Inc.	Contract of Lease for office space in Axis Tower 1 (Company as Lessor)	₱0
Corporate Technologies, Inc.	Contract of Lease for office space in Filinvest Three (Company as Lessor)	₱10.9
Filinvest Hospitality Corporation	Contract of Lease for office space in Vector Two (Company as Lessor)	₱0.03

Chroma Hospitality Inc.	Contract of Lease for office space in Vector Two (Company as Lessor)	₱0
Festival Supermall Inc.	Contract of Lease for office space in Vector Two (Company as Lessor)	₱4.32
Filinvest Cyberparks, Inc.	Contract of Lease for office space in Plaza B Building (Company as Lessor)	₱0
Ourspace Solutions, Inc. (OSSI)	Contract of Lease for office space in Axis Tower 1 Building (Company as Lessor)	₱0
Filinvest Cyberparks, Inc.	Contract of Lease for office space in Axis Tower One (Company as Lessor)	₱0.01
ProOffice Work Services Inc.	Contract of Lease for office space in Plaza B Building (Company as Lessor)	₱0
Boracay Seascapes, Inc	Land lease agreement over the land where the Properties are located (Company as Lessor)	₱13.6
FDC Retail Electricity Sales, Corporation ("FDC RES")	Service agreement for electricity requirements of its facilities	₱0
Filinvest Land, Inc.	Land lease agreement over the land where the Properties are located (Company as Lessee)	₱15.6
Filinvest Alabang, Inc.	Service agreement for general management services provided by Filinvest Alabang, Inc. to the Company	₱0
Philippine DCS Development Corporation ("PDDC")	Build-operate-transfer agreement between the Company and PDDC with respect to the district cooling system for Northgate Cyberzone	₱24.4
Corporate Technologies, Inc.	Service agreement for IT services provided to the Company.	₱0.9
Professional Operations and Maintenance Experts Incorporated (PROMEI)	Service agreement for the maintenance and repair of ventilation and air conditioning systems of certain buildings owned by the Company.	₱.07
ProOffice Work Services, Inc.	Service agreement for property management	₱2.9
Filinvest Cyberparks Inc.	Service agreement for accounting, tax compliance & budget works	₱1.5
FREIT Fund Manager, Inc.	Service agreement for the fund management	₱7.2

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
	July 1, 2021, to June 30, 2026
ProOffice Works Services Inc.	October 15, 2022, to January 14, 2028
Filinvest Hospitality Corp.	May 2, 2017, to June 1, 2027
OurSpace Solution, Inc (OSSI)	June 15, 2022, to September 14, 2032
	August 1, 2023, to September 14, 2032

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 expenses are based on certain percentages of the Company's gross rental income.

In 2020, the Company's lease agreement was amended as follows:

- 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:

- 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.

d) Service agreements with related parties

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

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 P=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, respectively.

Key Management Personnel
The key management functions of the Company are handled by FCI starting March 2021. For the year ended December 31, 2021, compensation of other key management personnel directly paid by the Company pertains to short-term employee benefit amounting to 1.5 million (nil for the years ended December 31, 2023, and 2022).

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14. 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 an additional 25 years based on mutual agreement of the parties. The remaining lease term of the ROU assets ranges 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 to 2,149.3 million at contract amendment date.

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 the construction period.

On March 31, 2021, the Company entered into an agreement with FLI assigning its right to manage and operate Towers 3 and 4 of Filinvest Cebu Cyberzone Towers under the BTO Agreement and Agreement for Transfer and Conveyance. Meanwhile, Filinvest Cebu Cyberzone Tower 2 was declared as part of property dividends.

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.

As of March 31, 2024, and December 31, 2023, the right-of-use is recognized as part of intangible assets.

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

	2024	2023
Interest expense on lease liabilities (included in interest and other finance charges)	**620,013**	2,414,540
Rental expense (variable land lease payments)	**56,980,123**	235,583,003
	57,600,135	237,997,543

Interest expense which was capitalized during the year relating to lease liability amounted to 1.1 million in 2021 (nil in 2024, 2023 and 2022). The capitalization rates used range from 4.7% to 5.2% in 2021.

