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(Company's Full Name)

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

c/o Atty. Katrina O. Clemente-Lua

Contact Person

7918-8188

Company Telephone Number

Preliminary Information Statement

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Month

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Day

Fiscal Year

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FORM TYPE

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Month

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Day

Annual Meeting

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Secondary License Type; If Applicable

C	F	D
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Dept. Requiring this Doc.

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Amended Articles Number / Section

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Total No. of Stockholders

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

Cashier

<p>STAMPS</p>

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NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO ALL STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the Annual Stockholders' Meeting of **FILINVEST REIT CORP.** ("FILRT") will be conducted virtually on **April 20, 2022 (Wednesday)** at **9:00 AM** at which meeting the following matters shall be taken up:

- I. Call to Order
- II. Proof of Notice of Meeting
- III. Certification of Quorum
- IV. Approval of the Minutes of Annual Stockholders' Meeting held on November 18, 2021
- V. Presentation of the Management's Report
- VI. Ratification of the Audited Financial Statements for the year ended December 31, 2021
- VII. General Ratification of the Acts, Resolutions and Proceedings of the Board of Directors, Board Committees and Management up to April 20, 2022
- VIII. Election of the Members of the Board of Directors, including three (3) Independent Directors, to serve for 2022-2023
- IX. Appointment of the External Auditor
- X. Amendment of By-laws
- XI. Other Matters
- XII. Adjournment

In view of the current circumstances, stockholders may attend and participate in the meeting only by remote communication, voting *in absentia* and/or appointing the Chairperson of the meeting as their proxy. The procedure and requirements for online registration for remote communication and voting *in absentia* are explained in the Information Statement.

Only Stockholders of Record as of 5:00 PM of 2 March 2022 shall be entitled to vote at this meeting. Votes cast remotely or *in absentia* should be received by the Corporation on or before 12 April 2022.

Stockholders who wish to vote by proxy shall submit the same on or before 12 April 2022 to the Office of the Corporate Secretary, located at Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City 1550, Metro Manila on or by email to FILRTASM@filinvestreit.com. A proxy submitted by a corporation should be accompanied by a Corporate Secretary's certificate quoting the board resolution designating a corporate officer to execute the proxy. In addition to the above requirement for corporations, a proxy

form given by a broker or custodian bank in respect of shares of stock carried by such broker or custodian bank for the account of the beneficial owner must be accompanied by a certification under oath stating that the broker or custodian bank has obtained the written consent of the account holder.

PLEASE NOTE THAT THE CORPORATION IS NOT SOLICITING PROXIES.

The Corporation's Information Statement, Management Report, and 2021 Audited Financial Statements will be made available in the company website at <https://www.filinvestreit.com/> and in the Philippine Stock Exchange EDGE disclosure system no later than 28 March 2022. Pursuant to SEC Memorandum Circular No. 6, Series of 2020, please be informed that there will be a visual and audio recording of the meeting.

Please be guided accordingly.



KATRINA O. CLEMENTE-LUA
Assistant Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

**INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:
 Preliminary Information Statement
 Definitive Information Statement
2. Name of Registrant as specified in its charter: **FILINVEST REIT CORP.**
3. Province, country or other jurisdiction of incorporation or organization:
Philippines
4. SEC Identification Number: **A200000652**
5. BIR Tax Identification Code: **204-863-416**
6. Address of principal office: **5th to 7th Floors, Vector One Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City, Metro Manila**
Postal Code: **1781**
7. Registrant's telephone number, including area code: **(02) 8846 0278**
8. Date, time and place of the meeting of security holders:
Date: **April 20, 2022 (Wednesday)**
Time: **9:00 a.m.**
Place: **No physical meeting**
Online web address for registration for remote participation and voting:
https://shareholders.filinvest.com.ph/FILRT_SHAREHOLDERSYSTEM
9. Approximate date on which the Information Statement is first to be sent or given to security holders:
On or before March 28, 2022
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Common Shares of Stock Outstanding	Amount of Debt Outstanding
Common Bonds Payable	4,892,777,994	P5,987,044,948.87

11. Are any or all of registrant's securities listed in a Stock Exchange? **Yes**

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

The Philippine Stock Exchange, Inc. - common shares

**WE ARE NOT ASKING FOR A PROXY AND YOU ARE REQUESTED
NOT TO SEND US A PROXY**

PART I

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Annual Meeting of Stockholders

- (a) The annual stockholders' meeting of **FILINVEST REIT CORP.** (the "Company" or "FILRT") is scheduled to be held on **April 20, 2022** at **9:00 a.m.** through virtual meeting.

The complete mailing address of the principal office of the Company is at the 5th to 7th Floors, Vector One Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City, Metro Manila.

- (b) This information statement shall be sent or given to stockholders no later than **March 28, 2022**.

Item 2. Dissenters' Right of Appraisal

A stockholder of the Company has the right to dissent and demand payment of the fair value of his shares in the following instances: (a) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares or any shares of any class, or of extending or shortening the term of corporate existence; (b) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code of the Philippines (the "Revised Corporation Code"); (c) in case of investment of corporate funds in any other corporation or business or for any purpose other than the Company's primary purpose; and (d) in case of merger or consolidation.

The stockholder concerned must have voted against the proposed corporate action in order to avail himself of the appraisal right. As provided in the Revised Corporation Code, the procedure in the exercise of the appraisal right is as follows:

- a. The dissenting stockholder files a written demand within thirty (30) days after the date on which the vote was taken. Failure to file the demand within the thirty-day period constitutes a waiver of the right. Within ten (10) days from demand, the dissenting stockholder shall submit the stock certificate/s to the Company for notation that such shares are dissenting shares. From the time of the demand until either the abandonment of the corporate action in question or the purchase of the shares by the Company, all rights accruing to the shares shall be suspended, except the stockholder's right to receive payment of the fair value thereof.
- b. If the corporate action is implemented, the Company shall pay the stockholder the fair value of his shares upon surrender of the corresponding certificate/s of stock. Fair value is determined by the value of the shares of the Company on the day prior to the date on which vote is taken on the corporate action, excluding any appreciation or depreciation in value in anticipation of the vote on the corporate action.

- c. If the fair value is not determined within sixty (60) days from the date of the vote, it will be determined by three (3) disinterested persons (one chosen by the Company, another chosen by the stockholder, and the third one chosen jointly by the Company and the stockholder). The findings of the appraisers will be final, and their award will be paid by the Company within thirty (30) days following such award, provided the Company has sufficient unrestricted retained earnings. Upon such payment, the stockholder shall forthwith transfer his shares to the Company. No payment shall be made to the dissenting stockholder unless the Company has unrestricted retained earnings sufficient to cover such payment.
- d. If the stockholder is not paid within thirty (30) days from such award, his voting and dividend rights shall be immediately restored.

There is no matter to be taken up at the annual meeting on **April 20, 2022** which would entitle a dissenting stockholder to exercise the right of appraisal.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- (a) No director or executive officer of the Company or nominee for election as such director or officer has any substantial interest, direct or indirect, in any matter to be acted upon at the annual stockholders' meeting, other than election to office (in the case of directors).
- (b) Likewise, none of the directors has informed the Company of his opposition to any matter to be taken up at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- (a) As of February 28, 2022, the total number of shares outstanding and entitled to vote in the annual stockholders' meeting is 4,892,777,994 common shares. Each share is entitled to (1) one vote in accordance with the By-Laws of the Company.
- (b) The record date for purposes of determining the stockholders entitled to vote is **March 2, 2022**.
- (c) Stockholders are entitled to cumulative voting in the election of directors of the Company, as provided for in the Revised Corporation Code. Under Section 23 of the Revised Corporation Code, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit: Provided, That the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the whole number of directors to be elected. The stockholder must be a stockholder of record as of March 2, 2022 in order that he may exercise cumulative voting rights. There are no conditions precedent to the exercise of the stockholders' cumulative voting right.

(d) Security Ownership of Certain Record and Beneficial Owners

The names, addresses, citizenship, number of shares held, and percentage to total of persons owning more than five percent (5%) of the outstanding voting shares of the Company as of February 28, 2022 are as follows:

Title of Class	Name and Address of Record Owner/ Relationship with Company	Name of Beneficial Owner/ Relationship with Record Owner	Citizenship	No. of Shares Held	% Held
Common	Filinvest Land, Inc. Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City, Metro Manila Majority Owner of the Company	FLI ¹	Filipino	3,095,498,345 (D)	63.27%

Except as stated above, the Board of Directors and Management of the Company have no knowledge of any person who, as of the date of the annual report, was directly or indirectly the beneficial owner of more than five percent (5%) of the Company's outstanding shares or who has voting power or investment power with respect to shares comprising more than five percent (5%) of the Company's outstanding common stock.

Total number of shares of all record and beneficial owners is 4,892,777,994 common shares representing 100% of the total issued and outstanding common shares.

As of February 28, 2022, 95,350,050 common shares or 1.95% of the outstanding common shares of the Corporation are owned by foreigners.

The names, citizenship, number of shares held and percentage to total of persons forming part of the Board and Management of the Company as of February 28, 2022 are as follows:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percentage of Ownership
Common	Lourdes Josephine Gotianun-Yap	2 (D) 900,000 (I)	Filipino	Negligible 0.02%
Common	Maricel Brion-Lirio	6,002 (D) 0 (I)	Filipino	Negligible
Common	Tristaneil D. Las Marias	2 (D) 0 (I)	Filipino	Negligible
Common	Francis Nathaniel C. Gotianun	2 (D) 0 (I)	Filipino	Negligible
Common	Val Antonio B. Suarez	2 (D) 0 (I)	Filipino	Negligible
Common	Virginia T. Obcena	2 (D) 0 (I)	Filipino	Negligible
Common	Gemilo J. San Pedro	2 (D) 0 (I)	Filipino	Negligible

¹ Stockholders are the beneficial owners. Ms. Lourdes Josephine Gotianun-Yap is typically appointed by Filinvest Land, Inc. ("FLI") as its representative, with authority to vote FLI's shares in stockholders' meetings of FILRT.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percentage of Ownership
Common	Ana Venus A. Mejia	100,000 (D) 70,000 (I)	Filipino	Negligible Negligible
N. A.	Sharon P. Pagaling-Refuerzo	0	Filipino	N. A.
N.A.	Maria Victoria Reyes-Beltran	50,000 (I)	Filipino	Negligible Negligible
N. A.	Raymond Wilfred L. Castañeda	0	Filipino	N. A.
N. A.	Patricia Carmen D. Pineda	0	Filipino	N. A.
N. A.	Katrina O. Clemente-Lua	0	Filipino	N. A.
	TOTAL	106,014 (D) 1,020,000 (I)		Negligible 0.02%

There is no person who holds more than five percent (5%) of the common stock under a voting trust or similar agreement.

No change in control of the Company has occurred since the beginning of its last fiscal year.

Item 5. Directors and Principal Officers

Members of the Board serve for a term of one (1) year and until their successors shall have been duly elected and qualified. The business experience of the directors and officers of the Company named below covers at least the past five (5) years.

The record of attendance of the directors at the meetings of the Board of Directors held in 2021 is as follows:

Directors	No. of Board Meetings Held	No. of Board Meetings Attended	Percent Present
Lourdes Josephine Gotianun-Yap	15	15	100%
Maricel Brion-Lirio*	14	14*	100%
Tristaneil D. Las Marias	15	15	100%
Francis Nathaniel C. Gotianun**	7	7**	100%
Val Antonio B. Suarez (Independent Director)	15	15	100%
Virginia T. Obcena (Independent Director)	15	15	100%
Gemilo J. San Pedro (Independent Director)**	7	7**	100%

* First elected as Director of the Company on February 11, 2021. After her election as director, the Board held a total of fourteen (14) meetings until December 31, 2021.

** First elected as Director of the Company on September 30, 2020, subject to the approval of the Philippine SEC of the increase in the Company's number of directors. Their appointment as Directors of the Company became effective on July 2, 2021. After their election as directors, the Board held a total of seven (7) meetings until December 31, 2021.

The following are the current directors and executive officers of the Company:

<p>Lourdes Josephine Gotianun-Yap <i>Chairperson of the Board of Directors</i></p>	<p>Mrs. Yap, 66, Filipino, was elected as Chairperson of the Board of FILRT on February 11, 2021. She has been a director of FILRT since 2001. She is also a Director, President and Chief Executive Officer of Filinvest Development Corporation (FDC) and Filinvest Land, Inc. (FLI), and a Director in Eastwest Banking Corporation (EWBC), all publicly-listed companies. She is the Chairperson and CEO of Filinvest Alabang, Inc. (FAI), a director of FDC Utilities, Inc. (FDCUI) and in other companies within the Filinvest Group. She obtained her Master's Degree in Business Administration from the University of Chicago in 1977.</p>
<p>Maricel Brion-Lirio <i>Director, President and Chief Executive Officer</i></p>	<p>Ms. Lirio, 52, Filipino, was first elected as Director, President and Chief Executive Officer of FILRT on February 11, 2021. Prior to that, she was the Executive Vice-President and Chief Operating Officer of FILRT and Senior Vice President-Offices and Vice President-Project Group Head of FAI. She was also formerly a Senior Assistant Vice President and Marketing Director for Philam Properties Corporation, National Sales Manager for Triumph International (Phils.) Inc., Marketing and Leasing Manager of D.C. Realty and Finance Corp., Marketing Services and Customer Relations Manager of Mazda and BMW Philippines and a money market trader of CityTrust Banking Corp., a Citibank N.A. subsidiary. She obtained her Bachelor's Degree in Mass Communications from Assumption College Makati. She also attended the Business Management Program of Asian Institute of Management and earned units in the Graduate School of Management at the University of San Francisco, California.</p>
<p>Tristaneil D. Las Marias <i>Director</i></p>	<p>Mr. Las Marias, 47, Filipino, was first elected as Director of FILRT on September 30, 2020. He also serves as the Executive Vice-President and Chief Strategy Officer of FLI. He is also the Chairman of FREIT Fund Managers, Inc., President of Property Specialist Resources, Inc. and a director in other companies under the Filinvest Group. He started in 1997 as Head of Regional Projects and went on to hold a higher position as Senior Vice-President and Cluster Head for Visayas and Mindanao projects as well as Southwest and Central Luzon of FLI. Prior to joining the Filinvest Group, he was Assistant Vice President and Head of Marketing and Business Development of Landtrade Properties and Marketing Corporation and a Project Officer of Landco Pacific Corporation. He obtained his Bachelor of Arts, Major in Management Economics degree from Ateneo de Manila University</p>
<p>Francis Nathaniel C. Gotianun <i>Director</i></p>	<p>Mr. Gotianun, 38, Filipino, was first elected as Director of the Company on September 30, 2020. However, his appointment as Director of the Company became effective only on July 2, 2021 after the approval by the Securities and Exchange Commission of the Company's Amended Articles of Incorporation increasing the number of directors from 5 to 7. He is the Senior Vice-President of Filinvest Hospitality Corporation, a subsidiary of FDC, the primary role of which is to evaluate, plan,</p>

	<p>develop and optimize potential and current hospitality investments of the Filinvest Group. He serves as a director of Filinvest Mimosa, Inc. and as the President and CEO of The Palms Country Club Inc. and Chairman of ProOffice Work Services, Inc. and Pro-Excel Property Managers, Inc. He is also a director of FLI, a publicly-listed company. He obtained his Bachelor's Degree in Commerce from the University of Virginia in 2005 and his Master's in Business Administration degree in IESE Business School – University of Navarra in 2010.</p>
<p>Val Antonio B. Suarez <i>Independent Director</i></p>	<p>Mr. Suarez, 63, Filipino, is an independent director of FILRT, having been first elected on April 6, 2017. He is the Managing Partner of the Suarez & Reyes Law Offices and was the former President and Chief Executive Officer of The Philippine Stock Exchange, Inc. Mr. Suarez is also an independent director of FDC, FLI and Lepanto Consolidated Mining Company, all publicly listed companies, and a member of the Integrated Bar of the Philippines (Makati Chapter) and the New York Bar. He obtained his Bachelor of Laws degree from the Ateneo de Manila University Law School and a Master of Laws degree from Georgetown University Law Center.</p>
<p>Virginia T. Obcena <i>Independent Director</i></p>	<p>Ms. Obcena, 74, Filipino, was first elected as an independent director of FILRT on July 17, 2019. She is also an independent director of FDC, a publicly-listed company. She is a member of the Friends of the Philippine General Hospital (FPGH), a non-stock, non-profit organization. She served as independent director and head of the Audit Committee of the Capital Markets Integrity Corporation. She was a former partner, member of the management committee and head of quality and risk management at SyCip Gorres Velayo & Co. (SGV & Co.). She obtained her Bachelor of Science in Business Administration degree, Magna cum Laude, at the University of the East and her Master in Business Administration degree at the University of the Philippines. She is a Certified Public Accountant.</p>
<p>Gemilo J. San Pedro <i>Independent Director</i></p>	<p>Mr. San Pedro, 68, Filipino, was first elected as Director of the Company on September 30, 2020. However, his appointment as Director of the Company became effective only on July 2, 2021 after the approval by the Securities and Exchange Commission of the Company's Amended Articles of Incorporation increasing the number of directors from 5 to 7. He has 38 years of experience in public accounting and business advisory services. Prior to his retirement on 30 June 2015, he served various leadership roles at SGV & Co. He was a partner in SGV & Co. from 1991 to 2015 and Professional Practice Director and Quality and Risk Management Leader from 2004 to 2015. He is also an independent director of FLI, a publicly-listed company. He finished his Bachelor of Science in Commerce-Major in Accounting degree at Rizal Memorial Colleges, Davao City, in 1976. He obtained his Master of Business Administration, concentration in Finance and International Business, at the Graduate School of Business, New York University, (now Stern Graduate School) USA, in 1983.</p>

