

COVER SHEET

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S.E.C. Registration Number

F I L I N V E S T R E I T C O R P . (f o r m e r l y ,

C Y B E R Z O N E P R O P E R T I E S , I N C .)

(Company's Full Name)

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

M U N T I N L U P A C I T Y

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

c/o Atty. Katrina O. Clemente-Lua

Contact Person

7918-8188

Company Telephone Number

Month

Day

Fiscal Year

FORM TYPE

Month

Day

Annual Meeting

Secondary License Type; If Applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number / Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = Pls. use black ink for scanning purposes

Performance Report for the First Quarter of 2022

14 May 2022

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

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A. USE OF PROCEEDS

All proceeds from the initial public offering (“IPO”) of Filinvest REIT Corp. (“FILRT”) common shares on August 12, 2021 were received by the Selling Shareholder Filinvest Land, Inc. (“FLI”). FILRT did not receive any proceeds from the offer.

B. FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 31 MARCH 2022

b.1 Statement of Financial Position

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	2,666,760,731	2,587,195,631
Receivables - net	808,203,327	754,995,633
Other current assets - net	140,274,433	64,054,931
	3,615,238,491	3,406,246,195
Noncurrent assets held for distribution		
	3,615,238,491	3,406,246,195
Noncurrent Assets		
Investment properties - net	9,153,749,128	9,165,931,034
Property & equipment - net	83,738,664	81,686,898
Intangible assets	1,052,044,098	1,054,470,180
Advances to Contractors	11,187,795	13,293,694
Other Non current Assets	247,693,153	250,528,341
Total Noncurrent Assets	10,548,412,838	10,565,910,147
TOTAL ASSETS	14,163,651,329	13,972,156,342
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	1,574,866,002	1,222,657,329
Lease Liabilities	1,917,388	1,848,085
Security and other deposits	130,599,597	96,987,598
Bonds Payable - net	5,990,283,712	
Total Current Liabilities	7,697,666,698	1,321,493,012
Noncurrent Liabilities		
Bonds Payable - net		5,987,044,949
Lease liabilities - net of current portion	26,040,783	25,990,097
Security and other deposits - net of current portion	621,954,236	654,002,829
Total Noncurrent Liabilities	647,995,020	6,667,037,875
TOTAL LIABILITIES	8,345,661,718	7,988,530,887
EQUITY		
Capital stock - P1 par value	2,446,388,997	2,446,388,997
Additional paid-in capital	2,518,356,922	2,518,356,922
Retained earnings - beginning	853,243,692	1,018,850,691
Remeasurement (Loss)/Gain-OCI		28,845
Total Equity	5,817,989,611	5,983,625,455
TOTAL LIABILITIES & EQUITY	14,163,651,329	13,972,156,342

b.2 Statement of Comprehensive Income

	Quarter Ended March 31, 2022
	Unaudited
REVENUES	
Rental income	611,161,418
Others	212,264,881
	823,426,299
COST AND EXPENSES	
Utilities	54,119,276
Depreciation and amortization	99,402,994
Rental expense	63,900,589
Manpower and service cost	42,809,762
Repairs and maintenance	31,262,741
Taxes and licenses	18,737,242
Insurance	472,957
Service and management fees	55,343,920
Others	3,345,155
	369,394,636
OTHER INCOME (CHARGES)	
Interest income	7,888,901
Interest and other financing charges	(79,564,773)
Other income (charges) - net	(500)
	(71,676,372)
INCOME BEFORE INCOME TAX	382,355,291
PROVISION FOR (BENEFIT FROM) INCOME TAX	
Current	-
Deferred	-
	-
NET INCOME	382,355,291
OTHER COMPREHENSIVE INCOME	
TOTAL COMPREHENSIVE INCOME	382,355,291
BASIC/DILUTED EARNINGS PER SHARE	0.08

b.3 Income from Related Parties for the three months ended March, 2022

Affiliate	Amount
FESTIVAL SUPERMALL INC.	656,786
FILINVEST ALABANG, INC.	19,255,526
FILINVEST LAND, INC.	9,325,287
FILINVEST HOSPITALITY CORPORATION	1,798,979
CHROMA HOSPITALITY INC.	1,781,344
CORPORATE TECHNOLOGIES INCORPORATED	616,522
Total	33,434,444