The rollforward analysis of lease liabilities follows:

	2024	2023
At January 1	**28,745,304**	23,319,765
Interest expense	**607,442**	2,414,540
Payments	**(509,378)**	(1,989,001)
As at December 31	**28,843,367**	28,745,304
Less current portion	**2,113,920**	2,088,451
Lease liabilities – net of current portion	**26,729,447**	26,656,853

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

Maturity	2024	2023
1 year	**2,113,920**	2,088,451
more than 1 years to 2 years	**2,219,616**	2,192,874
more than 2 years to 3 years	**2,330,597**	2,302,518
more than 3 years to 4 years	**2,447,127**	2,417,643
more than 5 years	**57,859,207**	57,352,083

Company as lessor

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

	2024	2023
Within one year	**1,932,228,615**	1,810,938,134
After one year but not more than five years	**5,135,492,225**	4,299,499,139
After five years	**889,638,303**	580,840,851
	7,957,359,143	6,691,278,124

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 leases 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 3.9 million and 15.4 million in 2024 and 2023 respectively.

15. Other Income

This account consists of:

	2024	2023
Tenant dues	**165,698,387**	174,452,643
Service fee income	**-**	-
Miscellaneous	**661,540**	372,624
	166,359,926	174,825,267

Miscellaneous income pertains to penalties and other charges from tenants.

16. Interest Income

This account consists of:

	2024	2023
Interest income on:		
Cash and cash equivalents	**7,936,508**	6,434,122
Others	**2,973,794**	(2,376,286)
	10,910,302	4,057,835

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

17. Earnings Per Share

	2024	2023
Net Income	**330,660,772**	391,815,491
Number of outstanding common shares	**4,892,777,994**	4,892,777,994
	0.06	0.08

The Company assessed that there were no potential dilutive common shares in 2024 and 2023.

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.

18. Segment Reporting

The Company has determined that it is operating as one operating segment. Based on the 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 are 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 customers, which contributes 10% more to the revenues of the Company.

19. Fair Value Measurement

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

	2024		2023	
	Carrying value	**Fair Value Significant unobservable inputs (Level 3)**	Carrying value	Fair Value Significant unobservable inputs (Level 3)
Nonfinancial asset carried at fair values				
Investment properties	**45,128,766,571**	**45,128,766,571**	45,094,555,000	45,094,555,000
Intangible assets	**2,789,180,000**	**2,789,180,000**	2,789,180,000	2,789,180,000
	47,917,946,571	**47,917,946,571**	47,883,735,000	47,883,735,000
Financial liabilities for which fair values are disclosed				
Financial liabilities at amortized cost				
Loans payable	**5,990,107,837**	**5,990,107,837**	5,985,415,836	5.985.415.836
Bonds payable			-	-
Security and other deposits	**755,154,043**	**755,154,043**	758,760,348	758.760.348
Lease liabilities	**28.855,938**	**28.855,938**	28,745,304	28.745.304
	6,772,921,488	**6,774,117,817**	6,772,921,488	6.772.921.488

As of March 31, 2024, and December 31, 2023, the Company has no financial instrument measured at fair value. In 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

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

- *Investment properties and intangible assets. The* fair value of investment properties and intangible assets is based on a valuation performed in 2023 and 2022 by an accredited third-party appraisal. The fair value of the investment properties is computed based on the income approach using discounted cash flow method. 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 of 3.75% and discount rate of 9.56% and 9.67% in 2023 and 2022, respectively. 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. In 2022, the fair value of the land classified under investment properties is equal to its acquisition cost determined based on market approach. 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 input 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 input to the valuation of the land is the price per sqm ranging from 35,000 to 40,000. In 2023, the Company changed the approach for the land from market approach to income approach as the land lease became effective January 2023.

- *Security and other deposits.* The discount rates used ranges2.45% to 5.88% as of December 31, 2023. Fair value is computed based on the expected future cash outflows. Significant increases (decreases) in discount rate would result in a significantly lower (higher) fair value measurement.