<p>Ana Venus A. Mejia <i>Treasurer and Chief Finance Officer</i></p>	<p>Ms. Mejia, 56, Filipino, is the Treasurer and Chief Finance Officer of FILRT. She also serves as the First Senior Vice President, Treasurer and Chief Finance Officer of FLI. She also serves as Chairman and director in various entities within the Filinvest Group. Prior to joining Filinvest, she worked with Shoemart and SGV & Co. She is a Certified Public Accountant and a <i>magna cum laude</i> graduate of Pamantasan ng Lungsod ng Maynila. She obtained her Master's Degree from the Kellogg School of Management of Northwestern University and the School of Business and Management at the Hong Kong University of Science and Technology.</p>
<p>Katrina O. Clemente-Lua <i>Assistant Corporate Secretary and Corporate Information Officer</i></p>	<p>Ms. Clemente-Lua, 38, Filipino, was appointed as FILRT's Assistant Corporate Secretary on February 15, 2022 and Corporate Information Officer on March 15, 2022. She joined the Corporate and Tax Advisory Division of the Legal Department of FLI in October 2018. Prior to joining FLI, she served as the Legal Counsel of Philippine Stratbase Consultancy, Inc. and Executive Director of Stratbase ADR Institute. She was previously an associate of Carag Jamora Somera & Villareal Law Offices as well as Senior Corporate Affairs Officer of Anchor Land Holdings. She obtained her Bachelor of Arts degree in Legal Management from De La Salle University and her Juris Doctor degree from Ateneo de Manila University.</p>
<p>Maria Victoria Reyes-Beltran <i>Compliance Officer</i></p>	<p>Ms. Reyes-Beltran, 55, Filipino was appointed as Compliance Officer of FILRT on November 18, 2021. She also serves as Senior Vice-President – General Counsel and Compliance Officer of FLI. Prior to joining FLI, she served as Director of the Office of Internal Legal Counsel of R.G. Manabat & Co., a professional partnership firm affiliated with KPMG International. She also served as General Counsel of the Corporate Legal Unit of JG Summit Holdings, Inc. and Universal Robina Corporation, its subsidiaries, and regional operations in Southeast Asia as well as Corporate Secretary of the printed media unit of the group. She obtained her Bachelor of Arts degree major in Philosophy from the University of the Philippines and her Bachelor of Laws degree from San Beda College of Law. She completed her Master of Laws in International Commercial Law at the Ateneo School of Law and course on Structuring International Joint Venture at the University of California, Davis Campus.</p>
<p>Raymond Wilfred L. Castañeda <i>Data Protection Officer</i></p>	<p>Mr. Castañeda, 45, Filipino, is the Data Privacy Officer of FILRT. He concurrently serves as President and Chief Operations Officer of Corporate Technologies Incorporated. He has twenty-two (22) years combined experience in different areas covering sales and marketing, information technology, strategy and general management. He was previously the Chief Information Officer and Head of IT for Petron Corporation. Prior to his experience in the Oil and Gas industry, he was with the fast-moving consumer goods business where he was involved in the digital transformation of the multinational companies such as Unilever, Johnson and Johnson and SC Johnson. He graduated from the Ateneo de Manila University, with a degree in BS Management Information Systems in 1999.</p>

Patricia Carmen D. Pineda <i>Investor Relations Officer</i>	Ms. Pineda, 48, Filipino, is the Investor Relations Officer of FILRT. She also serves as the Senior Assistant Vice-President and Group Investor Relations Head of FDC. She was previously the Head of Investor Relations for Metropolitan Bank & Trust Company. She also served as the Head of Investor Relations Concurrent Head of Controllershship and Analysis for Manila Water Company, Inc. and Investor Relations Manager for Ayala Land, Inc. She holds a Bachelor of Science degree, major in Economics from the University of the Philippines, and a Master of Science degree in Finance from the same university.
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A Certification on the nature of government involvement of the above-named directors and officers is attached hereto as **Annex “A”**.

The members of the board committees, pursuant to appointments made during the organizational meeting of the Board of Directors of the Company on November 18, 2021 are as follows:

Audit & Risk Management Oversight Committee	Virginia T. Obcena (Chairperson and Independent Director), Val Antonio B. Suarez (Independent Director) and Gemilo J. San Pedro (Independent Director)
Compensation Committee	Val Antonio B. Suarez (Chairman and Independent Director), Lourdes Josephine Gotianun-Yap, and Virginia T. Obcena (Independent Director)
Corporate Governance Committee	Val Antonio B. Suarez (Chairman and Independent Director), Virginia T. Obcena (Independent Director), and Gemilo J. San Pedro (Independent Director)
Related-Party Transaction Committee	Virginia T. Obcena (Chairperson and Independent Director), Val Antonio B. Suarez (Independent Director), and Gemilo J. San Pedro (Independent Director)

The directors of the Company are elected at the annual stockholders’ meeting to hold office for one (1) year or until their respective successors shall have been duly elected and qualified. Officers are appointed or elected by the Board of Directors typically at its first meeting following the annual stockholders’ meeting, each to hold office until his successor shall have been duly elected or appointed and qualified.

There will be an election of the members of the Board during the annual stockholders’ meeting. The stockholders of the Company may nominate individuals to be members of the Board of Directors. The deadline for submission of nominees was on March 07, 2022.

All nominations for directors, including the independent directors, shall be addressed to and received by:

THE NOMINATIONS COMMITTEE
c/o THE CORPORATE SECRETARY
FILINVEST REIT CORP.
Filinvest Building, 79 EDSA, Highway Hills
Mandaluyong City 1550, Metro Manila

and signed by the nominating stockholder/s together with the acceptance and conformity by the nominees. All nominations should include (i) the *curriculum vitae* of the nominee, (ii) a statement that the nominee has all the qualifications and none of the disqualifications, (iii) information on the relationship of the nominee to the stockholder submitting the nomination, and (iv) all relevant information about the nominee's qualifications.

The Corporate Governance Committee, acting as the Nominations Committee, created under the Company's Revised Manual on Corporate Governance (the "Revised Manual") endorses the nominees of FILRT to the Board of Directors for reelection/election at the upcoming annual stockholders' meeting, in accordance with the qualifications and disqualifications set forth in the Company's Revised Manual, as follows:

Qualifications

- (1) He is a holder of at least one (1) share of stock of the Company;
- (2) He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
- (3) He shall be at least twenty-one (21) years old;
- (4) He shall have proven to possess integrity and probity; and
- (5) He shall be assiduous.

Permanent Disqualifications

The following shall be permanently disqualified for election as director:

- (1) Within five (5) years prior to the election or appointment, the director, trustee, or officer was convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years;
- (2) Within the tenure, the director, trustee, or officer was convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years;
- (3) Within five (5) years prior to the election or appointment, the director, trustee, or officer was convicted by final judgment for violating the Revised Corporation Code;
- (4) Within the tenure, the director, trustee, or officer was convicted by final judgment for violating the Revised Corporation Code;
- (5) Within five (5) years prior to the election or appointment, the director, trustee, or officer was convicted by final judgment for violating the Securities Regulation Code;
- (6) Within the tenure, the director, trustee, or officer was convicted by final judgment for violating the Securities Regulation Code;
- (7) Within five (5) years prior to the election or appointment, the director, trustee, or officer was found administratively liable, by final judgment, for any offense involving fraudulent acts punishable under Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines, Republic Act No. 8799,

otherwise known as the Securities Regulation Code, and other laws, rules or regulations enforced or implemented by the Commission;

- (8) Within the tenure, the director, trustee, or officer was found administratively liable, by final judgment, for any offense involving fraudulent acts punishable under Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines, Republic Act No. 8799, otherwise known as the Securities Regulation Code, and other laws, rules or regulations enforced or implemented by the Commission;
- (9) Within five (5) years prior to the election or appointment, the director, trustee, or officer was convicted or found administratively liable by a foreign court or equivalent foreign regulatory authority for acts, violations or misconduct similar to those enumerated in paragraphs (a) and (b) of Section 26 of the RCC;
- (10) Within the tenure, the director, trustee, or officer was convicted or found administratively liable by a foreign court or equivalent foreign regulatory authority for acts, violations or misconduct similar to those enumerated in paragraphs (a) and (b) of Section 26 of the RCC; or
- (11) Within five (5) years prior to the election or appointment, or within the tenure, the director, trustee or officer was found administratively liable, by final judgment, for refusal to allow the inspection and/or reproduction of corporate records.

Temporary Disqualifications

The following shall be grounds for the temporary disqualification of a director:

- (1) Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists;
- (2) Absence or non-participation for whatever reason/s at more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12)-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election;
- (3) Dismissal or termination for cause as director of any Corporation as provided for in the Company's Revised Manual. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;
- (4) If the beneficial equity ownership of an independent director in the Corporation or its subsidiaries and affiliates exceed two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with;
- (5) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

Nominated Directors for 2022-2023

The Corporate Governance Committee, acting as the Nominations Committee of the Board of Directors of FILRT has determined that the following individuals possess all the qualifications and none of the disqualifications for directorship set out in the Company's Revised Manual on Corporate Governance. The list of the nominees for directors as determined by the Corporate Governance Committee shall be final and no other nominations shall be entertained or allowed after the final list of nominees is prepared.

Below is the final list of candidates prepared by the Corporate Governance Committee and the following individuals have been nominated for re-election as directors, including independent directors at the Annual Stockholders' Meeting on 20 April 2022:

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

The qualifications of the above nominees for the Board of Directors are discussed in pages 7- to 8 of this Information Statement.

Independent Directors

The Corporate Governance Committee, acting as the Nominations Committee, upon nomination by Mr. Wendel Mediarito and following the guidelines provided under the Company's Revised Manual on Corporate Governance, named Atty. Val Antonio B. Suarez, Ms. Virginia T. Obcena and Mr. Gemilo J. San Pedro as nominees for election as independent directors for this year's annual meeting. Mr. Wendel Mediarito is not related, whether by affinity or consanguinity, to any of these nominees.

The Corporate Governance Committee has determined that these nominees for independent directors possess all the qualifications and have none of the disqualifications for independent directors as set forth in the Company's Revised Manual of Corporate Governance and SEC Memorandum Circular No. 09, Series of 2011, as amended by SEC Memorandum Circular No. 04, Series of 2017.

Copies of the Certifications on the Qualifications of the Nominees for Independent Directors are attached hereto as **Annexes "B", "B-1" and "B-2"**.

Before the annual meeting, a stockholder of the Company may nominate individuals to be independent directors, taking into account the following guidelines set forth in the Company's Revised Manual on Corporate Governance:

"Independent director" means a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any corporation that meets the

requirements of Section 17.2 of the Securities Regulation Code and includes, among others, any person who:

- i. is not a director or officer or substantial stockholder of the Company or of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing);
- ii. is not a relative of any director, officer or substantial stockholder of the Company, any of its related companies or any of its substantial stockholders. For this purpose, "relative" includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
- iii. is not acting as a nominee or representative of a substantial stockholder of the Company, any of its related companies or any of its substantial stockholders;
- iv. has not been employed in any executive capacity by the Company, any of its related companies or by any of its substantial stockholders within the last two (2) years;
- v. is not retained as professional adviser by the Company, any of its related companies or any of its substantial stockholders within the last two (2) years, either personally or through his firm;
- vi. has not engaged and does not engage in any transaction with the Company or with any of its related companies or with any of its substantial stockholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial stockholder, other than transactions which are conducted at arm's length and are immaterial or insignificant.

When used in relation to the Company subject to the requirements above:

"*Related company*" means another company which is: (a) its holding company, (b) its subsidiary, or (c) a subsidiary of its holding company; and

"*Substantial shareholder*" means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

An independent director of the Company shall have the following qualifications:

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

An independent director shall be disqualified during his tenure under the following instances or causes:

- i. He becomes an officer or employee of the Company, or becomes any of the persons enumerated under item (A) hereof;
- ii. His beneficial security ownership exceeds ten percent (10%) of the outstanding capital stock of the Company;
- iii. He fails, without any justifiable cause, to attend at least fifty percent (50%) of the total number of board meetings during his incumbency unless such absences are due to grave illness or death of an immediate member of the family;

- iv. Such other disqualifications as the Company's Revised Manual may provide.

Pursuant to SEC Memorandum Circular No. 09, Series of 2011, as amended by SEC Memorandum Circular No. 04, Series of 2017, the following additional guidelines shall be observed in the qualification of individuals to serve as independent directors:

- i. There shall be no limit in the number of covered companies that a person may be elected as independent director, except in business conglomerates where an independent director can be elected to only five (5) companies of the conglomerate, i.e., parent company, subsidiary or affiliate;
- ii. The independent director shall serve for a maximum cumulative term of nine (9) years;
- iii. After which, the independent director shall be perpetually barred from re-election as such in the same company, but may continue to qualify as non-independent director;
- iv. In the instance that a company wants to retain an independent director who has served for nine (9) years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting; and
- v. The reckoning of the cumulative nine-year term is from 2012.

The Corporate Governance Committee, acting as the Nominations Committee, receives nominations for independent directors as may be submitted by the stockholders. After the deadline for the submission thereof, the Corporate Governance Committee meets to consider the qualifications as well as grounds for disqualification, if any, of the nominees based on the criteria set forth in the Company's Revised Manual on Corporate Governance, Rule 38 of the Securities Regulation Code, and SEC Memorandum Circular No. 09, Series of 2011 as amended by SEC Memorandum Circular No. 04, Series of 2017. All nominations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees. The Corporate Governance Committee shall then prepare a Final List of Candidates enumerating the nominees who passed the screening.

The name of the person or group of persons who recommends nominees as independent directors shall be disclosed along with his or their relationship with such nominees. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as independent directors. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the annual meeting.

The conduct of the election of independent directors shall be in accordance with the provisions of the Company's Revised Manual on Corporate Governance and the Amended By-laws consistent with Rule 38 of the Securities Regulation Code.

It shall be the responsibility of the Chairperson of the meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure that independent directors are elected during the annual meeting. Specific slots for independent directors shall not be filled up by unqualified nominees. In case of failure of election for independent directors, the Chairperson of the meeting shall call a separate election during the same meeting to fill up the vacancy.

Other Significant Employees

FILRT has no significant employees other than those directors and officers already mentioned above.

Family Relationships

Mr. Francis Nathaniel C. Gotianun is the nephew of Mrs. Lourdes Josephine Gotianun-Yap. Other than the foregoing, there are no other family relationships, either by consanguinity or affinity among the Company's executives and directors known to the Company.

Compensation of Directors and Executive Officers

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

Name and Principal Position	Year	Salary (₱ million)	Bonus (₱ million)	Other Annual Compensation (₱ million)	Total (₱ million)
CEO and top four (4) highest compensated officers*					
Maricel Brion-Lirio (CEO) Ana Venus Mejia (CFO, Compliance Officer) Raymond Castaneda (Data Protection Officer)	2022	-	-	-	-
Maricel Brion-Lirio (CEO) Ana Venus Mejia (CFO, Compliance Officer) Michael Mamalateo (SAVP)* Yasmin M. Dy (AVP)* Raymond Castaneda (Data Protection Officer)	2021	1.4	-	-	1.4
Lourdes Josephine Gotianun-Yap (President & CEO) Maricel Brion-Lirio (EVP) Ana Venus Mejia (Treasurer & CFO) Michael Mamalateo (SAVP) Yasmin M. Dy (AVP)	2020	7.8	1.6	0.4	9.7
All officers and directors as a group unnamed	2022	-	-	-	-
	Estimated	-	-	-	-
	2021	1.4	-	-	1.4
	2020	7.8	1.6	0.4	9.7

* Resigned on February 28, 2021.

The officers of the Company do not receive compensation from the Company and as such the officers are paid by the other entities within the Filinvest Group.

Except for a per diem of Php50,000.00 being paid to each of the independent Directors for every meeting attended, there are no other arrangements for the payment of compensation or remuneration to the Directors of the Company in their capacity as such.

There are no actions to be taken at the annual meeting of the stockholders on April 20, 2022 with respect to any bonus, profit sharing or other compensation plan, contract or arrangement, and pension or retirement plan, in which any director, nominee for election as a director, or executive officer of the Company will participate. Neither are there any proposed grants or extensions to any such persons of any option, warrant or right to purchase any securities of the Company which are subject to the approval by the stockholders at the annual stockholders' meeting.

Board Evaluation and Assessment

To ensure board effectiveness and optimal performance, the Board shall conduct annual performance evaluations of the Board of Directors, its individual members and board committees. Through the self-assessment and evaluation process, directors identify areas for improvement, such as:

1. Diversity of the board composition;
2. The frequency and conduct of meetings;
3. The timeliness and completeness of materials and information provided to them;
4. Directors' access to Management;
5. Orientation for new directors and continuing education and training for existing directors.

The criteria for Board self-assessment are:

1. Collective Board Rating
 - a) Board Composition
 - b) Board Meetings and Participation
2. Individual Self-Assessment
 - a) Individual Performance
 - b) Attendance of Board and Committee Meetings
3. Board Committees Rating
 - a) Corporate Governance Committee
 - b) Audit and Risk Management Oversight Committee
 - c) Compensation Committee
 - d) Related-Party Transaction Committee
4. Comments and Suggestions

Involvement in Certain Legal Proceedings

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

Manila Paper Mills International, Inc. Complaint

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

Certain Relationships and Related Transactions

In the normal course of business, the Company and the other members of the Filinvest Group of Companies (the "Group") enter into certain related-party transactions. The Company has entered into various transactions with related parties. 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 to as "Affiliates"). Related parties may be individuals or corporate entities.

The transactions with related parties for the year ended December 31, 2021 shall be discussed in the Company's 2021 Audited Financial Statements.

Item 7. Independent Public Accountants

The auditing firm of Sycip, Gorres, Velayo & Co. ("SGV & Co.") is the current independent auditor of the Company. The Company has not had any disagreement with SGV & Co. on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

The Company, in compliance with SRC Rule 68(3)(b)(iv) relative to the five-year rotation requirement of its external auditors has designated Ms. Wanessa Salvador as its engagement partner starting CY 2019. Ms. Salvador is thus qualified to act as such until the year 2023.

The Audit and Risk Management Oversight Committee recommended the re-appointment of SGV as the Company's external auditor for the year 2022-2023. The said recommendation was approved by the Board of Directors and will be presented for approval and ratification at the scheduled annual stockholders' meeting. The representatives of SGV & Co. shall be present at the annual meeting where they will have the opportunity to make a statement if they desire to do so. They are expected to be available to respond to appropriate questions at the meeting.

Item 8. Compensation Plan

There is no action to be taken at the annual stockholders' meeting with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed which will require stockholders' approval.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities other than for Exchange

No action will be taken at the annual stockholders' meeting with respect to authorization or issuance of securities other than for exchange.

Item 10. Modification or Exchange of Securities

There are no matters or actions to be taken up at the annual stockholders' meeting with respect to the modification of the Company's securities or the issuance or authorization for issuance of one class of the Company's securities in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

(1) Financial Statements

The Company's Audited Financial Statements for the year ended December 31, 2021 is attached herewith as **Annex "C"** to form an integral part hereof. .

(2) Management's Discussion and Analysis, or Plan of Operation

The Management's Discussion and Analysis, or Plan of Operation is attached herewith as **Annex "D"** to form an integral part hereof.

(3) Legal Proceedings

As of the date of this Information Statement, the Company is not subject to lawsuits and legal actions.