b.4 Statement of Cash Flows for the Three Months Ended 31 March 2022

Three Months Period Ended March 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Income before income tax	382,355,291
Adjustments for:	
Depreciation	91,631,478
Interest Expense	79,564,773
Gain on derecognition of lease liability	-
Interest income	(7,888,901)
Operating income before changes in operating assets and liabilities	545,662,641
Changes in operating assets and liabilities	
Decrease (Increase) in:	
Receivables	(53,207,694)
Other current assets	(105,482,492)
Increase in:	
Accounts payable and accrued expenses	680,357,728
Other current liabilities	33,772,606
Security Deposits	32,474,605
Other noncurrent liabilities	(416,681,184)
Net cash generated from operations	716,896,210
Interest received	7,888,901
Income tax paid	(21,872,968)
Net cash provided by operating activities	702,912,143
Additions to:	
Noncurrent assets held for distribution	
Investment properties	3,352,599
Property and equipment	(7,453,046)
Intangible assets	3,055,954
Other noncurrent assets	-
Advances to Contractors	2,105,899
Cash used in investing activities	1,061,406
CASH FLOW FROM FINANCING ACTIVITIES	
Payment of cash dividend	(547,991,135)
Interest	(76,326,010)
Principal portion of lease liabilities	(91,304)
Cash provided by financing activities	(624,408,450)
NET INCREASE IN CASH AND CASH EQUIVALENTS	79,565,100
CASH AND CASH EQUIVALENTS AT BEGINNING	
OF YEAR	2,587,195,631
CASH AND CASH EQUIVALENTS AT END	
OF YEAR	2,666,760,731

b.5 Financial Performance Indicators as of 31 March 2022

Financial Ratios	Particulars	Period ended March 31, 2022
Earnings per Share	<u>Net Income</u> Weighted Ave. number of outstanding shares	0.08
Current Ratio	<u>Current Asset</u> Current Liabilities	0.47 : 1
Debt Ratio	<u>Total liabilities</u> Total assets	0.59 : 1

Financial Ratios	Particulars	Period ended March 31, 2022
Debt to Equity Ratio	<u>Long Term Debt</u> Total Stockholder's Equity	1.03 : 1
Earnings before income tax, interest and other financing charges, depreciation and amortization (EBITDA) to total interest paid	<u>EBITDA</u> Total interest paid	7.25 : 1
Quick Asset Ratio	<u>Current assets – Inventories</u> <u>Current liabilities</u>	0.47 : 1
Solvency ratio	<u>Net Income + Depreciation</u> <u>Total liabilities</u>	0.06: 1
Interest coverage ratio	Income before income tax (IBIT) + interest and other financing charges	6.33 : 1
Net profit margin	<u>Net Income</u> <u>Revenue</u>	0.46 : 1
Return on equity	<u>Net Income</u>	0.07: 1

As of March 31, 2022, the fair value of the deposited properties amounted to P52,505.2 million resulting to a debt ratio of 11.4%.

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 44,159.6 million. NAV per share is 9.03.

C. CASH DIVIDEND DECLARATIONS

As of March 31, 2022, FILRT distributed total cash dividends of Php547,991,135 equivalent to Php0.112 per outstanding common share. Details are as follows:

Declaration Date	Description	Dividend Amount	Dividend per Share	Payment Date
03/02/2022	Stockholders of record as of February 15, 2022	Php 547,991,135	Php 0.112	03/20/2022

The Company is compliant with Section 4 of the Implementing Rules and Regulations of the Real Estate Investment Trust (REIT) Act of 2009 (R.A. No. 9856) particularly on dividend distribution which requires a minimum of 90% of its distributable income for the related period.

D. INVESTMENT RETURN

The dividend distribution for 1st Qtr 2022 represents an annualized dividend yield of 6.40% based on the IPO price. Taking into account the market price appreciation since its IPO on August 12, 2021, FILRT provided a total return of 9.26% to its IPO investors as of March 31, 2022.

Dividend distribution

Cash Dividend per share distributed 1Q 2022	Php 0.112
Cash Dividend per share annualized	Php 0.448
Price per share at IPO	Php 7.00
Price per share at end-March 2022	Php 7.20

Annualized Dividend Yield at IPO Price	6.40%
Annualized Dividend Yield at end-March 2022 price	6.22%

Total Return to investor:

Actual Dividend yield	6.40%
Market Price appreciation	2.86%
Total Investment return	<u>9.26%</u>

Comparative Benchmark:

2021 Forecasted Dividend Yield Per FILRT REIT Plan	6.30%
2022 Forecasted Dividend Yield Per FILRT REIT Plan	6.60%
Average Philippine REITs	5.70%

Subsequently, on April 20, 2022, the Board of Directors of FILRT approved the dividend declaration to all stockholders amounting to Php0.116 per outstanding common share. The amount is equivalent to an annualized yield of 6.6% or a quarterly yield of 1.65%. This is in line with the annualized dividend yield forecast for 2022 in its REIT Plan based on its IPO price of Php7.00 per share.