- *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 5.87% to 5.94% as of December 31, 2023. Significant increases (decreases) in discount rate would result in a significantly lower (higher) fair value measurement.

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 assets. As of March 31, 2024, and December 31, 2023, the difference between the fair value and carrying value of deposits is not significant.

20. Financial Risk Exposures Management Objectives and Policies

The Company's financial instruments comprise of cash and cash equivalents, receivables, long-term debt, accounts payable and accrued expenses 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 interest rate risk, 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 trade receivables using a provision matrix results to expected credit loss amounting to 14.2 million and 7.7 million as of December 31, 2023, and 2022, respectively. The expected credit loss rate has been set at 1.1% to 57.1% and 7.3% to 62.4% in 2023 and 2022, respectively, based on the historical collection pattern of the tenants. The loss given default rate is set at 12.4% to 100% and 3.7% to 100% in 2023 and 2022, respectively, 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 March 31, 2024, and December 31, 2023, most of the Company's trade receivables are covered by security deposits and advance rentals. As of March 31, 2024, and December 31, 2023, the Company's allowance for ECL on its trade receivables amounted to 14.2 million and 7.7 million, respectively.

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 March 31, 2024, and December 31, 2023:

	2024				
	Neither Past Due nor Impaired				
	High Grade	**Standard Grade**	**Past Due but not Impaired**	**Past Due and Impaired**	**Total**
Cash and cash equivalents*	**992,309,107**				**992,309,107**
Receivables	**31,229,317**		**135,702,809**	**14,217,760**	**181,149,886**
Deposits	**58,065,828**				**58,065,828**
	1,124,633,579		**47,226,406**	**47,226,406**	**1,186,077,744**

	2023				
	Neither Past Due nor Impaired				
	High Grade	Standard Grade	Past Due but not Impaired	Past Due and Impaired	Total
Cash and cash equivalents*	1,300,703,941		-	-	1.300.703.941
Receivables	24,358,874	-	122,182,25	14.217.760	160.758.887
Deposits	53,803,246	-	-	-	53.806.246
	1,378,869,061	-	122.182.253	14.217.760	1.515.269.074

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**
March 31, 2024	**74,258,643**	**19,863,826**	**2,920,724**	**11,900,873**	**26,785,743**	**135,702,809**
December 31, 2023	53,034,894	34,858,854	7,487,949	15,482,928	48,853,128	161,717,751

y 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.

	March 31, 2024					
	On demand	**Within 1 year**	**> 1-3 years**	**>3-5 years**	**Over 5 years**	**Total**
Cash and cash equivalents	**471,877,100**	**520,749,006**				**992,626,107**
Receivables	**135,702,809**	**45,447,077**				**181,149,886**
Deposits	**58,065,828**					**58,065,828**
	665,645,738	**566,196,083**	**-**	**-**	**-**	**1,231,841,821**

	December 31, 2023					
	On demand	Within 1 year	> 1-3 years	>3-5 years	Over 5 years	Total
Cash and cash equivalents	735,625,130	565,394,811	-	-		1,301,018,941
Receivables	122,185,253	38,573,634	-	-		160,758,887
Deposits	-		-	-	53,806,246	53,806,246
	857,809,383	603,968,445	-	-	53,806,246	1,515,584,074

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

	March 31, 2024					
	On demand	**Up to a year total**	**> 1 – 3 years**	**> 3 – 5 Years**	**Over 5 years**	**Total**
Loans Payable		**6,000,000**				**6,000,000**
Lease liabilities		**2,088**	**7,082**	**5,330**	**51,909**	**66,410**
Interest on loans*		**-**				**-**
Accounts payable and accrued expenses	**1,289,265**	**413,229**				**1,702,493**
Security and other deposits	**11,328**	**33,439**	**50,763**	**46,352**	**613,273**	**755,154**
	1,300,592	**6,456,426**	**57,844**	**51,683**	**665,182**	**8,531,727**