Item 12. No Action to be Taken on Mergers, Consolidations, Acquisitions and Similar Matters

No action will be taken at the annual stockholders' meeting with respect to any merger or consolidation involving FILRT, the acquisition by FILRT of another entity, going business or of all of the assets thereof, the sale or other transfer of all or any substantial part of the assets of FILRT, or the liquidation or dissolution of FILRT.

Item 13. No Action to be Taken on Acquisition or Disposition of Property

No action will be taken at the annual stockholders' meeting with respect to any acquisition or disposition of property by FILRT requiring the approval of the stockholders.

Item 14. No Action to be Taken on Restatement of Accounts

No action will be taken at the annual stockholders' meeting with respect to any restatement of any asset, capital or surplus account of FILRT.

Part III, Paragraph (B) of Annex "C", Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

- (1) There has been no change during the two (2) most recent fiscal years or any subsequent interim period in the independent accountant who was previously engaged as principal accountant to audit FILRT's financial statements.
- (2) There has been no disagreement with FILRT's independent accountants on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

Information on Independent Accountant

(a) Audit and Audit-Related Fees

The aggregate fees billed to the Company for professional services rendered by the external auditor for the examination of the financial statements amounted to Php0.40 million, and Php0.23 million, in 2021, and 2020, respectively. The Company did not pay additional fees for other services of the external auditor in 2021 and 2020.

(b) Tax Fees

There are no tax fees paid by the Company during the last four (4) years.

(c) All Other Fees

The Company did not pay the external auditors other fees for 2021. The Company paid Php1.5 million in 2020 to external auditors for professional services rendered in relation to the REIT offer.

The Audit and Risk Management Oversight Committee (the "Audit Committee"), based on the recommendation by Management, evaluates the need for such professional services and approves the engagement and the fees to be paid for the service.

(d) Approval Policies and Procedures of the Management / Audit and Risk Management Oversight Committee for Independent Accountant's Services

In giving its stamp of approval to the audit services rendered by the independent accountant and the rate of the professional fees to be paid, the Audit and Risk Management Oversight Committee, with inputs from the Management of the Company, makes a prior independent assessment of the quality of audit services previously rendered by the accountant, the complexity of the transactions subject of the audit, and the consistency of the work output with generally accepted accounting standards. Thereafter, the Audit and Risk Management Oversight Committee makes the appropriate recommendation to the Board of Directors of the Company.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

- (1) Approval of the minutes of the annual meeting of stockholders held on November 18, 2021 attached hereto as **Annex "E"**;

Rationale: To allow the stockholders to confirm that the proceedings during the ASM were recorded accurately and truthfully.

The minutes of the meeting held on November 18, 2021 can be viewed at the Company website, <https://www.filinvestreit.com/>. A copy of the minutes is also attached as **Annex "E"** of the Information Statement.

- (2) Presentation of the Management Report;

Rationale: To present to the stockholders the Company's operating performance, financial condition and outlook.

The President, Ms. Maricel Brion-Lirio, will report on the Company's 2021 performance and the outlook for 2022.

- (3) Ratification of the Audited Financial Statements for the year ended December 31, 2021;

Rationale: To apprise the stockholders of the financial results of the Company's operations in 2021.

The audited financial statements refer to the financial operations, balance sheet and income statement of FILRT as of and for the year ended December 31, 2021. The Company's audited financial statements for 2021 is attached herewith as **Annex "C"** and will be made available on the Company website.

All the above items are part of the agenda of the annual stockholders' meeting of the Company to be held on April 20, 2022 and are subject to the approval by the stockholders.

Item 16. Action to be Taken on Matters Not Required to be Submitted

There is no action to be taken at the annual stockholders' meeting with respect to any matter which is not required to be submitted to a vote of the stockholders.

Item 17. Amendment of Charter, By-laws or Other Documents

During the meeting of the Board of Directors held on March 15, 2022, where all directors were present and acted throughout, the Board unanimously approved the amendment of Article III Section 1 of the Company's By-laws to change the date of its annual meeting from "any day of May of each year" to "every second to the last Wednesday of April of each year".

Pursuant to the provisions of the Revised Corporation Code, the proposed amendment to the By-laws shall be submitted for stockholders' approval during their annual stockholders' meeting on April 20, 2022.

Item 18. Other Proposed Actions

- (1) General ratification of the acts, resolutions, and proceedings of the Board of Directors, the board committees and the Management from the date of the last annual stockholders' meeting up to the date of the upcoming meeting.

Rationale: To ratify the actions and resolutions of the Board of Directors and management.

The major acts of the Board of Directors, Board Committees and Officers include:

- (a) Appointment of the members of the board committees
- (b) Appointment of officers
- (c) Appointment and/or updating of bank signatories
- (d) Renewal/availment of bank services and credit facilities

- (e) Declaration of cash dividends
 - (f) Approval of the date of annual stockholders' meeting, record date and the agenda of the meeting
 - (g) Approval of the audited financial statements
 - (h) Appointment of external auditor
 - (i) Authority to transact and enter into agreements relating to the Company's transactions
 - (j) Appointment of authorized representatives and signatories for various corporate transactions;
 - (k) Approval of the guidelines for the conduct of the 2022 annual stockholders' meeting virtually
- (2) Election of the members of the Board of Directors, including three (3) Independent Directors, to serve for the year 2022-2023; and

Rationale: To allow stockholders to elect the Company's Board of Directors for the ensuing year.

In accordance with the Company's Revised Manual on Corporate Governance and By-Laws, the stockholders must elect the members of the Board of Directors of the Company comprised of seven (7) directors, including three (3) independent directors, who shall hold office for a term of one (1) year, or until their successors shall have been duly elected and qualified. There will be an election of the members of the Board during the annual stockholders' meeting to serve for the year 2022 to 2023.

The Corporate Governance Committee, acting as the Nominations Committee, shall evaluate the nominees for the Board, including three (3) nominees for independent directors, and the said committee shall determine that the nominees shall have all the qualifications and none of the disqualifications to serve in the Board of Directors.

- (3) Appointment of External Auditor.

Rationale: To appoint an auditing firm to provide assurance on the integrity, objectivity and independence in the preparation of the Company's financial statements.

Item 19. Voting Procedures

- (a) *Vote required for approval.*

The approval of the minutes of the annual stockholders' meeting held on November 18, 2021 and the audited financial statements for the year ended 2021, the ratification of corporate acts, the appointment of external auditors for 2022, and amendment of By-laws, shall be decided by the majority vote of the stockholders present in person or by proxy and entitled to vote thereat, a quorum being present. A stockholder voting electronically *in absentia* shall be deemed present for purposes of quorum.

In the election of the members of the Board of Directors, the candidates garnering the seven (7) highest number of votes shall be declared elected as directors of the Company to serve as such for the year 2022-2023.

(b) *Method by which votes will be counted.*

A stockholder may vote by appointing the Company's Chairman as proxy or electronically in absentia by registering at the online web address https://shareholders.filinvest.com.ph/FILRT_SHAREHOLDERSYSTEM. After validation, the stockholder will receive an email with instructions to access the ballot. The ballots submitted shall then be counted by the Corporate Secretary, with the assistance of representatives of the Company's stock transfer agent, Stock Transfer Service, Inc., which is an independent party. The results of the voting shall be announced during the meeting.

Item 20. Participation of Stockholders by Remote Communication

In support of the government's efforts to contain the spread of COVID-19 and to ensure the safety and welfare of its stockholders, directors, officers and employees, the Company will dispense with physical attendance of stockholders at the meeting and will allow attendance only by remote communication.

In order for the Company to properly conduct validation procedures, stockholders who wish to participate in the meeting via remote communication and/or vote *in absentia* must register at https://shareholders.filinvest.com.ph/FILRT_SHAREHOLDERSYSTEM on or before April 12, 2022.

Details of the requirements and process are provided in **Annex "F"**.

Market for Issuer's Common Equity and Related Stockholder Matters

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

Period		High	Low	End
2021	3 rd Quarter	7.58	6.96	7.22
2021	4 th Quarter	7.99	7.20	7.40

On February 28, 2022, FILRT's shares closed at the price of Php7.55 per share. The number of shareholders of record as of said date was 14,357. Common shares outstanding as of February 28, 2022 is 4,892,777,994.

Stockholders

As of February 28, 2022, the following are the stockholders of the Company:

Name of Stockholder	Number of Common Shares Held	Percentage of Total Shares Outstanding
1. Filinvest Land, Inc.	3,095,498,345	63.27%
2. PCD Nominee Corporation (Filipino)	1,701,717,985	34.78%
3. PCD Nominee Corporation (Non-Filipino)	93,350,050	1.95%
4. G. D. Tan & Co. Inc.	150,000	Nil.
5. Myra P. Villanueva	14,200	Nil.
6. Myrna P. Villanueva	14,200	Nil.
7. Milagros P. Villanueva	14,200	Nil.

8. Marietta V. Cabreza	5,000	Nil.
9. Ricardo R. Cabreza	3,000	Nil.
10. Vivien C. Ramirez	3,000	Nil.
11. Charmaine C. Cabrera	3,000	Nil.
12. Amy Rose I. Palileo	2,000	Nil.
13. Ivan Rick Q. Repe	1,000	Nil.
14. Leira Micah Gianni Roman	1,000	Nil.
15. Alfredo C. Tagalicud, Jr.	1,000	Nil.
16. Lourdes Josephine G. Yap	2	Nil.
17. Maricel Brion-Lirio	2	Nil.
18. Tristaneil D. Las Marias	2	Nil.
19. Virginia T. Obcena	2	Nil.
20. Val Antonio B. Suarez	2	Nil.
21. Francis Nathaniel C. Gotianun	2	Nil.
22. Gemilio J. San Pedro	2	Nil.

Recent Sale of Unregistered Securities

No securities were sold by the Company in the past three (3) years, which were not registered under the Securities Regulation Code.

Declaration of Dividends

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

In 2021, FILRT declared the following quarterly cash dividends to all stockholders:

Declaration Date	Record Date	Amount of Dividend per Share	Payment Date
August 31, 2021	September 15, 2021	Php 0.112	September 30, 2021
November 18, 2021	December 3, 2021	Php 0.112	December 20, 2021

Compliance with Leading Practices on Corporate Governance

The Company is in compliance with its Revised Manual for Corporate Governance as demonstrated by the following: (a) the election of three (3) independent directors to the Board; (b) the appointment of members of the Audit and Risk Management Oversight Committee, Corporate Governance Committee, Compensation Committee and Related-Party Transaction Committee of the Company; (c) the conduct of regular board meetings and special meetings, the faithful attendance of the directors at these meetings and the proper discharge of the duties and responsibilities as such directors; (d) the submission to the SEC of reports and disclosures required under the Securities Regulation Code; (e) the Company's adherence to national and local laws pertaining to its operations; and (f) the observance of applicable accounting standards by the Company.

In order to keep itself abreast with the leading practices on corporate governance, the Company encourages the members of top-level management and the Board to attend and participate at seminars on corporate governance conducted by SEC-accredited institutions.

The Company welcomes proposals, especially from institutions and entities such as the SEC, the Institute of Corporate Directors and SyCip Gorres Velayo & Co., to improve corporate governance.

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

UNDERTAKING: The Company will provide without charge its Annual Report or SEC Form 17-A to its stockholders upon receipt of written request addressed to: The Office of the Corporate Secretary, 79 EDSA, Highway Hills, Mandaluyong City 1550, Metro Manila.

PART II
SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Mandaluyong on the 24th day of March 2022.

FILINVEST REIT CORP.

By:



KATRINA O. CLEMENTE-LUA
Assistant Corporate Secretary

FILINVEST REIT CORP.

SECRETARY'S CERTIFICATE

I, **KATRINA O. CLEMENTE-LUA**, Filipino, of legal age, and with office address at the 6th Floor, Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City 1550, Metro Manila, after having been duly sworn in accordance with law, hereby certify:

1. I am the Assistant Corporate Secretary of **FILINVEST REIT CORP.** (the "Corporation"), a corporation duly organized and existing under the laws of the Republic of the Philippines, with principal office address at the 5th to 7th Floors, Vector One Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City, Metro Manila.

2. Based on the records of the Corporation, none of its incumbent directors and executive officers named in the Corporation's Information Statement (SEC Form 20-IS) for the Annual Stockholders' Meeting to be held on 20 April 2022 is connected with and/or working in the government.

3. This Certification is being issued as an Annex to the Information Statement (SEC Form 20-IS) of the Corporation in connection with its Annual Stockholders' Meeting for the year 2022.

IN WITNESS WHEREOF, I have hereunto set my hand this 11th day of March 2022 in Mandaluyong City, Metro Manila.


KATRINA O. CLEMENTE-LUA
Assistant Corporate Secretary

SUBSCRIBED AND SWORN TO before me this 11th day of March 2022 in Mandaluyong City, Metro Manila, affiant exhibiting to me her Philippine Passport No. . P2463944B, bearing her photograph and signature, issued by Department of Foreign Affairs NCR-South, and valid until 05 July 2029.

Doc. No. 480 ;
Page No. 98 ;
Book No. 7 ;
Series of 2022.

File No. 1.19.3
FILRT_Certification_2022 IS/Ryan

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-21 UNTIL DECEMBER 31, 2022
ROLL NO. 53970
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
PTR NO. 4864924; 1-3-22; MANDALUYONG
MCLE COMPLIANCE NO. VI 0017960 14 APRIL 2022
METRO MART COMPLEX, MANDALUYONG CITY

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **VAL ANTONIO B. SUAREZ**, Filipino, of legal age, with postal office address at Unit 5C, OPL Building, 100 C. Palanca Street, Legaspi Village, Makati City 1229, after having been duly sworn in accordance with the law do hereby declare that:

1. I am a nominee for Independent Director of Filinvest REIT Corp. and have been an independent director thereof since 06 April 2017.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
Suarez & Reyes Law Offices	Managing Partner	2000 to Present
Filinvest Development Corporation	Independent Director; Member, Audit & Risk Management Oversight Committee; Chairman, Compensation Committee; Chairman, Corporate Governance Committee; Chairman, Related-Party Transaction Committee	2014 to Present
Filinvest Land, Inc.	Lead Independent Director; Member, Audit & Risk Management Oversight Committee; Chairman, Compensation Committee; Chairman, Corporate Governance Committee; Chairman, Related-Party Transaction Committee	2015 to Present
Lepanto Consolidated Mining Company	Independent Director, Executive Committee	2011 to Present
Tayabas Resources Ventures Corporation	Director and Corporate Secretary	2003 to Present
Southeast Cable TV Corporation	Director and Corporate Secretary	2003 to Present
Asian Vision Cable Holdings Group of Companies	Corporate Secretary	2003 to Present
Ambassador Suarez Development Corporation	Chairman and President	2003 to Present
Five Karats Property Holdings, Inc.	Director and Treasurer	2003 to Present
Gendrugs, Inc.	Director and Treasurer	2008 to Present
Amun Ini Resort and Spa, Inc.	Director and Corporate	

	Secretary	2010 to Present
Carmen's Best Dairy Products, Inc.	Director and Corporate Secretary	2011 to Present
Headland Road Capital, Inc.	Chairman and President	2012 to Present
Camiguin Gendrugs, Inc.	Director and President	2013 to Present
Avocado Broadband Telecoms, Inc.	Director and Corporate Secretary	2015 to Present
Gendrugs Distributors, Inc.	Director and Treasurer	2016 to Present
Cebu Gendrugs, Inc.	Director and Treasurer	2016 to Present
Chocohills Generics, Inc.	Director and Treasurer	2016 to Present
Vertere Global Solutions, Inc.	Chairman	2017 to Present
Vertere Venture Capital, Inc.	Director	2017 to Present
R&S Development Corporation	Director and Treasurer	2017 to Present
Suarez Bridge Ventures, Inc.	Chairman and President	2018 to Present
AB Capital & Investment Corporation	Corporate Secretary	2021 to Present
AB Capital Securities, Inc.	Corporate Secretary	2021 to Present
Financial Executives Institute of the Phils.	Member	2010 to Present
Integrated Bar of the Philippines – Makati Chapter	Member	1986 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Filinvest REIT Corp., as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other Securities and Exchange Commission (SEC) issuances.
4. I am related to the following director/officer/substantial shareholders of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code:

Name of Director/Officer/ Substantial Shareholder	Company	Nature of Relationship
N/A	N/A	N/A

5. I disclose that I (together with the other members of the Board of Directors of Filinvest Land, Inc. (FLI)) am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

Offense Charged/ Investigated	Tribunal or Agency Involved	Status
Complaint for Syndicated Estafa filed by Manila Paper Mills International, Inc. (MPMI) dated April 12, 2016	Department of Justice	Petition for Review pending after Complaint was dismissed by City Prosecutor of Dasmariñas for no probable cause*

* In its Resolution dated November 16, 2016 ("Resolution"), the Office of the City Prosecutor Dasmariñas ruled against MPMII, finding that there was no probable cause to

charge the respondents and upholding the validity of FLI's titles to the property. MPMII then filed with the Secretary of Justice (SOJ) a Petition for Review dated February 21, 2017 questioning the Resolution. On March 21, 2017, the respondents who are directors and officers of FLI filed their Comment on the Petition. The Petition is still pending resolution by the SOJ.

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the N/A to be an independent director in N/A, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.
7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and Other SEC issuances.
8. I shall inform the Corporate Secretary of Filinvest REIT Corp. of any changes in the above-mentioned information within five days from its occurrence.

Done, this MAR 24 2022 at MANDALUYONG CITY.


VAL ANTONIO B. SUAREZ
Affiant

SUBSCRIBED AND SWORN to before me this MAR 24 2022 at _____, affiant personally appeared before me and exhibited to me his IBP Lifetime Member No. 01967 issued by the IBP Pasig City.

Doc. No. 247 ;
Page No. 51 ;
Book No. 9 ;
Series of 2022.