E. CURRENT SHARE PRICE AND MARKET CAPITALIZATION AS OF MARCH 31, 2022

Number of Outstanding Shares:	4,892,777,994
Market Price per Share:	Php7.20
Market Capitalization:	Php35,200 million

F. ASSET PERFORMANCE

The table below shows the occupancy rates of the buildings under FILRT YTD-Mar 2022:

	BUILDING	GLA	OCCUPANCY RATE
1	Plaza A	10,860	100%
2	Plaza B	6,488	79%
3	Plaza C	6,540	100%
4	Plaza D	10,860	83%
5	Plaza E	14,860	100%
6	Capital One	18,000	100%
7	5132 Building	9,409	100%
8	iHub1	9,481	60%
9	1Hub2	14,181	100%
10	Filinvest One	19,637	100%
11	Filinvest Two	23,784	100%
12	Filinvest Three	23,784	45%
13	Vector One	17,764	95%
14	Vector Two	17,889	100%
15	Vector Three	36,345	68%
16	Axis Tower One	40,870	89%
17	Cyberzone Cebu Tower 1	20,612	99%
	TOTAL	301,362	88%

G. OTHER PERFORMANCE METRICS

The table below shows the tenancy mix as of March 31, 2022. Bulk or 90.8% of FILRT’s tenants belong to the resilient and robust BPO sector.

Tenant Mix	Percentage
	As of end March 2021
BPO	90.8%
Traditional	7.7%
Retail	0.6%
POGO	0.9%
Total Leased	100.0%

H. INDUSTRY UPDATE

Opening up of Economy

Due to the pandemic, BPO locators, which comprise majority of occupiers of FILRT buildings, were allowed to have 90% Work From Home (WFH) and 10% Work In Office (WIO) arrangement

The Fiscal Incentives Review Board (FIRB), a government agency that oversees the administration and grant of tax incentives by the Investment Promotion Agencies (IPAs) pursuant to Section 297 of the Republic Act (RA) No. 11534, otherwise known as the “Corporate Recovery and Tax Incentives for Enterprises Act” or “CREATE”, has issued FIRB Resolution Nos. 19-21 and 23-21 which allows Registered Business Enterprises (RBEs) of the Information Technology – Business Process Management (IT-BPM) sector to continue implementing WFH arrangements without adversely affecting their fiscal incentives until March 31, 2022.

The BIR issued Revenue Circular No. 23-2022 last February 18, 2022 wherein the coverage is all RBEs in the IT-BPM sector who opted to continue implementing WFH arrangements amidst COVID-19 pandemic. The non-compliance with all the conditions prescribed under FIRB Resolution Nos. 19-21 and 23-21 shall be meted with suspension of the income tax incentive on the revenue corresponding to the months of non-compliance.

The Philippine Economic Zone of the Philippines (PEZA) however, will implement a WFH based on 70/30 threshold based on workforce from April to September 2022. If within the 30% threshold, shall be subject to applicable incentives. A memorandum circular will be released by PEZA.

The move of the FIRB, BIR, and PEZA to increase the allowable WIO arrangement is a very good signal of re-opening of the economy which restore the relevance of office spaces, increase occupancies, and move forward with the locators’ expansion plans.

Office Industry Benchmarks

With an occupancy rate of 88% as of March 31, 2022, FILRT properties performed better than industry occupancy rates at its particular locations, namely Alabang and Cebu. FILRT’s rental rates for Alabang and Cebu are within industry range.

	Alabang	Cebu
Supply Occupancy rate	79%	77%
Supply Rental Rate range/sq. m	₱ 600-880	₱ 550-800

Source: Colliers International Q1 2022 Property Market Briefing

I. CURRENT VALUATION OF FILRT PROPERTIES

The Properties were valued by Asian Appraisal as of March 31, 2021. We believe that there are no material changes in the valuation of the assets as of the end of March 2022. Breakdown is shown below:

Property	Valuation (₱ millions)	Percentage of Total Valuation (%)
Axis Tower 1	6,442.0	13.3%
.....		
Filinvest One	3,423.3	7.0%
.....		
Filinvest Two	4,180.0	8.6%
.....		
Filinvest Three	3,716.1	7.6%
.....		
Vector One	2,768.8	5.7%
.....		
Vector Two	3,134.1	6.5%
.....		
Vector Three	6,053.1	12.5%
.....		
Plaza A	1,655.0	3.4%
.....		
Plaza B	893.4	1.8%
.....		
Plaza C	1,034.4	2.1%
.....		
Plaza D	1,483.1	3.1%
.....		
Plaza E	2,421.0	5.0%
.....		
iHub1	1,449.0	3.0%
.....		
iHub2	2,335.6	4.8%
.....		
5132 Building	1,442.9	3.0%
.....		
Capital One	2,997.8	6.2%
.....		
Cebu Tower 1	3,117.7	6.4%
.....		

CERTIFICATION

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

By:

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


DANIEL ANG TAN CHAI
President and Chief Executive Officer


DANILO CALILAP
Treasurer and CFO

SUBSCRIBED AND SWORN to before me this MAY 13 2022 at Mandaluyong City with the Affiants exhibiting to me their identification documents as follows:

Name	Competent Evidence of Identity	Date and Place Issue
FREIT Fund Managers, Inc. <i>Represented by:</i> Daniel Ang Tan Chai	Passport ID No. P0759790B	February 20, 2019 / DFA NCR Central
Daniilo Calilap	Unified Multi-Purpose ID No. CRN-0003-6310779-2	

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Book No. 14;
Series of 2022.

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