**Includes future interest payable.*

	December 31, 2023					
	On demand	Up to a year total	> 1 – 3 years	> 3 – 5 Years	Over 5 years	Total
Loans Payable	-	-	6,000,000	-	-	6,000,000
Lease liabilities	-	1,989	6,584	4,956	54,814	68,343
Interest on loans*	-	284,771	-	-	-	-
Accounts payable and accrued expenses	1,387,274	427,524	-	-	-	1,814,798
Security and other deposits	75,063	116,867	175,599	390,909	-	758,438
	1,462,337	831,151	6,182,183	395,865	54,814	8,926,554

21. Notes to Statement 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 91.6 million and 366.5 million as of March 31, 2024, and December 31, 2023, respectively.
- The Company derecognized the right of use of assets under "Investment properties" as a result of the amendment of lease contract with FLI in 2021.
- 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, 2023, and 2022). 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 March 31, 2024, and December 31, 2023, follows (amounts in thousands):

	January 1, 2024	**Availment/ Addition**	**Payments**	**Noncash Movement**	**March 31, 2024**
Loans payable	**5,985,416**	**-**	**-**	**4,692**	**5,990,108**
Bonds payable	**-**	**-**	**-**	**-**	**-**
Lease liabilities	**28,745**	**-**	**(509)**	**617**	**28,853**
Accrued interest	**135,102**	**-**	**(101,238)**	**33,864**	**67,729**

Dividend payable	**-**	**-**	**(327,816)**	**327,816**	**-**
	6,149,263	**-**	**(429,563)**	**366,990**	**6,086,690**

	January 1, 2023	Availment/ Addition	Payments	Noncash Movement	December 31, 2023
Loans payable	-	5,955,000	-	30,416	5,985,416
Bonds payable	6,000,000	-	(6,000,000)	-	-
Lease liabilities	28,320	-	(1,989)	2,414	28,745
Accrued interest	106,429	-	(279,075)	307,748	135,102
Dividend payable	-	-	(1,389,549)	1,389,549	-
	6,134,749	5,955,000	(7,670,613)	1,730,127	6,149,263

Noncash movement includes amortization of debt issuance costs and interest expense for loans payable, bonds payable, and lease liabilities, reclassifications of accrued interest to accounts payable and declaration of cash dividends.

22. Subsequent Event

Declaration of Cash Dividend
On May 10, 2024, the Company declared quarterly cash dividends in the amount of 0.062 per share to all stockholders of record as of March 24, 2024, and with payment date of June 7, 2024.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of operations for the three months ended March 31, 2024, compared to three months ended March 31, 2023

Revenues
The Company's total revenues and income decreased by ₱80.6 million or 10.01% from ₱805.3 million for the three months ended March 31, 2023, to ₱724.6 million for the three months ended March 31, 2024. The decline is primarily from lower rental income from tenants as occupancy for the current year is lower. This decline was offset by higher rental income coming from the lease of Boracay lot and from rental escalation on renewal of leases.

Cost and Expenses
The Company's consolidated costs and expenses increased by ₱6.3 million or 2.0% from ₱319.0 million last March 31, 2023, to ₱325.3 million as of March 31, 2024. The increase was primarily due to the payment of commission for a new lease contract.

Other Income (Charges)
Interest income has increased by ₱6.8 million or 168.9%, ₱10.9 million as of March 31, 2024, compared to ₱4.6 million as of March 31, 2023. The increase was mainly due to the Interest earned from short term investments and bank deposits.

The Company's interest expense and other financing charges increased by ₱8.1 million, or 8.22%, to ₱106.6 million for the three months ended March 31, 2024, compared to ₱98.5 million for the three months ended March 31, 2023. The increase in interest expense was mainly due to the higher interest rates from the bank loans availed last January 2023.

Financial Condition as of March 31, 2024, compared to as of December 31, 2023
Causes for any material changes (+/- 5% or more) in the financial statements

The Company's assets are ₱49,819.6 million as of March 31, 2024, a decrease of ₱127.6 million, or 0.26%, from assets of ₱49,946.2 million as of December 31, 2023.