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-21 UNTIL DECEMBER 31, 2022
IBP LIFETIME NO. 011002; 12-28 12; RIZAL
ROLL NO. 53570
PTR NO. 4864923; 1-3-22; MANDALUYONG
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025
UG63 CITYLAND SHAW TOWER,
SHAW BLVD. MANDALUYONG CITY

CERTIFICATION OF INDEPENDENT DIRECTOR

I, VIRGINIA T. OBCENA, of legal age, Filipino, single, with postal address at 339 Beata Street, Ayala Alabang Village, Muntinlupa City, Metro Manila, after having been duly sworn in accordance with the law do hereby declare that:

1. I am a nominee for Independent Director of Filinvest REIT Corp. and have been an independent director since 17 July 2019.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Filinvest Development Corporation	Lead Independent Director; Chairperson, Audit & Risk Management Oversight Committee; Member, Compensation Committee; Member, Corporate Governance Committee; Member, Related-Party Transaction Committee	April 29, 2016 to Present
International Centre for Settlement of Investment Disputes (ICSID), World Bank	Member, Panel of Conciliators	2015 to June 2019

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Filinvest REIT Corp., as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following directors/officers/substantial shareholders of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code:

Name of Director/Officer/ Substantial Shareholder	Company	Nature of Relationship
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the N/A to be an independent director in N/A, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.
7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and Other SEC issuances.
8. I shall inform the Corporate Secretary of Filinvest REIT Corp. of any changes in the above-mentioned information within five days from its occurrence.

Done, this MAR 24 2022 at MANDALUYONG CITY.


VIRGINIA T. OBCENA
Affiant

SUBSCRIBED AND SWORN to before me this MAR 24 2022 at Mandaluyong City, affiant personally appeared before me and exhibited to me her Passport No. P7582624A issued on 19 June 2018 by the Department of Foreign Affairs - NCR South.

Doc. No. 246 ;
Page No. 57 ;
Book No. 9 ;
Series of 2022.

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-21 UNTIL DECEMBER 31, 2022
IBP LIFETIME NO. 011002; 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

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **GEMILLO J. SAN PEDRO**, Filipino, of legal age and with address at 21 Batangas Bay Drive, Southbay Gardens Subdivision, Villonco Road, Sucat, Parañaque City, after having been duly sworn in accordance with the law do hereby declare that:

- I am a nominee for Independent Director of Filinvest REIT Corp. and have been an independent director since July 2, 2021.
- I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Filinvest Land, Inc.	Independent Director; Chairman, Audit & Risk Management Oversight Committee; Member, Compensation Committee; Member, Corporate Governance Committee; Member, Related-Party Transaction Committee	July 17, 2019 to Present
Sycip Gorres Velayo & Co.	Professional Practice Director and Quality and Risk Management Leader	2004 to 2015
	Partner	1991 to 2015

- I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Filinvest REIT Corp., as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.
- I am related to the following directors/officers/substantial shareholders of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code:

Name of Director/Officer/ Substantial Shareholder	Company	Nature of Relationship
N/A	N/A	N/A

- I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

Offense Charged/ Investigated	Tribunal or Agency Involved	Status
Co-respondent in a complaint for illegal foreclosure of property by prior owner.	Supreme Court	The primary respondent in the case involves a Philippine bank which foreclosed on the property

		which my wife and I subsequently acquired through public bidding. My wife and I were added to the case as buyers of the property and to prevent us from use/disposal of the property. The Court of Appeals has dismissed the complaint and this has been elevated to the Supreme Court and awaiting resolution.
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6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the N/A to be an independent director in N/A, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.
7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and Other SEC issuances.
8. I shall inform the Corporate Secretary of Filinvest REIT Corp. of any changes in the above-mentioned information within five (5) days from its occurrence.

Done, MAR 24 2022 at Mandaluyong City.


GEMILO J. SAN PEDRO
Affiant

SUBSCRIBED AND SWORN to before me this MAR 24 2022 at Mandaluyong City, affiant personally appeared before me and exhibited to me his Passport ID No. P1141968B bearing his photograph and signature, issued on 21 March 2019 at DFA NCR South and valid until 20 March 2029.

Doc. No. 248 ;
Page No. 61 ;
Book No. 9 ;
Series of 2022.

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-21 UNTIL DECEMBER 31, 2022
IBP LIFETIME NO. 011392; 12-28-12; RIZAL
ROLL NO. 57970
PTR NO. 4864043; 1-3-22; MANDALUYONG
MCLE COMPLIANCE NO. MI 0010250 14 APRIL 2025
UG03 CITYLAND SHAW TOWER,
SHAW BLVD. MANDALUYONG CITY

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Filinvest REIT Corp. (formerly Cyberzone Properties, Inc.) (the Parent Company) and its subsidiary (collectively referred to as “the Group”), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2021 and 2020, and its financial performance and its cash flows for the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.



We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Fair value of investment properties

The Parent Company operates 16 mixed-use office buildings located in Luzon. The Parent Company accounts for its investment properties using the cost model and discloses the fair value as required under PAS 40, *Investment Property*. The carrying value and fair value of investment properties amounted to ₱9,165.9 million and ₱45,429.7 million, respectively, as of December 31, 2021. Management determined the fair value of the investment properties based on the valuations carried out by an external valuer using the discounted cash flow model.

We identified the disclosure on fair value of the Parent Company's investment properties as a key audit matter because it is a significant disclosure given the Parent Company's leasing business and the determination of the fair values of these properties involves significant management assumptions and estimations. These assumptions include discount rates and growth rates, which are influenced by the prevailing market rates and comparable market transactions and subject to higher level of estimation uncertainty due to the current economic conditions.

The disclosures on the fair value of investment properties are included in Note 9 to the consolidated financial statements.

Audit Response

With the assistance from our internal valuation specialists, we evaluated the valuation methodology adopted and the underlying assumptions used in the fair value determination of investment properties as of December 31, 2021. These assumptions include discount rates and growth rates.

We compared the key assumptions used such as growth rates against the historical performance per building, contractual terms and relevant external data. We tested the parameters used in determining discount rates against market data. We evaluated the competence, capabilities and objectivity of the external valuer by considering their qualifications, experience and reporting responsibilities. We also assessed the adequacy of the fair value disclosure of investment properties in the consolidated financial statements.



Other Information

Management is responsible for Other Information. Other Information comprises the information included in SEC Form 20 IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020 but does not include the consolidated financial statements and our auditor's report thereon. SEC Form 20 IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover Other Information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the Other Information identified above when it becomes available and, in doing so, consider whether such information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wanessa G. Salvador.

SYCIP GORRES VELAYO & CO.



Wanessa G. Salvador

Partner

CPA Certificate No. 0118546

Tax Identification No. 248-679-852

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 118546-SEC (Group A)

Valid to cover audit of 2019 to 2023 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-137-2020, January 31, 2020, valid until January 30, 2023

PTR No. 8854361, January 3, 2022, Makati City

March 15, 2022



**FILINVEST REIT CORP. (formerly Cyberzone Properties, Inc.)
AND A SUBSIDIARY**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 17)	₱2,587,195,631	₱870,517,532
Receivables (Note 5)	754,995,633	830,144,454
Other current assets (Note 11)	64,054,931	1,171,332,106
	3,406,246,195	2,871,994,092
Noncurrent assets held for distribution (Notes 6 and 16)	–	6,843,701,346
Total Current Assets	3,406,246,195	9,715,695,438
Noncurrent Assets		
Advances to contractors (Note 8)	13,293,694	18,393,179
Investment properties (Notes 6, 9 and 20)	9,165,931,034	11,629,804,872
Property and equipment (Note 10)	81,686,898	68,394,882
Intangible assets (Notes 6, 7 and 20)	1,054,470,180	3,408,827,424
Other noncurrent assets (Note 11)	250,528,341	388,417,886
Total Noncurrent Assets	10,565,910,147	15,513,838,243
Total Assets	₱13,972,156,342	₱25,229,533,681
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 12)	₱1,222,657,329	₱1,583,711,747
Current portion of:		
Lease liabilities (Note 20)	1,848,085	92,617,060
Security and other deposits (Note 15)	96,987,598	116,414,891
Loans payable (Notes 13, 25 and 26)	–	744,166,667
Dividends payable (Note 16)	–	6,611,906,765
Total Current Liabilities	1,321,493,012	9,148,817,130
Noncurrent Liabilities		
Bonds payable (Notes 14, 25 and 26)	5,987,044,949	5,974,168,846
Lease liabilities - net of current portion (Note 20)	25,990,097	2,097,498,105
Security and other deposits - net of current portion (Note 15)	654,002,829	732,659,169
Loans payable - net of current portion (Notes 13, 25 and 26)	–	1,600,000,000
Deferred tax liability - net (Note 19)	–	269,939,889
Other noncurrent liabilities (Notes 15 and 18)	–	300,385,682
Total Noncurrent Liabilities	6,667,037,875	10,974,651,691
Total Liabilities	7,988,530,887	20,123,468,821
Equity		
Capital stock (Note 16)	2,446,388,997	1,163,426,668
Additional paid-in capital (Note 16)	2,518,356,922	102,900,666
Deposit for future stock subscription (Notes 13 and 16)	–	1,889,583,333
Retained earnings (Note 16)	1,018,879,536	1,950,125,348
Remeasurement gain (loss) on retirement plan (Note 18)	–	28,845
Total Equity	5,983,625,455	5,106,064,860
Total Liabilities and Equity	₱13,972,156,342	₱25,229,533,681

See accompanying Notes to Consolidated Financial Statements.



**FILINVEST REIT CORP. (formerly Cyberzone Properties, Inc.)
AND A SUBSIDIARY**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2021	2020 (As restated, see Note 2)	2019 (As restated, see Note 2)
REVENUES			
Rental revenue (Notes 7, 9, 17 and 20)	₱2,519,294,434	₱2,833,413,910	₱2,814,668,936
Others (Notes 2 and 21)	922,722,669	1,048,582,442	924,548,323
	3,442,017,103	3,881,996,352	3,739,217,259
COSTS AND EXPENSES			
Depreciation and amortization (Notes 7, 9, 10, and 20)	427,657,046	486,065,150	418,797,652
Utilities	277,795,323	297,548,444	332,257,377
Rental expense (Notes 17 and 20)	271,083,960	297,968,918	305,153,634
Manpower and service cost	235,494,750	236,408,736	241,837,292
Repairs and maintenance	183,504,663	132,787,546	162,585,686
Taxes and licenses	95,353,896	118,895,084	67,544,321
Service and management fees (Note 17)	63,754,897	42,644,409	27,393,465
Insurance	15,915,467	4,019,860	11,199,434
Provision for expected credit loss (Note 5)	7,417,014	–	–
Others	10,433,134	9,034,919	6,035,723
	1,588,410,150	1,625,373,066	1,572,804,584
OTHER INCOME (CHARGES)			
Gain on derecognition of lease liabilities	189,183,041	5,842,526	–
Interest income (Notes 4, 5, 17 and 22)	9,986,396	3,908,966	10,468,164
Interest and other financing charges (Notes 13, 14 and 20)	(348,226,313)	(351,361,074)	(230,520,294)
Gain on sale of investment property (Notes 7 and 20)	–	65,038,584	–
Other charges - net	(1,411,852)	(2,319,005)	(2,576,278)
	(150,468,728)	(278,890,003)	(222,628,408)
INCOME BEFORE INCOME TAX	1,703,138,225	1,977,733,283	1,943,784,267
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 19)			
Current	117,651,935	231,150,026	189,580,926
Deferred	(269,648,113)	(114,258,532)	119,807,959
	(151,996,178)	116,891,494	309,388,885
NET INCOME	1,855,134,403	1,860,841,789	1,634,395,382
OTHER COMPREHENSIVE LOSS			
Item that will not be reclassified to profit or loss			
Remeasurement loss on retirement plan, net of tax (Note 19)	–	(1,055,090)	–
TOTAL COMPREHENSIVE INCOME	₱1,855,134,403	₱1,859,786,699	₱1,634,395,382
Basic/Diluted Earnings Per Share (Note 23)	₱0.53	₱0.80	₱0.70

See accompanying Notes to Consolidated Financial Statements.



FILINVEST REIT CORP. (formerly Cyberzone Properties, Inc.) AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 16)	Additional Paid-in Capital (Note 16)	Deposit for Future Stock Subscription (Note 16)	Appropriated Retained Earnings (Note 16)	Unappropriated Retained Earnings (Note 16)	Remeasurement Gain/(Loss) on Retirement Plan (Note 18)	Total
For the Year Ended December 31, 2021							
Balances at January 1, 2021	₱1,163,426,668	₱102,900,666	₱1,889,583,333	₱-	₱1,950,125,348	₱28,845	₱5,106,064,860
Comprehensive income							
Net income	-	-	-	-	1,855,134,403	-	1,855,134,403
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	1,855,134,403	-	1,855,134,403
Reclassification of remeasurement to retained earnings	-	-	-	-	28,845	(28,845)	-
Property dividends declared	-	-	-	-	(1,690,426,790)	-	(1,690,426,790)
Cash dividends declared	-	-	-	-	(1,095,982,270)	-	(1,095,982,270)
Additional deposit for future stock subscription	-	-	1,856,666,667	-	-	-	1,856,666,667
Application of deposit for future stock subscription and issuance of shares	1,282,962,329	2,463,287,671	(3,746,250,000)	-	-	-	-
Stock issuance and transaction cost	-	(47,831,415)	-	-	-	-	(47,831,415)
Balances at December 31, 2021	₱2,446,388,997	₱2,518,356,922	₱-	₱-	₱1,018,879,536	₱-	₱5,983,625,455
For the Year Ended December 31, 2020							
Balances at January 1, 2020	₱1,163,426,668	₱102,900,666	₱-	₱6,300,000,000	₱401,190,324	₱1,083,935	₱7,968,601,593
Comprehensive income							
Net income	-	-	-	-	1,860,841,789	-	1,860,841,789
Other comprehensive income	-	-	-	-	-	(1,055,090)	(1,055,090)
Total comprehensive income	-	-	-	-	1,860,841,789	(1,055,090)	1,859,786,699
Property dividends declared	-	-	-	-	(6,611,906,765)	-	(6,611,906,765)
Reversal of appropriation	-	-	-	(6,300,000,000)	6,300,000,000	-	-
Deposit for future subscription	-	-	1,889,583,333	-	-	-	1,889,583,333
Balances at December 31, 2020	₱1,163,426,668	₱102,900,666	₱1,889,583,333	₱-	₱1,950,125,348	₱28,845	₱5,106,064,860
For the Year Ended December 31, 2019							
Balances at January 1, 2019	₱1,163,426,668	₱102,900,666	₱-	₱5,000,000,000	₱415,134,676	₱1,083,935	₱6,682,545,945
Comprehensive income							
Net income	-	-	-	-	1,634,395,382	-	1,634,395,382
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	1,634,395,382	-	1,634,395,382
Cash dividends declared	-	-	-	-	(348,339,734)	-	(348,339,734)
Appropriation	-	-	-	1,300,000,000	(1,300,000,000)	-	-
Balances at December 31, 2019	₱1,163,426,668	₱102,900,666	₱-	₱6,300,000,000	₱401,190,324	₱1,083,935	₱7,968,601,593

See accompanying Notes to Consolidated Financial Statements.



**FILINVEST REIT CORP. (formerly Cyberzone Properties, Inc.)
AND A SUBSIDIARY**

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱1,703,138,225	₱1,977,733,283	₱1,943,784,267
Adjustments for:			
Depreciation and amortization (Notes 6, 7, 9, 10, and 20)	427,657,046	486,065,150	418,797,652
Interest expense and other financing changes (Notes 13, 14 and 20)	348,226,313	351,361,074	230,520,294
Gain on derecognition of lease liability (Note 20)	(189,183,041)	(5,842,526)	–
Interest income (Note 4, 17 and 22)	(9,986,396)	(3,908,966)	(10,468,164)
Gain on sale of investment properties (Note 9)	–	(65,038,584)	–
Pension expense (Note 18)	–	487,197	413,785
Operating income before changes in operating assets and liabilities	2,279,852,147	2,740,856,628	2,583,047,834
Changes in operating assets and liabilities			
Decrease (increase) in:			
Receivables	75,148,821	(54,648,565)	(248,456,384)
Other current assets	313,848,363	(200,426,188)	(210,446,398)
Increase (decrease) in:			
Accounts payable and accrued expenses	(22,599,962)	(191,226,805)	(144,925,151)
Other current liabilities	–	(129,337,085)	81,056,737
Security and other deposits	(98,083,633)	25,187,166	65,066,932
Other noncurrent liabilities	(300,385,682)	97,504,469	153,409,376
Net cash generated from operations	2,247,780,054	2,287,909,620	2,278,752,946
Interest received (Note 4)	9,986,396	3,908,966	10,468,164
Income tax paid	(117,680,780)	(231,583,519)	(197,650,866)
Net cash provided by operating activities	2,140,085,670	2,060,235,067	2,091,570,244
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale and assignment of:			
Investment properties (Notes 6 and 9)	615,458,031	737,840,581	–
Intangible assets (Notes 6 and 7)	971,793,929	–	–
ProOffice Work Services, Inc. (Note 1)	–	17,162,936	–
Additions to:			
Investment properties (Notes 6 and 9)	(413,237,259)	(1,158,021,511)	(2,163,580,071)
Intangible assets (Notes 6 and 7)	(152,341,910)	(241,043,644)	(172,480,426)
Property and equipment (Note 10)	(30,219,374)	(16,760,634)	(39,207,659)
Decrease (increase) in:			
Advances to contractors	5,099,485	97,551,319	(156,317,788)
Other noncurrent assets (Note 11)	5,493,291	88,011,202	(32,676,043)
Net cash provided by (used in) investing activities	1,002,046,193	(475,259,751)	(2,564,261,987)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from availments of loans payable (Note 13)	–	1,000,000,000	2,100,000,000
Payments of:			
Cash dividends (Note 16)	(1,095,982,270)	(348,339,734)	–
Principal portion of lease liabilities (Note 20)	(14,397,140)	(47,613,247)	(17,259,680)
Interest and transaction cost (Note 20)	(315,074,354)	(471,907,571)	(479,482,496)
Loans payable (Notes 13 and 25)	–	(1,355,454,545)	(1,339,242,424)
Net cash provided by (used in) financing activities	(1,425,453,764)	(1,223,315,097)	264,015,400
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,716,678,099	361,660,219	(208,676,343)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	870,517,532	508,857,313	717,533,656
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱2,587,195,631	₱870,517,532	₱508,857,313

See accompanying Notes to Consolidated Financial Statements.



**FILINVEST REIT CORP. (formerly Cyberzone Properties, Inc.)
AND A SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Filinvest REIT Corp. (formerly Cyberzone Properties, Inc.) (the “Parent 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 Parent Company’s articles of incorporation to change the Parent Company’s primary purpose to engage into engage in the business of a 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 Parent Company was the holding company of ProOffice Works Services, Inc. (ProOffice). On March 18, 2019, ProOffice was incorporated to engage in the business of administration, maintenance and management of real estate developments and projects. ProOffice has started its commercial operations on August 1, 2019. On December 23, 2020, the Parent Company entered into a Deed of Assignment to sell its interest in ProOffice to Filinvest Land, Inc. (FLI) for a total consideration of ₱17.16 million. Accordingly, the Parent Company lost control over ProOffice. The transaction has no material impact to the consolidated financial statements.