Cash and cash equivalents
The Company's cash and cash equivalents is ₱ 992.6 million as of March 31, 2024, a decrease of ₱ 308.4 million, or 31.0%, from ₱1,301.0 million as of December 31, 2023.This was mainly due to the payment of dividend in March 2024.

Receivables
The Company's receivables amounted to ₱166.9 million as of March 31, 2024, an increase of ₱ 20.4 million, or 12.2%, from receivables of ₱146.5 million as of December 31, 2023, primarily caused by recognition of receivable due to outstanding tenant's balances.

Other current assets
The Company's other current assets is ₱477.9 million as of March 31, 2024, an increase of ₱180.6 million, or 37.8%, from other current assets of ₱297.3 million as of December 31, 2023. This increase was due to the recording of prepaid taxes, Input VAT net of Output Vat and unclaimed creditable withholding taxes generated during the period.

Other noncurrent assets
The Company's other noncurrent assets is ₱263.2 million as of March 31, 2024, a decrease of ₱ 54.4 million, or 20.78%, from other noncurrent assets of ₱317.6 million as of December 31, 2023. This decrease was due to amortization of connection charges and liquidation of advance from contractor/supplier.

The Company's liabilities amount to ₱ 8,476.6 million as of March 31, 2024, a decrease of ₱111.1 million, or 1.31%, from liabilities of ₱ 8,587.7 million as of December 31, 2023.

Accounts payable and accrued expenses
The Company's accounts payable and other current liabilities have amounted to ₱1,702.5 million as of March 31, 2024, a decrease of ₱ 112.3 million, or 6.6%, from ₱ 1,814,8 billion as of December 31, 2023, mainly due to the application of advances from tenants and settlement of outstanding balances during the period.

Loans payable
The Company's loans payable – current portion is ₱ 5,990.1 million as of March 31, 2024, an increase of ₱ 5,990.1 million, or 100%, from ₱ 0.0 million as of December 31, 2023, primarily due to reclassification of loans payable which is expiring next year.

Capital stock and additional paid-in capital
The Company's Capital stock and additional paid-in capital were ₱4,964.7 million as of March 31, 2024, and December 31, 2023.

Performance Indicators

Financial Ratios	Particulars	Period ended March 31, 2024	Period ended December 31, 2023
Earnings per Share **annualized*	Net Income / Weighted Ave. number of outstanding shares	0.06	0.36
Current Ratio	Current Asset / Current Liabilities	0.21	0.87
Debt Ratio	Total liabilities / Total assets	0.17	0.18
Debt to Equity Ratio	Debt (Loans Payable + Bonds Payable) / Total Stockholder's Equity	0.15	0.15
Income before income tax, interest and other financing charges, depreciation, and amortization (IBITDA) to total interest paid	IBITDA / Total interest paid	4.05	6.26
Quick Asset Ratio	Current assets – Inventories / Current liabilities	0.15	0.72
Solvency ratio **annualized*	Net Income + Depreciation / Total liabilities	0.04	0.15
Interest coverage ratio **annualized*	Income before income tax (IBIT) + interest and other financing charges / Total Interest Paid	3.85	4.14
Net profit margin	Net Income / Revenue	0.42	0.44
Return on equity **annualized*	Net Income/Equity	1%	3%

**Net income, IBIT, and IBITDA exclude net fair value change in investment properties and intangible assets.*

The Bonds issued by the company matured and were fully paid on January 9, 2023. The Company availed bank loans to refinance the bonds on January 5, 2023. These new loans are due to mature in 2 years.

As of December 31, 2023, the fair value of the deposited properties amounted to ₱49,818.6 million.

The Net Asset Value per share is calculated by dividing the adjusted NAV by the total outstanding shares of 4,892,777,994. The adjusted NAV is equal to total assets plus fair value adjustment of deposited properties and investible funds held less total liabilities resulting to NAV amount of 41,342.0 million as of March 31, 2024. NAV per share is 8.45. The NAV per share as of December 31, 2023, is 8.53.