The registered office address of the Parent Company and ProOffice (collectively referred to as the “Group”) is at 5th - 7th Floors, Vector One Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City.

The Group’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 Group’s ultimate parent company. FLI, FDC and ALG were all incorporated in the Philippines.

On June 25, 2021, the Board of Directors of the Parent Company, approved the following amendments to its Articles of Incorporation: (i) change of name of the Company from “Cyberzone Properties, Inc.” to “Filinvest REIT Corp.”, (ii) reduction of the par value of its Shares from ₱1.00 per common share to ₱0.50 per common share, and (iii) increase of the Company’s authorized capital stock from ₱2,000,000,000 to ₱7,131,849,000 divided into 14,263,698,000 Shares with a par value of ₱0.50 per Share. The change in name of the Parent Company, the reduction in the par value of its shares, and the increase in its authorized capital stock were approved by the Philippine SEC on July 2, 2021.



On August 12, 2021, the Parent Company was listed in The Philippine Stock Exchange as a Real Estate Investment Trust (REIT) entity.

Approval of the Consolidated Financial Statements

The consolidated financial statements were approved and authorized for issue by the BOD on March 15, 2022.

2. Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements of the Group have been prepared using the historical cost basis. The consolidated financial statements are presented in Philippine Peso (₱), which is the functional and presentation currency of the Parent Company, and all amounts are rounded off to the nearest Philippine Peso unless otherwise indicated.

The consolidated financial statements includes the balances of ProOffice until its disposal on December 23, 2020. As a result of the disposal, the Group derecognized the assets and liabilities of ProOffice and the remaining balances pertain only to the Parent Company as of December 31, 2021 and 2020.

Statement of Compliance

The consolidated financial statements of the Group 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).

Basis of Consolidation

The consolidated financial statements comprise the amounts of the Parent Company and its subsidiary as of December 31, 2021 and 2020.

The voting rights held by CPI in ProOffice are in proportion to its ownership interest of 60% as of December 31, 2019 (nil as of December 31, 2021 and 2020; see Note 1).

ProOffice is incorporated and operating in the Philippines. The financial statements of the subsidiary are prepared for the same reporting period as the Parent Company using consistent accounting policies.

A subsidiary is an entity which the Group controls. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has: (a) power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee); (b) exposure, or rights, to variable returns from its involvement with the investee, and, (c) the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including: (a) the contractual arrangement with the other vote holders of the investee; (b) rights arising from other contractual arrangements; and, (c) the Group's voting rights and potential voting rights.



The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statement from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained

Noncontrolling Interest

Noncontrolling interest represents the portion of profit or loss and net assets not owned, directly or indirectly, by the Group.

Noncontrolling interests are presented separately in the consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from parent shareholder's equity. Any losses applicable to the noncontrolling interests are allocated against the interests of the noncontrolling interest even if this results to the noncontrolling interest having a deficit balance. The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the noncontrolling interest is recognized in equity of the parent in transactions where the noncontrolling interest are acquired or sold without loss of control.

The voting rights held by noncontrolling interests in the subsidiary are in proportion of their ownership interest and are not material in the consolidated financial statements.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial years, except for the adoption of the following amendments in PFRS and PAS which became effective beginning January 1, 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group. The nature and impact of each new standard and amendment are described below:

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic.



A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted. The Group adopted the amendments beginning January 1, 2020. However, the adoption of the amendment does not have a material impact since there is no changes to the lease payments of the Group.

- Amendments to PFRS 9, *Financial Instruments*, PFRS 7, *Financial Instruments: Disclosures*, PFRS 4, *Insurance Contracts* and PFRS 16, *Leases, Interest Rate Benchmark Reform – Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Group shall also disclose information about:

- The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Group is not required to restate prior periods.

- Adoption of Philippine Interpretations Committee Question and Answers (PIC Q&As) 2018-12 on Accounting for Common Usage Service Area (CUSA)

On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some implementation issues of PFRS 15, *Revenue from Contracts with Customers* affecting the real estate industry. This includes PIC Q&A No. 2018-12-H which discussed accounting for CUSA charges wherein it was concluded that real estate developers are generally acting as principal for CUSA. On October 25, 2018, the SEC decided to provide relief to the real estate industry by deferring the application of the provisions of the PIC Q&A 2018-12-H for a period of three years or until December 31, 2020. The deferral will only be applicable for real estate transactions.



The Group previously availed of the reliefs provided by the SEC and have accounted for the related revenue net of costs and expenses. As at January 1, 2021, the Group adopted PIC Q&A 2018-12-H retrospectively. The initial adoption has no impact on the Group's consolidated statement of financial position and consolidated statement of cash flows. The impact of initial adoption in the consolidated statement of comprehensive income follows:

Statement of comprehensive income for the year ended December 31, 2020

	Amounts prepared under		Increase
	PFRS 15	Previous PFRS	
Revenues and Income			
Others	₱1,048,582,442	₱274,359,236	₱774,223,206
Cost and Expenses			
Depreciation and amortization	486,065,150	441,025,865	45,039,285
Utilities	297,548,444	–	297,548,444
Manpower and service cost	236,408,736	34,502,895	201,905,841
Repairs and maintenance	132,787,546	–	132,787,546
Taxes and licenses	118,895,084	63,894,241	55,000,843
Service and management fees	42,644,409	7,462,542	35,181,867
Insurance	4,019,860	–	4,019,860
Others	9,034,919	6,295,399	2,739,520

Statement of comprehensive income for the year ended December 31, 2019

	Amounts prepared under		Increase
	PFRS 15	Previous PFRS	
Revenues and Income			
Others	₱924,548,323	₱87,055,910	₱837,492,413
Cost and Expenses			
Depreciation and amortization	418,797,652	372,223,885	46,573,767
Utilities	332,257,377	–	332,257,377
Manpower and service cost	241,837,292	13,362,142	228,475,150
Repairs and maintenance	162,585,686	–	162,585,686
Taxes and licenses	67,544,321	28,326,728	39,217,593
Service and management fees	27,393,465	14,070,865	13,322,600
Insurance	11,199,434	–	11,199,434
Others	6,035,723	2,174,917	3,860,806

Future Changes in Accounting Policy

The Group will adopt the following standards and interpretations when these become effective. Except as otherwise stated, the Group does not expect the adoption of these standards to have a significant impact on the consolidated financial statements.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Business Combinations, Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.



At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs 2018-2020 Cycle*

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- Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.



- Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2023

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

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 8, *Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.



An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent*

The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Consolidated Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024. The Group is currently assessing the impact the amendments will have on current practice.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.



The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted. This accounting standard is not applicable since the Group is not engaged in providing insurance contracts.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

- *Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)*

On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, the Philippine Securities and Exchange Commission (SEC) issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020.

On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of the following provisions of this PIC Q&A until December 31, 2023.

- Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)
- Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E

The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

- a. The accounting policies applied.
- b. Discussion of the deferral of the subject implementation issues in the PIC Q&A.



- c. Qualitative discussion of the impact on the consolidated financial statements had the concerned application guidelines in the PIC Q&A been adopted.
- d. Should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

In November 2020, the PIC issued the following Q&As which provide additional guidance on the real estate industry issues covered by the above SEC deferrals:

- PIC Q&A 2020-04, which provides additional guidance on determining whether the transaction price includes a significant financing component
- PIC Q&A 2020-02, which provides additional guidance on determining which uninstalled materials should not be included in calculating the POC

After the deferral period, real estate companies would have to adopt PIC Q&A No. 2018-12 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. The above specific provisions of PIC Q&A No. 2018-12 is not applicable to the Group since it is not involve in the development of real estate projects for sale.

- *IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost)*
In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under paragraph 35(c) of IFRS 15 (PFRS 15). IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under Philippine Accounting Standards (PAS) 23, *Borrowing Costs*, considering that these inventories are ready for their intended sale in their current condition.

On February 11, 2020, the Philippine SEC issued Memorandum Circular No. 4-2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023. Effective January 1, 2024, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC Agenda Decision.

The IFRIC Agenda Decision has no impact to the Group.

- *Deferral of PIC Q&A 2018-14, Accounting for Cancellation of Real Estate Sales (as amended by PIC Q&A 2020-05)*

On June 27, 2018, PIC Q&A 2018-14 was issued providing guidance on accounting for cancellation of real estate sales. Under SEC MC No. 3-2019, the adoption of PIC Q&A No. 2018-14 was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-14 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.



On November 11, 2020, PIC Q&A 2020-05 was issued which supersedes PIC Q&A 2018-14. This PIC Q&A adds a new approach where the cancellation is accounted for as a modification of the contract (i.e., from non-cancellable to being cancellable). Under this approach, revenues and related costs previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost. PIC Q&A 2020-05 will have to be applied prospectively from approval date of the Financial Reporting Standards Council which was November 11, 2020.

The PIC Q&A has no impact to the Group.

Significant Accounting Policies

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification.

An asset is current when:

- a. Expected to be realized or intended to be sold or consumed in normal operating cycle;
- b. Held primarily for the purpose of trading;
- c. Expected to be realized within twelve (12) months after the financial reporting period; or
- d. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the financial reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- a. It is expected to be settled in normal operating cycle;
- b. It is held primarily for the purpose of trading;
- c. It is due to be settled within 12 months after the financial reporting period; or
- d. There is no unconditional right to defer the settlement of the liability for at least 12 months after the financial reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.



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 Group 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 consolidated 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 consolidated financial statements on a recurring basis, the Group 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 Group 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 consolidated statement of financial position when, and only when, the Group 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 Group's business model for managing them. The Group 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 Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets comprise of financial assets at amortized cost.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
- Financial assets at FVTPL.

Financial assets at amortized cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- The asset is held within the Group'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 consolidated statement of comprehensive income.

The Group classified cash and cash equivalents, receivables and deposits (included under other noncurrent assets) as financial assets at amortized cost (see Notes 4 and 5).

Reclassification of financial assets

The Group can reclassify financial assets if the objective of its business model for managing those financial assets changes. The Group is required to reclassify the following financial assets:

- From amortized cost to FVTPL if the objective of the business model changes so that the amortized cost criteria are no longer met; and
- From FVTPL to amortized cost if the objective of the business model changes so that the amortized cost criteria start to be met and the instrument's contractual cash flows meet the amortized cost criteria.



Reclassification of financial assets designated as at FVTPL at initial recognition is not permitted.

A change in the objective of the Group's business model must be effected before the reclassification date. The reclassification date is the beginning of the next reporting period following the change in the business model.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans and borrowings consist primarily of accounts payable and accrued expenses, loans payable, bonds payable, lease liabilities, security and other deposits (see Notes 12, 13, 14, 15 and 17).

Subsequent measurement

Loans and borrowings (financial liabilities at amortized cost) is the category most relevant to the Group. 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 consolidated statement of comprehensive income.

Impairment of Financial Assets

The Group 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 Group 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 Group applies a simplified approach in calculating ECLs for financial assets at amortized costs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each financial reporting date. The Group has established a provision matrix for trade receivables that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For cash and cash equivalents, the Group 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 Group'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 Group uses the ratings from reputable rating agencies to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.



The Group considers receivables in default when contractual payments are sixty (60) days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For other receivables and other financial assets, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Derecognition of Financial Assets and Financial Liabilities

Financial Assets

A financial asset is derecognized when:

- The rights to receive cash flows from the asset have expired;
- The Group 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 Group 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 Group 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 Group’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 Group 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 consolidated statement of comprehensive income.

Offsetting Financial Instruments

Financial assets and financial liabilities are only offset, and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, where the related assets and liabilities are presented at gross in the consolidated statement of financial position.



Advances to Contractors

Advances to contractors pertain to down-payments made by the Group which are applied against future billings for development and construction contracts. Advances to be applied as property and equipment or investment properties are presented as noncurrent assets.

Value-added Tax (VAT)

Revenues, expenses, assets and liabilities are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated 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 consolidated statement of financial position.

Investment Properties

Investment properties are measured initially at cost, including transaction costs. The initial cost of investment properties consists of any directly attributable costs of bringing the investment properties to their intended location and working condition, including borrowing costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day to day servicing of an investment property. Investment properties include buildings that are held to earn rentals and are not occupied by the Group. Investment properties also include right-of-use assets involving real properties that are subleased to other entities. Investment properties, except for land, are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Land is carried at cost less accumulated impairment losses, if any.

For those right-of-use assets that qualify as investment properties, i.e., those land that are subleased by the Group, these are classified under investment properties. Consistent with the Group's policy regarding the measurement of investment properties, these assets are subsequently measured at cost less amortization and impairment in value.

Investment properties built on rented properties are depreciated over their estimated useful lives or lease term, whichever is shorter. Depreciation of investment properties are computed using the straight-line method over the economic useful lives of 40-50 years for the building and 15 years for equipment.

The economic useful lives and the depreciation is reviewed annually to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefit from items of investment properties.

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 consolidated statement of comprehensive income the year of retirement or disposal.



Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

Transfers between investment property and owner-occupied property do not change the carrying amount of the property transferred and do not change the cost of that property for measurement or disclosure purposes.

Investment properties also include prepaid commission representing incremental costs that are directly attributable to negotiating and arranging a lease. These are initially recognized at cost and are amortized over the related lease term.

Property and Equipment

Property and equipment consist of land improvements and furniture and fixtures. The Group's property and equipment are stated at cost less accumulated depreciation and impairment in value, if any.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the assets have been put into operation, such as repairs and maintenance, and overhaul costs are normally charged to operations in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation of property and equipment is computed using the straight-line method over the economic useful lives of these assets as follows:

	<u>Years</u>
Land improvements	5
Furniture and fixtures	3 - 5

The economic useful lives and depreciation method are reviewed annually to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Property and equipment are derecognized when either they have been disposed of or when the property and equipment is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of property and equipment are recognized in the consolidated statement of comprehensive income in the year of retirement or disposal.

Intangible Assets

Intangible assets pertain to build, transfer and operate (BTO) rights and ROU assets. Intangible assets acquired separately are measured on initial recognition at costs. The cost of intangible assets acquired in a business combination or contracted arrangements is their fair value at the date of acquisition.



Following initial recognition, intangible assets are carried at cost, less any accumulated amortization and any accumulated impairment losses.

The economic useful lives of intangible assets are assessed to be either finite or indefinite.

BTO rights are amortized over the economic useful life (i.e., 25 years) and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the economic useful lives or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income.

Gains or losses arising from derecognition of intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and the carrying amount of the asset and are recognized in the consolidated statement of comprehensive income when the asset is derecognized.

Other Assets

Other current and noncurrent assets are recognized in the consolidated statement of financial position when it is probable that the future economic benefits will flow to the Group and the assets have cost or value that can be measured reliably. These assets are regularly evaluated for any impairment in value.

Prepaid District Cooling System (DCS) connection charges

Prepaid DCS connection charges are initially recognized at cost and are subsequently amortized over the term of the supply period (i.e., 20 years) commencing on the date when the related building is connected to the DCS facility. Portion related to the connection of succeeding buildings are amortized over the remaining years of the supply period.

Noncurrent Assets Held for Distribution

A noncurrent asset (or disposal group) is classified as held for distribution to owners when the entity is committed to distribute the asset (or disposal group) to the owners. For this to be the case, the assets must be available for immediate distribution in their present condition and the distribution must be highly probable.

A noncurrent asset (or disposal group) is classified as held for sale if the carrying amount will be recovered principally through a sale transaction rather than through continuing use. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active program to locate a buyer and complete the plan must have been initiated. Further, the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Noncurrent asset (or disposal group) classified as held for distribution is measured at the lower of its carrying amount and fair value less costs to distribute or cost to sell.



The Group presents the noncurrent assets classified as held for distribution through property dividend or reimbursement separately from other assets as “Noncurrent assets held for distribution” in the consolidated statement of financial position. The liabilities related to the disposal group classified as held for distribution are presented separately from other liabilities as “Liabilities directly related to noncurrent assets held for distribution” in the consolidated statement of financial position.

Impairment of Nonfinancial Assets

The Group assesses at each financial reporting date whether there is an indication that its nonfinancial asset (e.g., advances to contractors, investment properties, property and equipment, intangible assets, and other assets) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Group. 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 consolidated 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 Group records capital stock at par value and additional paid-in capital for the amount in excess of the total contributions received over the aggregate par value of the equity shares. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Deposits for future stock subscription

Deposit for future stock subscription (DFFS) are recorded based on the subscription amount received and are presented under liabilities unless the following items were met for classification as part of equity:

- There is a lack or insufficiency of authorized unissued shares of stock to cover the deposit;
- The Parent Company’s BOD and stockholders have approved an increase in authorized capital stock and amendment in the articles of incorporation to cover the shares corresponding to the amount of the DFFS; and
- The application for the approval of the increase in capital stock has been filed or has been presented for filing with the SEC.

Retained earnings

Retained earnings represent accumulated earnings of the Group, less dividends declared and any adjustment arising from application of new accounting standards or changes in accounting policies applied retroactively. Retained earnings are restricted for any appropriation as approved by the Group’s BOD.



Dividends are deducted from unappropriated retained earnings when declared and approved by the Group's BOD. Dividends payable are recorded as liability until paid or upon distribution of related property held for distribution. Dividends for the year that are declared and approved after financial reporting date, if any, are dealt with as an event after reporting date and disclosed accordingly.

Earnings per Share (EPS)

Basic EPS is computed by dividing net income applicable to common stock by the weighted average number of common shares outstanding, after considering the retroactive effect for any stock dividends, stock splits or reverse stock splits during the period.

Diluted EPS is computed by dividing net income by the weighted average number of common shares outstanding during the period, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period, and adjusted for the effect of dilutive options.

Where the effect of the assumed conversion of the preferred shares and the exercise of all outstanding options have anti-dilutive effect, basic and diluted EPS are stated at the same amount.

Net Asset Value (NAV) Per Share

The NAV per share is calculated by dividing the adjusted NAV by the total outstanding shares of the Parent Company. The adjusted NAV is equal to total assets plus the fair value adjustment of deposited properties and investible funds held by the Parent Company less total liabilities (see Note 16).

Revenue Recognition

The Group is in the business of leasing its investment property portfolio. The Group'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 Group expects to be entitled in exchange for those goods or services. The Group 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 consolidated 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.

Disaggregated revenue information

The non-lease component of the Parent Company's revenue arises from income from CUSA, air-conditioning dues and utilities. The Parent Company's performance obligations are to ensure that common areas are available for general use of its tenants and to provide for uninterrupted air-conditioning and utility services such as water and electricity.

Common usage service area charges

Common usage service area charges are recognized when the related services are rendered. The Group has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, and electricity in its office leasing activities, wherein it is acting as agent. Income from common area and air conditioning dues is computed based on a fixed rate per square meter of the leasable area occupied by the tenant and are presented gross of related cost and expenses.



Interest income

Interest is recognized as it accrues taking into account the effective yield on the underlying asset.

Other income

Other income is recognized when the related services have been rendered and the right to receive payment is established.

Other Comprehensive Income (OCI)

OCI are items of income and expense that are not recognized in the profit or loss for the period in accordance with PFRS.

Costs and Expense Recognition

These include the Group'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.

Retirement Costs

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the financial reporting date reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method (PUC). Under this method, the current service cost is the present value of retirement benefit payable in the future with respect to the services rendered in the current period.

Defined benefit costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability or asset; and
- Remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as expense in the profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

All remeasurements recognized in other comprehensive income account "Remeasurement gain on retirement plan", net of tax and are not reclassified to another equity account in subsequent periods.



Termination benefit

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly within 12 months after the end of the annual financial reporting date is recognized for services rendered by employees up to the end of the reporting date.

Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets (included in "Investment properties" account in the consolidated 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 Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross interest incurred on those borrowings less any investment income arising on the temporary investment of those borrowings.

The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

Income Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the report date.

Deferred tax

Deferred tax is provided on all temporary differences at the report date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.



Deferred income tax liabilities are recognized for all taxable temporary differences, except; (a) where deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluation. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be used.

The carrying amount of deferred income tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each financial reporting date and are recognized to the extent that it has become probable that sufficient future taxable profit will allow the deferred income tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the report date.

Deferred tax relating to items recognized in other comprehensive income or directly in equity is also recognized in other comprehensive income and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Leases

Group as lessor

Leases where the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income on operating leases is recognized on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

Group as lessee

Except for short-term leases and lease of low-value assets, the Group applies a single recognition and measurement approach for all leases. The Group 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 Group 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 Group classifies its right-of-use assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Useful life of right-of-use assets on land presented as part of investment properties and intangible assets ranges from 25 to 50 years.

Right-of-use assets are subject to impairment. Refer to the accounting policies in section impairment of nonfinancial assets.

Lease liabilities

At the commencement date of the lease, the Group 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 Group and payments of penalties for terminating a lease, if the lease term reflects the Group 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 Group 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 Group 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 Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.



Foreign Currency-denominated Transactions and Translation

Foreign currency-denominated transactions are recorded using the prevailing exchange rates at the time of the transaction. Foreign currency-denominated monetary assets and liabilities are translated using the prevailing exchange rates at the financial report date. Exchange gains or losses resulting from foreign currency transactions and translation are included in the profit or loss.

Segment Reporting

The Group's operating businesses are organized and managed according to the nature of the products and services provided. The Group has determined that it is operating as one operating segment as of December 31, 2021 and 2020 (see Note 24).

Provisions

A provision is recognized only when the following conditions are present: (a) the Group has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made on the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current assessment of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provisions due to the passage of time is recognized as interest expense. Provisions are reviewed at each financial report date and adjusted to reflect the current best estimate.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These 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.

Events After the Financial Reporting Date

Post year-end events up to the date of the auditor's report that provide additional information about the Group'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 consolidated financial statements when material.

3. Significant Accounting Judgments, Estimates, and Assumptions

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.



Judgments

In the process of applying the Group'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 Parent Company

As a REIT entity, the Parent 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, 2021, the Parent Company met the provisions of the REIT law and complies with the 90% dividend distribution requirement. The Parent 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 Parent Company has derecognized its deferred taxes as of December 31, 2021.

Determination of lease term of contracts with renewal and termination options - Group as a lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms equivalent to its original lease term. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The renewal options for leases of office spaces and land for certain real estate developments were not included as part of the lease term because the Group assessed that renewal is not reasonably certain (see Note 20).

Operating lease commitments - Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on the evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the investment property, that it retains all the significant risks and rewards of ownership of these properties and accounts for these contracts as operating lease (see Note 20).

Build Transfer Operate (BTO) Agreement with Cebu Province - Group as operator

On March 26, 2012, FLI entered into a BTO agreement with The Province of Cebu (Cebu Province). The BTO project relates to the development, construction, and operation of Business Process Outsourcing (BPO) Complex by the Parent Company at the land properties owned by Cebu Province located at Salinas, Lahug, Cebu City.



In August 2012, FLI assigned this agreement to the Parent Company. Based on the agreement, the Parent 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 Parent Company, on the other hand, has the right to operate and earn rentals from the project upon completion but does not have ownership over the properties. The Parent Company also has no substantial risks and rewards on the properties for the major part of its economic life. Accordingly, the related development cost and lease payments were recorded under “BTO rights” presented under intangible assets in the consolidated statement of financial position (see Note 7).

Determining whether an arrangement contains a lease - Build Operate Transfer (BOT) Agreement

On September 16, 2015, the Parent Company entered into a BOT agreement with Philippine DCS Development Corporation (PDDC), also a subsidiary of FLI. 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 Parent Company within Northgate Cyberzone, Muntinlupa City.

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 Parent Company considering that: (a) the Parent 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 Parent Company during the term of the BOT agreement. Thus, the BOT agreement does not contain a lease within the scope of PFRS 16 (see Note 11).

Classification of noncurrent assets held for distribution

As of December 31, 2020, the Parent Company has noncurrent assets held for distribution amounting to ₱6,843.7 million related to property dividends declared by the Parent Company (nil as of December 31, 2021). The Parent Company assessed that the distribution of these investment properties, by way of property dividends and reimbursement from FLI, is highly probable considering that actions to complete the distribution have been initiated and are expected to be completed within one year. These investment properties will be derecognized in the consolidated financial statements once the SEC approves the distribution of the dividends and the Parent Company is compensated for the additions made from date of declaration to the date of distribution.

On July 15, 2021, the SEC approved the property dividend declaration and the Parent Company was compensated for additions subsequent to date of declaration. Refer to Notes 6 and 16 for the related disclosures on noncurrent assets held for distribution and directly related liabilities.

Impairment assessment of nonfinancial assets

The Group assesses at each financial reporting date whether there is any indication that the nonfinancial assets (investment properties and intangible assets) may be impaired. The Group 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 Group estimates the recoverable amount of the asset, which is the higher of the asset’s fair value less cost to sell and value in use.



The Group has determined that the COVID-19 pandemic has no impact and is not considered as an impairment indicator in the impairment assessment of nonfinancial assets. As of December 31, 2021 and 2020, no impairment indicators were identified for the Group's nonfinancial assets (see Notes 7, 9 and 20).

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 Group 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 Group's historical observed default rates. The Group is calibrating the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., GDP, inflation) are expected to deteriorate over the next year which can lead to an increase in the rental rates, the historical default rates are adjusted. At every financial reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Group has considered impact of COVID-19 pandemic and revised its assumptions in determining the macroeconomic variables and loss rates in the computation of expected credit loss. The Group also considers the security deposit and advance rentals available to cover exposure to credit loss. As of December 31, 2021, and 2020, the Group's allowance for ECL on its trade receivables amounted to ₱7.7 million and ₱0.3 million, respectively (see Note 5).

Recognition of deferred tax asset

The Group reviews the carrying amounts of deferred income tax assets at each financial report date and reduces it to the extent that it is no longer probable that sufficient income will be available to allow all or part of the deferred income tax assets to be utilized. The Group believes that it will generate sufficient taxable profit to allow all or part of the deferred income tax assets to be utilized.

As of December 31, 2021, the Group made an assessment that it will effectively operate as an income tax-free entity and as such, has not recognized any deferred tax assets. As of December 31, 2020, deferred tax assets amounted to ₱269.2 million (see Note 19).

4. Cash and Cash Equivalents

This account consists of:

	2021	2020
Cash on hand and in banks	₱515,722,841	₱602,644,513
Cash equivalents	2,071,472,790	267,873,019
	₱2,587,195,631	₱870,517,532



Cash in banks earn interest at their respective bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, with original maturities of three (3) months or less from dates of placement and are subject to an insignificant risk and change in value and earned interest at prevailing short-term investment ranging from 0.25% to 1.25% and 0.10% to 3.75% for the period ending December 31, 2021 and 2020 respectively.

Interest earned from cash and cash equivalents amounted to ₱6.3 million, ₱3.9 million and ₱8.4 million in 2021, 2020 and 2019 respectively (see Note 22).

There is no restriction on the Group's cash and cash equivalents as of December 31, 2021 and 2020.

5. Receivables

This account consists of:

	2021	2020
Trade receivables (Note 17)	₱730,984,104	₱799,278,543
Advances to officers and employees	31,713,801	29,632,452
Others	–	1,518,717
	762,697,905	830,429,712
Less allowance for ECL	7,702,272	285,258
	₱754,995,633	₱830,144,454

Trade receivables represent charges to tenants for rentals and utilities which are normally collectible within 20 days from billing date. These include receivable earned but not yet billed arising from straight-line recognition of lease income from covered lessees. These are covered by security deposits by tenants equivalent to rent paid by the lessees. All overdue and unpaid rent, dues and charges are subject to interest at 18% per annum and penalty of 24% per annum. Interest and penalties from late payments amounted to ₱3.6 million, nil, and ₱2.0 million for the period ended December 31, 2021, 2020, and 2019, respectively (see Note 22).

In 2021, the Group has recognized provision for ECL on its trade receivables. Movement in the Group's allowance for ECL follow:

	2021	2020
At January 1	₱285,258	₱285,258
Provisions	7,417,014	–
At December 31	₱7,702,272	₱285,258

Advances to officers and employees pertain to salary and loans granted by the Group which are collectible through salary deduction and are non-interest bearing. This also represents advances for project costs, marketing activities, travel and other expenses arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

Others include advances of real property tax on land leased by the Group subject to reimbursement.



6. Noncurrent Assets Held for Distribution

This account consists of:

	2021	2020
Net book value of investment properties		
Investment properties declared as property dividends (Notes 9 and 16)	₱6,914,270,136	₱6,611,906,765
Additions to construction in progress	570,628,432	231,794,581
Right of use assets (Notes 9 and 20)	54,463,438	-
Net book value of intangible assets		
BTO rights declared as property dividends (Notes 7 and 16)	1,388,063,419	-
Additions to BTO rights	5,669,692	-
Right of use assets (Notes 7 and 20)	27,505,758	-
Derecognition of noncurrent assets held for distribution (Note 16)	(8,960,600,875)	-
	₱-	₱6,843,701,346

Noncurrent assets held for distribution represent investment properties and BTO rights declared as property dividends, additions to construction in progress under investment properties and intangible assets, net of depreciation and amortization, declared as property dividends from the date of declaration up to July 15, 2021 subject to reimbursement by FLI, and the related right of use assets for the land subleased by the Parent Company where these properties were constructed.

The SEC issued the certificate of filing the notice of the property dividend declaration for the noncurrent assets held for distribution on July 15, 2021 and subsequently these assets were distributed to FLI and derecognized in the consolidated financial statements.

7. Intangible Assets

On March 26, 2012, FLI entered into a BTO agreement with Cebu Province. This was subsequently assigned to the Group in August 2012 (see Note 3).

“BTO rights” relate to the development cost, construction and operation of BPO Complex at the land properties owned by Cebu Province. As of December 31, 2021 and 2020, cost of completed portion pertaining to Cebu Towers 1 of the BTO project amounted to ₱1.3 billion.

“Right-of-Use assets” pertain to the related lease payments required under the BTO agreement for the land where the buildings were constructed.



The rollforward analysis of intangible assets follows:

	2021		
	BTO Rights	Right-of-Use Assets (Note 20)	Total
Cost			
Balance at beginning of period	₱3,576,270,821	₱112,423,917	₱3,688,694,738
Additions	146,672,218	-	146,672,218
Reclassification (Note 6)	(1,430,406,718)	(30,115,793)	(1,460,522,511)
Derecognition (Note 17)	(966,124,237)	(60,231,586)	(1,026,355,823)
Balance at end of period	1,326,412,084	22,076,538	1,348,488,622
Accumulated Depreciation			
Balance at beginning of period	₱270,873,400	₱8,993,914	₱279,867,314
Depreciation	57,169,464	1,485,377	58,654,841
Reclassification (Note 6)	(36,673,607)	(2,610,035)	(39,283,642)
Derecognition (Note 17)	-	(5,220,071)	(5,220,071)
Balance at end of period	291,369,257	2,649,185	294,018,442
Net Book Value	₱1,035,042,827	₱19,427,353	₱1,054,470,180

	2020		
	BTO Rights	Right-of-Use Assets (Note 20)	Total
Cost			
Balance at beginning of year	₱2,960,031,844	₱112,423,917	₱3,072,455,761
Additions	607,835,586	-	607,835,586
Reclassification (Notes 9 and 10)	8,403,391	-	8,403,391
Balance at end of year	3,576,270,821	112,423,917	3,688,694,738
Accumulated Depreciation			
Balance at beginning of year	178,271,697	4,496,957	182,768,654
Depreciation	77,559,890	4,496,957	82,056,847
Reclassification (Notes 9 and 10)	15,041,813	-	15,041,813
Balance at end of year	270,873,400	8,993,914	279,867,314
Net Book Value	₱3,305,397,421	₱103,430,003	₱3,408,827,424

On February 11, 2021, the BOD approved the transfer of Cebu Towers 3 and 4 to FLI by way of assignment of right to manage and operate. FLI will compensate the Parent Company at a consideration equivalent to the cost of the properties upon assignment.

On February 26, 2021, the Parent Company and FLI executed deed of assignment of rights for the transfer of the properties. Hence, the cost of these properties, including the related right-of use assets and lease liabilities, were derecognized (see Note 17).

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 consolidated statement of comprehensive income amounting ₱30.4 million in 2021 (see Note 20).

Rental income recognized arising from the BTO agreement amounted to ₱207.9 million, ₱215.5 million, and ₱193.3 million in 2021, 2020, and 2019, respectively.

Tenant dues from BTO rights amounted to ₱72.9 million, ₱92.0 million, ₱89.3 million in 2021, 2020, and 2019 respectively (see Note 21).



Operating expenses incurred for maintaining and operating these assets amounted to ₱93.7 million, ₱126.4 million, and ₱93.2 million in 2021, 2020, and 2019 respectively. In 2019, the capitalized amortization of right-of-use assets amounted to ₱4.5 million (nil in 2021 and 2020).

Borrowing costs capitalized on the BTO project amounted to ₱4.3 million, ₱81.8 million, and ₱104.4 million in 2021, 2020, and 2019, respectively (see Notes 13 and 14). The capitalization rates used in 2021, 2020, and 2019 range from 4.0% to 5.2%.

Contractual obligations to acquire and construct intangible assets amounted to nil and ₱1,500.0 million as of December 31, 2021 and 2020, respectively.

8. Advances to Contractors

Advances to contractors represent advances for project costs and other disbursements related to buildings under construction. The advances shall be settled through recoupment against contractors' billings. Advances to contractors amounted to ₱13.3 million and ₱18.4 million as of December 31, 2021 and 2020, respectively.

9. Investment Properties

The rollforward analyses of this account follows:

	2021					
	Land	Buildings and Improvement	Construction in-progress	Right-of-use asset (Note 20)	Others	Total
Cost						
Balance at beginning of period	₱-	₱11,953,070,219	₱-	₱1,946,930,753	₱158,204,744	₱14,058,205,716
Additions	-	60,686,413	-	-	13,716,995	74,403,408
Derecognition (Note 20)	-	-	-	(1,884,771,395)	(44,191,728)	(1,928,963,123)
Reclassification (Notes 6 and 16)	-	(528,355,502)	-	(62,159,358)	-	(590,514,860)
Balance at end of period	-	11,485,401,130	-	-	127,730,011	11,613,131,141
Accumulated Depreciation						
Balance at beginning of period	-	2,339,348,223	-	39,188,512	49,864,109	2,428,400,844
Depreciation	-	267,057,842	-	11,286,856	28,900,550	307,245,248
Derecognition (Note 20)	-	-	-	(42,779,448)	(11,978,486)	(54,757,934)
Reclassification (Notes 6 and 16)	-	(225,992,131)	-	(7,695,920)	-	(233,688,051)
Balance at end of period	-	2,380,413,934	-	-	66,786,173	2,447,200,107
Net Book Value	₱-	9,104,987,196	₱-	₱-	₱60,943,838	₱9,165,931,034

	2020					
	Land	Buildings and Improvement	Construction in-progress	Right-of-use asset (Note 20)	Others	Total
Cost						
Balance at beginning of year	₱1,065,970,323	₱14,374,114,937	₱2,596,558,086	₱62,159,358	₱125,268,691	₱18,224,071,395
Additions (Note 20)	12,671,445	150,907,402	1,292,911,395	2,149,262,141	32,936,053	3,638,688,436
Disposals	(672,801,997)	-	-	-	-	(672,801,997)
Derecognition (Note 20)	-	-	-	(264,490,746)	-	(264,490,746)
Reclassification (Notes 7, 10 and 16)	(405,839,771)	(2,571,952,120)	(3,889,469,481)	-	-	(6,867,261,372)
Balance at end of year	₱-	₱11,953,070,219	₱-	₱1,946,930,753	₱158,204,744	₱14,058,205,716

(Forward)



	2020					
	Land	Buildings and Improvement	Construction in-progress	Right-of-use asset (Note 20)	Others	Total
Accumulated Depreciation						
Balance at beginning of year	₱-	₱2,042,662,904	₱-	₱3,551,963	₱21,083,279	₱2,067,298,146
Depreciation	-	320,245,345	-	39,033,505	28,780,830	388,059,680
Derecognition (Note 20)	-	-	-	(3,396,956)	-	(3,396,956)
Reclassification (Notes 7, 10 and 16)	-	(23,560,026)	-	-	-	(23,560,026)
Balance at end of year	-	2,339,348,223	-	39,188,512	49,864,109	2,428,400,844
Net Book Value	₱-	₱9,613,721,996	₱-	₱1,907,742,241	₱108,340,635	₱11,629,804,872

Others include prepaid commission costs directly attributable in obtaining the operating leases related to the Group's office buildings.

Investment properties pertain to the Group's land and buildings that are currently leased to third parties. Borrowing costs capitalized to investment properties amounted to nil, ₱177.5 million, and ₱180.3 million for the period ended December 31, 2021, 2020, and 2019, respectively (see Notes 13 and 14). The capitalization rates used range from 4.0% to 5.6%, 4.0% to 5.5%, and 4.0% to 5.5% in 2021, 2020, and 2019, respectively.