PART II - OTHER INFORMATION

Item 3. Business Development/New Projects

FILRT is one of the first companies to operate as a major BPO-centric lease provider outside Makati, Bonifacio Global City, and Ortigas., FILRT developed buildings on the land owned by FLI in Alabang, Muntinlupa City which is part of the established Northgate Cyberzone, an 18.7-hectare PEZA-registered IT Park.

A PEZA-registered IT Park, as defined by PEZA, is an area that has been developed into a complex capable of providing 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 attracted BPO companies to lease office spaces in Northgate Cyberzone. FILRT continually provides world class, environmentally sustainable and efficient leasing facilities, and services to various clients.

As per Colliers Q1 2024, vacancy as of the end Q1 2024 reached 19.0% marginally lower than the record-high 19.3% vacancy in Q4 2023 despite the delivery of 96,100 sq metres (1.0 million sq feet) of new office space. Colliers recorded higher demand from traditional and POGOs in the Bay Area and outsourcing firms in Fort Bonifacio and Ortigas CBD. Colliers retains its projection of a 19.6% vacancy by end 2024 due to new supply and expected surrenders from pre-pandemic leases.
As of March 31, 2024, the Company has seventeen (17) fully operational office buildings with stable income streams that have been identified to remain in the company, that has been transformed to be a REIT. Last December 2022, FILRT acquired a prime beach front property in Boracay, Aklan which makes the total number of income generating assets to be eighteen (18). This acquisition also increased the total GLA of FILRT by 9.65% or by 29,086 sqm. bringing the total GLA of FILRT to 330,448 sqm.

Summary Information for Axis Tower 1, Filinvest One, Filinvest Two, Filinvest Three, Vector One, Vector Two, and Vector Three (As of end of March 31, 2024)

	Axis Tower 1	Filinvest One	Filinvest Two	Filinvest Three	Vector One	Vector Two	Vector Three
Year Completed	Mar-18	Jun-13	Sep-15	Jan-15	May-11	Sep-14	Jan-17
Description	Grade A, LEED Gold and PEZA-accredited, office building	Grade A, PEZA-accredited, office building	Grade A, PEZA-accredited, office building	Grade A, PEZA-accredited, office building	Grade A, PEZA-accredited, office building	Grade A, PEZA-accredited, office building	Grade A, LEED Gold and PEZA-accredited, office building
Location	Northgate Cyberzone, Alabang	Northgate Cyberzone , Alabang	Northgate Cyberzone , Alabang	Northgate Cyberzone , Alabang	Northgate Cyberzone , Alabang	Northgate Cyberzone , Alabang	Northgate Cyberzone , Alabang
GLA (Office) in sq.m.	39,340	19,637	23,784	23,784	17,764	17,889	36,345
GLA (Retail) in sq.m.	1,529	—	—	—	—	—	—
Average Occupancy Rate YTD March 2024	79%	33%	49%	30%	100%	100%	75%
Rental Income -Office & Retail GLA (in millions)	50.4	15.0	28.4	16.6	41.6	50.0	65.1
Right over Building [2]	Owned	Owned	Owned	Owned	Owned	Owned	Owned
Right over Land	Leased from the Sponsor	Leased from the Sponsor	Leased from the Sponsor	Leased from the Sponsor	Leased from the Sponsor	Leased from the Sponsor	Leased from the Sponsor
Land Lease Expiry [1]	Feb-96	Feb-96	Feb-96	Feb-96	Feb-96	Feb-96	Feb-96
Remaining Term (years) for Land Lease (as of March 31, 2024)	71.9	71.9	71.9	71.9	71.9	71.9	71.9
Valuation (₱ millions) (based on Asian Appraisal's valuation report as of December 31, 2023)	6,304	3,311	3,728	3,761	2,787	2,918	5,754

Notes:

(1) The land lease agreement for Northgate Cyberzone Properties has an initial term of 50 years, commencing on February 11, 2021, and expiring on February 10, 2071. The lease is renewable for another 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 between the Company and FLI. The figure presented is calculated using the sum of the initial term and the term of the renewal period of the land lease.