On October 7, 2020, the Group sold a portion of its South Road Properties with a carrying value of ₱672.8 million for a consideration of ₱737.8 million.

As of December 31, 2021, the estimated fair value of the Group's investment properties amounted to ₱45,429.7 million. The fair value of the investment properties is computed based on the income approach using discounted cash flow method. Using income approach, all expected cash flows from the use of the assets were projected and discounted using the appropriate discount rate reflective of the market expectations. The valuation of investment property is categorized as Level 3 in the fair value hierarchy since valuation is based on unobservable inputs. The significant unobservable inputs used in the valuation pertain to lease income growth rate and discount rate. The fair value used by the Group is based on a valuation performed in 2021 by an accredited third-party appraisal who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment properties being valued.

Rental income from investment properties amounted to ₱2,311.4 million, ₱2,617.9 million, and ₱2,621.4 million in 2021, 2020, and 2019, respectively. Tenant dues from investment properties amounted to ₱796.5 million, ₱907.3 million and ₱793.7 million in 2021, 2020, and 2019 respectively (see Note 21).

Operating expenses incurred for maintaining and operating these investment properties amounted to ₱1,067.0 million, ₱1,018.8 million, and ₱1,268.8 million in 2021, 2020, and 2019, respectively.

Contractual obligations to acquire investment properties amounted to nil and ₱1,500.0 million as of December 31, 2021 and, 2020, respectively. As of December 31, 2021, investment properties are not used as collateral and is not subject to any existing liens and encumbrances.



10. Property and Equipment

The rollforward analysis of this account follows:

	2021		
	Land Improvements	Furniture and Fixtures	Total
Cost			
Balance at beginning of year	₱38,703,162	₱92,133,553	₱130,836,715
Additions	–	30,219,374	30,219,374
Balance at end of year	38,703,162	122,352,927	161,056,089
Accumulated Depreciation			
Balance at beginning of year	19,325,574	43,116,259	62,441,833
Depreciation	350,473	16,576,885	16,927,358
Balance at end of year	19,676,047	59,693,144	79,369,191
Net Book Value	₱19,027,115	62,659,783	₱81,686,898

	2020		
	Land Improvements	Furniture and Fixtures	Total
Cost			
Balance at beginning of year	₱38,703,160	₱80,175,614	₱118,878,774
Additions	201,211	16,559,423	16,760,634
Reclassification (Notes 7 and 9)	12,002	(4,814,695)	(4,802,693)
Balance at end of year	38,916,373	91,920,342	130,836,715
Accumulated Depreciation			
Balance at beginning of year	18,975,099	44,953,352	63,928,451
Depreciation	350,473	15,598,150	15,948,623
Reclassification (Notes 7 and 9)	–	(17,435,241)	(17,435,241)
Balance at end of year	19,325,572	43,116,261	62,441,833
Net Book Value	₱19,590,801	₱48,804,081	₱68,394,882

As of December 31, 2021 and 2020, property and equipment is not used as collateral and is not subject to any encumbrances.

11. Other Assets

Other current assets consist of:

	2021	2020
Creditable withholding tax	₱23,411,881	₱94,649,221
Input VAT - net	12,596,885	986,282,331
Prepayments	8,500,982	68,233,324
Others	19,545,183	33,658,745
	64,054,931	1,182,823,621
Less noncurrent portion of input VAT	–	11,491,515
	₱64,054,931	₱1,171,332,106



Input VAT represents the taxes imposed to the Group by its suppliers and contractors for the acquisition of goods and services required under Philippine taxation laws and regulation. This will be used against future output VAT liabilities or will be claimed as tax credits. Management has estimated that all input VAT are recoverable at its full amount.

Creditable withholding tax are attributable to taxes withheld by third parties arising from income which are fully realizable and will be applied against future taxes payable. The amounts represent the residual after application as credit against income tax payable.

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

Others include office and maintenance supplies.

Other noncurrent assets consist of:

	2021	2020
Prepaid DCS connection charges (Note 17)	₱197,031,019	₱336,023,216
Deposits	53,497,322	40,903,155
Input VAT - noncurrent portion	-	11,491,515
	₱250,528,341	₱388,417,886

Prepaid DCS connection charge is amortized using straight line method based on the contract period of connection. Amortization of connection fee amounting to ₱6.6 million, ₱16.2 million and ₱15.0 million in 2021, 2020 and 2019, respectively is presented as "Others" in the consolidated statement of comprehensive income.

The rollforward analysis of Prepaid DCS connection charge follows:

	2021	2020
Cost		
Balance at beginning of year	₱382,860,734	₱316,250,070
Additions (Note 17)	-	66,610,664
Derecognition (Note 17)	(135,183,308)	-
Balance at end of year	247,677,426	382,860,734
Accumulated Amortization		
Balance at beginning of year	46,837,518	30,672,764
Amortization	6,595,943	16,164,754
Derecognition (Note 17)	(2,787,054)	-
Balance at end of year	50,646,407	46,837,518
Net Book Value	₱197,031,019	₱336,023,216

In 2021, the Group derecognized prepaid DCS pertaining to property dividends distributed to FLI (see Note 17).

Deposits pertain to electric meter deposits and security deposits.



12. Accounts Payable and Accrued Expenses

This account consists of:

	2021	2020
Advances from tenants	₱477,748,494	₱566,558,897
Accrued expenses (Note 17)	254,501,467	262,209,073
Payable to suppliers	140,045,076	121,453,381
Accrued interest payable (Notes 13 and 14)	102,221,010	113,036,580
Due to related parties (Note 17)	86,102,391	181,541,991
Payable to contractors (Note 9)	84,857,304	123,491,053
Withholding taxes payable	48,507,499	38,206,363
Retention payable - current portion (Note 15)	28,674,088	177,214,409
	₱1,222,657,329	₱1,583,711,747

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 expenses include accruals for utilities, maintenance, service and energy charges, outside services and other expenses. These are normally settled within the year.

Retention payable account pertains to the amounts withheld by the Group from contractors' progress billings which are returned upon completion of their services or expiry of the contractors' warranty period.

Payable to suppliers arise from various acquisitions of materials and supplies used for construction and are normally payable within the year.

Payable to contractors arises from progress billings received from contractors for the construction costs incurred by the Group.

Accrued interest payable pertains to accrual of interest of bonds and loans outstanding as at year end.

Withholding taxes payable consists of withholding taxes on compensation and expanded withholding taxes. These are normally settled within one (1) month.

13. Loans Payable

As of December 31, 2020, this account consists of (nil as of December 31, 2021):

Developmental loans from local banks (Note 16)	₱2,344,166,667
Less current portion of loans payable	744,166,667
Noncurrent portion of loans payable	₱1,600,000,000

These loans are obtained to finance the construction of buildings for rental. Developmental loans from local banks will mature on various dates up to 2024. These peso-denominated loans bear floating interest rates equal to 91-day PDST-F rate plus a spread of 1% per annum, prevailing market rate, or fixed interest rates of 4.00% to 5.22% per annum.



Loans availed by the Group for the years ended December 31, 2021, 2020, and 2019 amounted to nil, ₱1,000.0 million, and ₱2,100.0 million respectively. Principal payments made in 2020 amounted to ₱984.6 million, nil in 2021 (see Note 27).

Capitalized interest expense relating to loans payable amounted to ₱10.0 million, ₱133.4 million, and ₱72.6 million in 2021, 2020, and 2019 respectively (see Notes 7 and 9). The capitalization rates used in 2021, 2020 and 2019 ranges from 4.0% to 5.6%.

Total interest expense charged to the consolidated statements of comprehensive income amounted to ₱7.9 million, ₱81.6 million, and ₱105.5 million in 2021, 2020, and 2019 respectively.

On December 9, 2020, the Parent Company and FLI entered into an agreement for the assignment of the Parent Company's developmental loans outstanding as of November 30, 2020 amounting to ₱4,233.8 million. On December 9, 2020, the Parent Company notified the banks in writing of the assignment of loans.

As of December 31, 2021, the Parent Company received the letters of consent from all the banks authorizing the assignment of the loans to FLI. As of December 31, 2021, total loans payable assigned to FLI and derecognized in the consolidated statement of financial position amounted to ₱3,863.0 million, inclusive of amounts derecognized as of December 31, 2020 amounting to ₱1,518.8 million.

In December 2020, FLI also paid total principal installment due amounting to ₱370.8 million on behalf of the Parent Company. The principal installment paid by FLI and the portion of the derecognized loans were recognized as deposit for future stock subscription as of December 31, 2020 (see Note 16).

The Group's loans payable is unsecured, and no assets are held as collateral for these debts. The agreements covering the abovementioned loans require maintaining certain financial ratios including debt-to-equity ratio and interest coverage ratio.

The agreements also provide for restrictions and requirements with respect to, among others, making substantial change in present management and ownership structure; acquisition of any shares of stock; sale, lease or transfer and disposal of all or a substantial part of its assets, except in the ordinary course of business; and entering into any merger, consolidation or reorganization. As of December 31, 2021, and 2020, the Group is not in breach of these covenants and has not been cited in default on any of its outstanding obligation.

14. Bonds Payable

On July 7, 2017, the Group issued fixed rate bonds with aggregate principal amount of ₱6,000.0 million and term of five and a half (5.5) years from the issue date or in January 2023. The fixed rate is 5.05% per annum, payable quarterly in arrears starting October 7, 2017. As of December 31, 2021 and 2020, the outstanding balance of bonds payable amounted to ₱5,987.0 million and ₱5,974.2 million, respectively.

The bonds are redeemable at 100% of face value on maturity date, which is January 7, 2023, unless the Group exercises its early redemption option. Interest expense which was capitalized relating to bonds payable amounted to nil, ₱108.8 million, and ₱212.1 million in 2021, 2020, and 2019, respectively (see Notes 7 and 9).



Total interest expense charged to the consolidated statements of comprehensive income amounted to ₱307.2 million, ₱199.2 million, and ₱95.2 million in 2021, 2020, and 2019, respectively.

Unamortized debt issuance cost on bonds payable amounted ₱13.0 million and ₱25.8 million as of December 31, 2021 and 2020, respectively. Amortization of transaction costs included under “Interest and other financing charges” in the consolidated statements of comprehensive income amounted to ₱12.9 million, ₱12.8 million and ₱12.7 million in 2021, 2020, and 2019, respectively.

The bonds require the Group to maintain a maximum debt-to-equity ratio of 2.33x and minimum debt service coverage ratio of 1.1x. As of December 31, 2021, and 2020, the Group is not in breach of these financial covenants and has not been cited in default on any of its outstanding obligation.

15. Other Liabilities

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:

	2021	2020
Current portion	₱96,987,598	₱116,414,891
Noncurrent portion	654,002,829	732,659,169
	₱750,990,427	₱849,074,060

Other noncurrent liabilities

As of December 31, 2020, this account consists of (nil as of December 31, 2021):

Retention payable - net of current portion	₱296,558,325
Retirement liabilities (Note 18)	3,827,357
	₱300,385,682

16. Equity

Paid-up Capital

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

	2021		2020	
	Shares	Amount	Shares	Amount
<i>Authorized number of shares</i>				
Balances at beginning of year	4,000,000,000	₱2,000,000,000	2,000,000,000	₱2,000,000,000
Increase in authorized capital stock (a)	5,131,849,000	5,131,849,000	-	-
Stock split	5,131,849,000	-	2,000,000,000	-
Balances at end of year	14,263,698,000	₱7,131,849,000	4,000,000,000	₱2,000,000,000



	2021		2020	
	Shares	Amount	Shares	Amount
<i>Issued and outstanding</i>				
Balances at beginning of year	2,326,853,336	₱1,163,426,668	1,163,426,668	₱1,163,426,668
Issuance of new shares	1,282,962,329	1,282,962,329	–	–
Stock split	1,282,962,329	–	1,163,426,668	–
Balances at end of year	4,892,777,994	₱2,446,388,997	2,326,853,336	₱1,163,426,668

The NAV per share as of December 31, 2021 is ₱9.07.

On December 4, 2020, the BOD approved the increase in the Parent Company's authorized capital stock to ₱14,985.0 million divided into 10,800.0 million common shares with a par value of ₱1.00 per share and 4,185.0 million preferred shares with a par value of ₱1.00. The Parent Company filed the application for the increase in authorized capital stock with the SEC on December 22, 2020.

On December 15, 2020, FLI subscribed to 2,700.0 million common shares and 1,046.3 million preferred shares out of the Parent Company's proposed increase in authorized capital stock. The consideration for the subscription amounting to ₱3,746.3 million shall be taken from the loans payable assigned to FLI (see Note 13).

As of December 31, 2020, deposit for future stock subscription amounted to ₱1,889.6 million, respectively, inclusive of the assigned loans payable amounting to ₱1,518.8 million and principal installments on loans paid by FLI on behalf of the Parent Company prior to assignment of loans in December 2020 amounting to ₱370.8 million (see Note 13).

On March 5, 2021, the BOD and the stockholders approved the reduction of the par value of the common shares of the Parent Company, from ₱1.00 per share to ₱0.50, resulting in a stock split whereby every existing one (1) common share with par value of ₱1.00 each will become two (2) common shares with par value of ₱0.50 each. They further approved an amendment to the increase in authorized capital stock, from ₱2,000.0 million divided into 2,000.0 million common shares with a par value of ₱1.00 per share to ₱7,131.8 million divided into 14,263,698,000 common shares with a par value of ₱0.50 per share (see Note 23).

On March 12, 2021, FLI subscribed to 2,565.9 million common shares out of the Parent Company's proposed amendment to the increase in authorized capital stock amounting to ₱3,746.3 million superseding FLI's subscription to the Parent Company's shares on December 15, 2020. The Parent 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 have been 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 Parent Company recorded APIC amounting to ₱2,518.4 million, net of stock issuance costs. The Parent Company incurred transaction costs incidental to the IPO that are directly attributable to the issuance or subscription of new shares amounting to ₱47.8 million in 2021.

As of December 31, 2021, there are 13,067 holders of security of the Parent Company.

Retained Earnings

Appropriation

On December 4, 2020, the BOD approved the release of its previous appropriation from its retained earnings amounting to ₱6,300.0 million. This pertains to previous appropriations made to fund projects already completed or transferred, thus will not require any appropriations anymore.



Declaration of Property Dividends

On February 11, 2021, the BOD approved the declaration of the operational office buildings FLI Edsa, IT School, Concentrix Building (Convergys Building) and Cebu Tower 2 as property dividends. The aggregate carrying value of the properties amounted to ₱1,690.4 million (see Note 6).

On December 4, 2020, the Parent Company's BOD approved the declaration of buildings Filinvest Axis Towers 2, 3 and 4, and SRP Lot 2 with carrying value amounting to ₱6,611.9 million (see Note 6).

The distribution of these properties was made upon approval by the SEC on July 15, 2021.

Declaration of Cash Dividends

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

Declaration date	Record date	Dividend per common shares	Total dividends declared	Payment date
August 31, 2021	September 15, 2021	₱0.112	₱547,991,135	September 30, 2021
November 18, 2021	December 3, 2021	0.112	547,991,135	December 20, 2021
July 19, 2019	July 31, 2019	0.299	348,339,734	June 30, 2020

After reconciling items, the Group's retained earnings available for dividend declaration as of December 31, 2021 and 2020 amounted to ₱1,018.9 million and ₱1,680.9 million, respectively.

The following table shows how the Group computes for its dividend per share:

	2021	2020
a. Dividends	₱2,786,409,060	₱6,611,906,765
b. Weighted average number of outstanding common shares	3,514,911,602	1,163,426,668
Dividends per share (a/b)	₱0.79	₱5.68

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 Parent Company shall present a computation of its distributable dividend taking into consideration requirements under the provisions of the Act and the Rule. Distributable income is not a measure of performance under the PFRS. For the year ended December 31, 2021, the distributable income amounted to ₱1,855.1 million.

Capital Management

The Group'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 Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. It closely monitors its capital and cash positions and carefully manages its capital expenditures. Furthermore, the Group may also, from time to time, seek other sources of funding, which may include debt or equity issues, depending on its financing needs and market conditions. The Group monitors capital using a debt-to-equity ratio, which is total long-term debt divided by total stockholders' equity. The Group includes within debt, interest-bearing loans and external borrowings whether in the form of long-term notes, bonds, and lease liabilities.



The following table shows how the Group computes for its debt-to-equity ratio:

	2021	2020
Bonds payable (Note 14)	₱5,987,044,949	₱5,974,168,846
Lease liabilities (Note 20)	27,838,182	2,190,115,165
Loans payable (Note 13)	-	2,344,166,667
	6,014,883,131	10,508,450,678
Equity	5,982,498,127	5,106,064,860
Debt-to-equity ratio	1.01:1	2.06:1

As a REIT entity, the Parent 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 Parent Company has made adjustments to its policies and processes for managing capital for the year ended December 31, 2021. Per Section 8 of the REIT Implementing Rules and Regulations issued by the SEC, the total borrowings and deferred payments of a REIT should not exceed thirty-five percent (35%) of its Deposited Property; provided, however, that the total borrowings and deferred payments of a REIT that has a publicly disclosed investment grade credit rating by a duly accredited or internationally recognized rating agency may exceed thirty-five percent (35%) but not more than seventy percent (70%) of its Deposited Property. Provided, further, that in no case shall a Fund Manager, borrow for the REIT from any of the funds under its management

As of December 31, 2021, the fair value of the deposited properties amounted to ₱52,379.5 million, resulting to a debt ratio of 11.4%. The Parent Company is compliant to this Aggregate Leverage Limit.

17. 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 Group’s total assets shall be subject to the review by the RPT Committee.

Transactions that were entered into with an unrelated party that subsequently becomes a related party shall be excluded from the limits and approval of the Policy on Related Party Transactions (“Policy”). However, any renewal, change in the terms and conditions or increase in exposure level, related to these transactions after a non-related party becomes a related party, shall subject it to the provisions of the Policy. In the event wherein there are changes in the RPT classification from non-material to material, the material RPT shall be subject to the provisions of the Policy.