(2) The Company has held the rights over all properties since the completion of the buildings.

Summary Information for Plaza A, Plaza B, Plaza C, Plaza D and Plaza E (As of end of March 31, 2024)

	Plaza A	Plaza B	Plaza C	Plaza D	Plaza E
Year Completed	Oct-07	Mar-01	Mar-01	Jun-07	Feb-14
Description	Grade A, PEZA-accredited, office building	Grade A, PEZA-accredited, office building	Grade A, PEZA-accredited, office building	Grade A, PEZA-accredited, office building	Grade A, PEZA-accredited, office building
Location	Northgate Cyberzone, Alabang	Northgate Cyberzone, Alabang	Northgate Cyberzone, Alabang	Northgate Cyberzone, Alabang	Northgate Cyberzone, Alabang
GLA (Office) in sq.m.	10,860	6,488	6,540	10,860	14,859
GLA (Retail) in sq.m.	—	—	—	—	—
Average Occupancy Rate YTD March 2024	100%	62%[1]	100%	66%	100%
Rental Income -Office & Retail GLA (in millions)	27.1	10.0	13.1	17.7	34.5
Right over Building [3]	Owned	Owned	Owned	Owned	Owned
Right over Land	Leased from the Sponsor	Leased from the Sponsor	Leased from the Sponsor	Leased from the Sponsor	Leased from the Sponsor
Land Lease Expiry [2]	Feb-96	Feb-96	Feb-96	Feb-96	Feb-96
Remaining Term (years) for Land Lease (as of March 31, 2024) [2]	71.9	71.9	71.9	71.9	71.9
Valuation (₱ millions) (based on Asian Appraisal's valuation report as of December 31, 2023)	1,697	1,015	971	1,412	2,603

Notes:

(1) Includes areas leased by telecommunication carriers for their cell towers. Office GLA is inclusive of executed lease agreements valid as of September 30, 2023.

(2) The land lease agreement for Northgate Cyberzone Properties has an initial term of 50 years, commencing on February 11, 2021, and expiring on February 10, 2071. The lease is renewable for another 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 between the Company and FLI. The figure presented is calculated using the sum of the initial term and the term of the renewal period of the land lease.

(3) The Company has held the rights over all properties since the completion of the buildings.

Summary Information for iHub1, iHub2, 5132 Building, Capital One and Cebu Tower 1 (As of end of March 31, 2023)

	iHub1	iHub2	5132 Building	Capital One	Cebu Tower 1	Boracay Property
Year Completed	Jun-08	Aug-09	Nov-07	Oct-05	Jun-15	
Description	Grade A, PEZA-accredited, office building	Grade A, PEZA-accredited, office building	Grade A, PEZA-accredited, office building	Grade A, PEZA-accredited, office building	Grade A, PEZA-accredited, office building	Lot lease
Location	Northgate Cyberzone, Alabang	Northgate Cyberzone, Alabang	Northgate Cyberzone, Alabang	Northgate Cyberzone, Alabang	Salinas Drive, Cebu City	Boracay
GLA (Office) in sq.m.	9,480	14,181	9,409	18,000	19,937	29,086
GLA (Retail) in sq.m.	—	—	—	—	675	-
Average Occupancy Rate YTD March 2024	74%	89%	100%	100%	100%	100%
Rental Income -Office & Retail GLA (in millions)	14.0	28.8	23.4	46.9	39.6	18.3

Right over Building [3]	Owned	Owned	Owned	Owned	BTO arrangement with Cebu Provincial Government	
Right over Land	Leased from the Sponsor	Leased from the Sponsor	Leased from the Sponsor	Leased from the Sponsor	BTO arrangement with Cebu Provincial Government	
Land Lease 1/BTO Agreement Expiry	Feb-96	Feb-96	Feb-96	Feb-96	Nov-43 [2]	
Remaining Term (years) for Land Lease (as of March 31, 2023) [1]	71.9	71.9	71.9	71.9	19.6	
Valuation (₱ millions) (based on Asian Appraisal's valuation report as of December 31, 2023)	1,315	1,953	1,465	3,022	2,789	1,078

Notes:

(1) The land lease agreement for the Northgate Cyberzone Properties has an initial term of 50 years, commencing on February 11, 2021, and expiring on February 10, 2071. The lease is renewable for another 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 between the Company and FLI. The figure presented is calculated using the sum of the initial term and the term of the renewal period of the land lease.

(2) The Cebu Provincial Government owns the land on which Cebu Tower 1 is situated under the BTO arrangement between the Cebu Provincial Government and the Company. The BTO arrangement has an initial term of 25 years which was extended by five years through a subsequent memorandum of agreement ("MOA"), renewable for another 25 years. The initial term of the BTO arrangement (as extended by the MOA) commenced in 2013 and will expire in 2043. There are 19.6 years remaining in the initial term of the BTO arrangement as of March 31, 2024.

(3) The Company has held the rights over all properties since the completion of the buildings.

GLA refers to Gross leasable areas of the buildings for office and retail tenants. Occupancy rate refers to ongoing contract of leases including signed letter of intent.

Item 4. Other Disclosure

A. The Company's common shares were listed in the Philippine Stock Exchange on August 12, 2021. Public Ownership is currently at 34.7%.
A. There are no new projects or investments as of March 31, 2024.
B. There are no contracts of merger, consolidation, or joint venture, contract of management, licensing, marketing, distributorship, technical assistance, or similar agreements.
C. There is no new financing through loans / issuances, repurchases, and repayments of debt and equity securities.
D. There are no material events subsequent to the interim period that have not been reflected in the financial statements for the interim period.
E. The Company has no material contingent financial obligations.
F. Except as disclosed in the Notes to the Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations, there are no unusual items and material changes from period to period affecting assets, liabilities, equity, net income, or cash flows for the interim period.
G. The Company does not have any contingent liability of borrowings wherein financial assets were pledged to secure payment nor does it have borrowings wherein properties were mortgaged to secure a loan.
H. The Company has no knowledge of any material off-balance sheet transactions, arrangements, obligations, and other relationships to the Company with unconsolidated entities or other persons created during the reporting period that would address the past and would have material impact on future operations.
I. Capital expenditures for 2023 are for upkeep, upgrade, and refurbishment of the Company's properties. These will be funded through the Company's cash from operating activities.
J. The performance of the Company and its industry is interconnected to the performance and state of the Philippine economy as a whole particularly the BPO industry. Being focused on a specific group of clients, the office space leasing segment and the Company are very much affected by the same trends and factors which affect the BPO industry. While the company's intention is to focus on BPOs, it can shift to other business classes such as traditional office and new emerging business trends, when necessary. The company is also not dependent on a single tenant or group of tenants.
K. On October 18, 2023, the Bureau of Internal Revenue (BIR) issued the letter which granted FILRT the permission to change its accounting method from Cost method to Fair Value method of valuing investment properties for financial reporting purposes effective January 1, 2023, pursuant to the provision of Section 41 Tax Code. With this approval, the Company can maximize the distribution of dividends as the depreciation of

investment properties and BTO will no longer be a deduction in the net income hence will form part of the distributable income.

L. There are no significant elements of income or loss that did not arise from continuing operations.

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

By:

Signature: ______________________
Maricel Brion-Lirio
President / CEO

Title:
Date:
ID No.:

Signature: ______________________
Ana Venus A. Mejia
Treasurer and Chief Finance Officer

Title:
Date:
ID No.:

MAY 14 2024

SUBSCRIBED AND SWORN BEFORE ME THIS __________ IN MUNTINLUPA CITY AFFIANT EXHIBITED HIS ______ WITH NO. ______ ISSUED BY ______________ :

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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. 10474126; 01-02-24; Muntinlupa City
NC-24-016; Muntinlupa City until 12-31-25
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