Outstanding balances as at December 31, 2021 and 2020 are unsecured, interest free and require settlement in cash, unless otherwise stated. As of December 31, 2021 and 2020, the Group 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 Group's related party transactions are shown in the table below:

	2021				
	Amount/ Volume	Outstanding balance	Terms	Conditions	Note
Bank under common control					
Cash and cash equivalents	¥ 2,219,841,487	¥2,219,841,487	0.1010% to 3.75%	No impairment	17 (a)
Interest income	4,062,940	-			
	¥ 2,223,904,427	¥2,219,841,487			
Trade receivables (Note 5)					
<i>Parent Company</i>					
Rental revenue	¥ 25,827,386	¥4,140,316	Noninterest-bearing; due and demandable	Unsecured	17 (b)
<i>Affiliate</i>					
Rental revenue	96,513,930	29,374,766	Noninterest-bearing; collectible every 20th day of the month	Unsecured	17 (b)
Service fee income (Note 21)	31,381,132	-	Noninterest-bearing	Unsecured	17 (b)
Commission income (Note 21)	-	-	Noninterest-bearing	Unsecured	17 (d)
	¥ 153,722,448	¥33,515,082			
Other Noncurrent Asset					
<i>Affiliate</i>					
DCS connection charge (Note 11)	(148,925,007)	¥203,626,962		No impairment	17 (f)
Connection fees (Note 11)	(9,568,811)	(6,595,943)			
	(¥138,992,197)	¥197,031,019			
Accounts payable and accrued expenses (Note 12)					
<i>Parent Company</i>					
Rental expense	(¥41,183,886)	(¥41,183,886)	Noninterest-bearing; payable on demand	Unsecured	17 (c)
<i>Affiliate</i>					
Service and energy fees	(12,276,703)	(34,050,962)	Noninterest-bearing	Unsecured	17 (f)
<i>Affiliate</i>					
Service fee	(9,925,905)	(4,024,132)	Noninterest-bearing; payable on demand	Unsecured	17 (d)
Management fee, manpower cost and others	(6,843,411)	(6,843,411)	Noninterest-bearing; payable on demand	Unsecured	17 (d)
	(¥70,229,905)	(¥86,102,391)			
Lease liabilities					
<i>Parent Company</i>					
Lease liabilities (Note 20)	(¥2,162,276,983)	¥-	Noninterest-bearing; payable	Unsecured	17 (c)
Other Noncurrent Liabilities					
<i>Parent Company</i>					
Security deposit	¥549,299	(¥7,827,359)	Noninterest-bearing; payable	Unsecured	17 (b)
<i>Affiliate</i>					
Security deposits	6,732,636	(20,866,382)	Noninterest-bearing; payable	Unsecured	17 (b)
	¥7,281,935	(¥28,693,741)			



	2020				
	Amount/ Volume	Outstanding balance	Terms	Conditions	Note
Bank under common control					
Cash and cash equivalents	₱738,640,515	₱738,640,515	0.1010% to 3.75%	No impairment	17 (a)
Interest income	3,908,966	–			
	₱742,549,481	₱738,640,515			
Trade receivables (Note 5)					
<i>Parent Company</i>					
Rental revenue	₱24,965,196	₱306,370	Noninterest-bearing; due and demandable	Unsecured	17 (b)
<i>Affiliate</i>					
Rental revenue	88,007,272	146,729	Noninterest-bearing; collectible every 20th day of the month	Unsecured	17 (b)
Service fee income (Note 21)	8,990,356	–	Noninterest-bearing	Unsecured	17 (d)
Commission income (Note 21)	23,166,200	–	Noninterest-bearing	Unsecured	17 (d)
	₱145,129,024	₱453,099			
Other Noncurrent Asset					
<i>Affiliate</i>					
DCS connection charge (Note 11)	₱15,266,782	₱352,187,969		No impairment	17 (f)
Connection fees (Note 12)	–	(16,164,753)			
	₱15,266,782	₱336,023,216			
Accounts payable and accrued expenses (Note 12)					
<i>Parent Company</i>					
Rental expense	(₱304,190,850)	₱–	Noninterest-bearing; payable on demand	Unsecured	17 (c)
<i>Affiliate</i>					
Advances	(350,000,000)	–	Interest-bearing at 6.0%, payable on demand	Unsecured	
Accrued interest	(9,966,667)	–	Noninterest-bearing	Unsecured	17 (e)
Service and energy fees (Note 20)	(290,551,981)	(46,327,665)	Noninterest-bearing; payable on demand	Unsecured	17 (f)
Rental expense	(4,467,493)	–	Noninterest-bearing; payable on demand	Unsecured	17 (c)
<i>Affiliate</i>					
Service fee	(35,361,288)	(13,950,037)	Noninterest-bearing; payable on demand	Unsecured	17 (d)
Management fee and manpower cost	–	–	Noninterest-bearing; payable on demand	Unsecured	
	(₱994,538,279)	(₱60,277,702)			
Lease liabilities					
<i>Parent Company</i>					
Lease liabilities (Note 20)	(₱2,149,262,141)	(₱2,190,115,165)	Noninterest-bearing; payable	Unsecured	17 (c)
Other Noncurrent Liabilities					
<i>Parent Company</i>					
Security deposit	(₱7,278,060)	(₱7,278,060)	Noninterest-bearing; payable	Unsecured	17 (b)
<i>Affiliate</i>					
Security deposits	(12,018,424)	(14,133,746)	Noninterest-bearing; payable	Unsecured	17 (b)
	(₱19,296,484)	(₱21,411,806)			

Significant related party transactions are as follows.

- a) The Group 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 - Group as lessor*

The Parent Company, as a lessor, entered into a space rental agreement with FLI, for the office space in one of the Parent Company's buildings. Lease period is from December 6, 2021 to December 5, 2031.

The Parent Company, as a lessor, entered into a space rental agreement with Filinvest Alabang, Inc. (FAI), an entity under common control, for the office spaces in the Parent Company's buildings. Lease period is from September 2, 2019 to September 1, 2024 for Axis Tower 1 and April 1, 2021 to March 31, 2031 for Vector One office.

The Parent Company, as a lessor, entered into a space rental agreement with Pro-Excel Property Managers, Inc. (PEPMI), an affiliate, for the office space in one of the Parent Company's buildings. Lease period is from July 15, 2020 to July 14, 2025. The lease was pre-terminated as a result of the property dividend distribution effective July 14, 2021.

The Parent Company, as a lessor, entered into a space rental agreement with Dreambuilders Pro, Inc. (DPI), a fellow subsidiary under FLI, for the office space in one of the Parent Company's buildings. Lease period is from August 10, 2017 to October 9, 2022. The lease was pre-terminated as a result of the property dividend distribution effective July 14, 2021.

The Parent Company, as a lessor, entered into a space rental agreement with Chroma Hospitality, Inc., a fellow subsidiary under FLI, for the office space in one of the Parent Company's buildings. Lease period is from June 2, 2017 to June 1, 2027.

The Parent Company, as a lessor, entered into a lease agreement with Festival Supermall, Inc. (FSI), a fellow subsidiary under FLI, for the office space in one of the Parent Company's buildings. Lease period is from June 2, 2017 to June 1, 2027.

The Parent Company, as a lessor, entered into a space rental agreement with Corporate Technologies Inc (CTI), for the office space in one of the Parent Company's buildings. Leasing period is from November 15, 2018 to November 14, 2023.

c) *Lease agreements with related parties - Group as lessee*

The Parent Company, as a lessee, entered into a land lease agreement with FLI on the location of the buildings currently leased to third parties and on those still under construction. Rental expense is based on certain percentages of the Parent Company's gross rental income.

In 2020, the Parent Company's lease agreement was amended as follows (see Note 20):

- the Parent 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 Parent Company's lease agreement was amended as follows (see Note 20):

- rental rates shall be solely variable (10% or 15% based on Gross Lease Income); and,
- in case of redevelopment, FLI and the Parent Company shall mutually agree on the minimum monthly rent during construction period.
- lease period shall be in full force and effect for a period of 50 years which shall commence on February 11, 2021 and shall expire on February 10, 2071.



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

d) *Service agreements with related parties*

- The Parent Company entered into a service agreement with FAI whereby the Parent Company shall pay service fees for general management services rendered by the latter for the operations of the Parent Company. FAI is also the provider of water services within the Filinvest City where majority of the buildings of the Parent Company are located.
- The Parent Company entered into a service agreement with Filinvest Cyberparks, Inc. (FCI), and Filinvest Asia Corp. (FAC), entities under common control, whereby the Parent Company shall lease out a portion of its office space and perform accounting and administrative services to the latter for a fee.
- The Parent Company entered into a service agreement with FDC Retail Electricity Sales, Corporation (FDC RES), an entity under common control, whereby the Parent Company shall engage and pay the services rendered by the latter to provide the electricity requirements of its facilities.
- The Parent Company entered into a service agreement with its affiliate, Parking Pro, Inc., to operate and maintain the Parent Company's parking facilities.
- The Parent Company entered into a service agreement with ProOffice, an affiliate, whereby the Parent 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 Parent Company entered into a service agreement with FREIT Fund Manager, Inc. (FFMI), an affiliate, whereby the Parent Company shall engage and pay the services rendered by the latter to execute and implement the investment strategies for the Company.
- The Parent Company entered into a facilities management agreement with Professional Operations and Maintenance Experts Incorporated (PROMEI), whereby the Parent Company shall engage and pay the services rendered by the latter to operate and maintain its equipment and premises.
- The Parent 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) On February 27, 2019, the Parent Company availed advances from FCI amounting ₱300.0 million. The Parent Company availed additional advances amounting to ₱50.0 million on April 1, 2020. These advances were all paid in 2020. Related interest amounting ₱6.0 million was incurred by the Parent Company.



f) *BOT Agreement*

In accordance with the terms of Build Operate and Transfer (BOT) agreement between the Parent Company and Philippine DCS Development Corporation (PDDC), the Parent Company paid prepaid DCS connection charges to PDDC amounting to ₱248.9 million, to be consumed by existing and future buildings within Northgate Cyberzone in Muntinlupa City over the service period of 20 years.

Amortized portion of DCS connection charge pertaining to existing buildings amounted to ₱12.6 million and ₱15.0 million in 2021 and 2020, respectively. These amounts were recognized as part of utilities expense in consolidated statement of comprehensive income (see Note 2). In 2021, the Group derecognized prepaid DCS amounting ₱132.4 million pertaining to property dividends distributed and was charged to FLI. Connection and service charges incurred for these buildings as of December 31, 2021 and 2020, aggregated to ₱197.0 million and ₱336.0 million, respectively (see Note 11).

g) *Deed of Assignment of BTO rights to FLI*

On February 26, 2021, the Parent Company entered into an agreement with FLI assigning its right to manage and operate the Towers 3 and 4 of Filinvest Cebu Cyberzone Towers under the BTO Agreement and Agreement for Transfer and Conveyance. The consideration amounting to ₱966.1 million was settled in November 2021.

Key Management Personnel

The key management functions of the Group are handled by FCI starting March 2021. For the years ended December 31, 2021 and 2020, compensation of other key management personnel directly paid by the Group pertains to short-term employee benefit amounting ₱1.5 million and ₱9.7 million, respectively.

18. Retirement Cost

The Group has a noncontributory, funded defined benefit pension plan covering substantially all of its officers and regular employees. Under the Plan, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements. The retirement plan provides retirement benefits (equivalent to 70% to 125% of the final monthly salary for every year of service) after satisfying certain age and service requirements. The Group accrues retirement costs (included in “Retirement liability” in the consolidated statements of financial position) based on an actuarially determined amount using the PUC method.

Under the existing regulatory framework, Republic Act No. 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee’s retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. The Group updates the actuarial valuation by hiring the services of a third party professionally qualified actuary.

As of December 31, 2021, the Group has no remaining employees and the administrative functions were transferred to FCI (see Note 17). The retirement obligation outstanding as of December 31, 2020 has been reclassified to ‘Due to related parties’ under accounts payable and accrued expenses in the consolidated statements of financial position.



The following tables summarize the components of “Pension expense” recognized in the consolidated statements of comprehensive income and “Retirement liability” recognized as part of other noncurrent liabilities in the consolidated statements of financial position for the existing retirement plan as of December 31, 2020.

The funded status and amounts recognized in the consolidated statements of financial position for the pension plan follow:

Present value of defined benefit obligation	₱5,141,352
Fair value of plan assets	(1,313,995)
Net pension liabilities	₱3,827,357

In 2020, and 2019, the recognized pension expense in profit or loss amounted to ₱0.49 million and ₱0.41 million, respectively, and the remeasurements recognized in other comprehensive income amounted to ₱1.3 million and nil, respectively.

Changes in the present value of the defined benefit obligation follow:

	2021	2020
Balance at beginning of period	₱5,141,352	₱1,832,889
Current service cost	–	457,912
Interest expense	–	141,394
Amount to be recognized in OCI	–	2,709,157
Transfers	(5,141,352)	–
Balance at end of period	₱–	₱5,141,352

Changes in the fair value of plan assets follow:

	2021	2020
Balance at beginning of period	₱1,313,995	₱–
Contribution	–	1,419,104
Interest income	–	112,109
Remeasurement losses on plan assets	–	(217,218)
Transfers	(1,313,995)	(217,218)
Balance at end of period	₱–	₱1,313,995

As of December 31, 2020, the plan asset amounting to ₱1.3 million pertains to cash. The Group reviews the level of funding required for the retirement plan. The Group's objective is to match maturities of the plan assets to the retirement benefit obligation as they fall due. The Group monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the benefit obligations.

Maturity analysis of the undiscounted benefit payments as of December 31, 2020 follows:

Year 1	₱4,429
Year 2	5,408
Year 3	6,639
Year 4	8,258
Year 5	10,241
Year 6 to 50	102,562,979



The principal assumptions used in determining pension benefits as of December 31, 2020 includes discount rate and salary increase rate of 4.1% and 8.0%, respectively.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation (per 100 basis points) assuming all other assumptions were held constant:

	Increase (Decrease)	Impact on DBO Increase (Decrease)
Discount rates	(18%)	(₱4,193,468)
	24%	6,349,599
Salary rates	22%	6,296,529
	(17%)	(4,253,434)

Management believes that pension obligation will not be sensitive to the salary rate increases because it is expected to be at the same level of the remaining life of the obligation.

19. Income Tax

On June 6, 2000, the Group was registered with the Philippine Economic Zone Authority (PEZA) pursuant to the provisions of Republic Act 7916 as an Economic Zone (ECOZONE) Facilities Enterprise. As a registered enterprise, the Group is entitled to certain tax benefits and non-tax incentives such as exemption from payment of national and local taxes and in lieu thereof a special tax rate of five percent (5%) of gross income. The Group is also entitled to zero percent (0%) value added tax for sales made to ECOZONE enterprises.

The breakdown of provision for income tax shown in the consolidated statements of comprehensive income follows:

	2021	2020	2019
At 5% statutory income tax rate	₱35,471,289	₱70,860,967	₱55,369,000
Net result from non-PEZA activities:			
Current	82,180,646	160,289,059	134,211,926
Deferred	(269,648,113)	(114,258,532)	119,807,959
	(₱151,996,178)	₱116,891,494	₱309,388,885

The current provision for income tax represents RCIT in 2021, 2020 and 2019. Prior to the Parent Company's listing date on August 12, 2021, the Parent Company recognized provision for income tax amounting to ₱117.7 million. The Parent Company started to avail of its tax incentive as a REIT after its listing.



As of December 31, 2021, deferred tax assets and liabilities are recognized based on the Group's effective tax rate of 0% under the REIT law. As of December 31, 2020, the components of the Group's net deferred tax assets (liability) follows:

Presented in profit or loss

Deferred tax assets	
Lease liabilities	₱200,002,363
Advance rentals	66,779,445
Provision for future major repairs	1,812,946
Accrual of pension obligation	514,052
Provision for doubtful accounts	85,577
Unrealized foreign currency exchange loss	13,067
	<u>269,207,450</u>
Deferred tax liabilities	
Capitalized borrowing costs	(258,925,373)
Adjustment related to straight-line recognition of rental revenue	(119,797,641)
Right-of-use assets	(160,802,325)
	<u>(539,525,339)</u>
	<u>(270,317,889)</u>

Presented in OCI

Deferred tax asset on net actuarial gains on pension liability	378,000
	<u>(₱269,939,889)</u>

The reconciliation of provision for income tax at the statutory tax rate to provision for income tax shown in the consolidated statements of comprehensive income follows:

	2021	2020	2019
Tax at statutory rate	₱151,788,989	₱593,319,985	₱583,135,280
Adjustments for:			
Income tax at 5% preferential rate	(141,885,155)	(283,413,371)	(267,005,647)
Nontaxable income	(13,017,816)	(1,752,758)	–
Additional deductible expense from dividends	(273,995,568)	–	–
Adjustment to current tax in 2020 recognized in 2021	(13,483,850)	–	–
Movements in deferred taxes	140,170,421	(185,604,025)	–
Interest income subjected to final tax	(1,573,199)	(5,658,337)	(6,740,748)
	<u>(₱151,996,178)</u>	<u>₱116,891,494</u>	<u>₱309,388,885</u>

On March 26, 2021, President Rodrigo Duterte signed into law the CREATE Act which eyes to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reform to the corporate income tax and incentives systems which took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation, on April 11, 2021.



As a result of the CREATE law, the regular corporate income tax (RCIT) rate decreased from 30% to 25% effective July 1, 2020. As a result of the reduction in RCIT rate, the provision for current tax for the year ended December 31, 2020 decreased by ₱13.5 million and the creditable withholding tax as of December 31, 2020 increased by ₱13.5 million. For financial reporting purposes, these changes are recognized in the consolidated financial statements as of and for the period ended December 31, 2021 in accordance with PIC Q&A 2020-07, Accounting for the Proposed Changes in Income Tax Rates under the CREATE Bill dated January 27, 2021.

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

20. Leases

Group as lessee

The Parent Company has lease contracts for land as of January 1, 2019. The Parent Company's obligations under its leases are secured by the lessor's title to the leased assets. The Parent Company has entered into land lease arrangements with lease terms of between 25 and 40 years. There are several leases that include extension option to lease the assets for additional 25 years based on mutual agreement of the parties. The remaining lease term of the ROU assets range from 16 to 39 years.

The Parent Company's lease contract with Cebu Government pertaining to the BTO rights are presented under Intangible assets while the lease contracts with a third party and FLI are presented under Investment properties.

On July 1, 2020, the Parent Company and FLI amended their existing lease contract. The pertinent amendment provisions include the extension of the term of the lease to another 25 years and to set a minimum fixed rental rate. This resulted to an addition to ROU assets and lease liabilities amounting ₱2,149.3 million at contract amendment date (see Note 9).

On March 1, 2021, the Parent 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 Parent Company shall mutually agree on the minimum monthly rent during construction period (see Note 17).

On March 31, 2021, the Parent Company entered into an agreement with FLI assigning its right to manage and operate the Towers 3 and 4 of Filinvest Cebu Cyberzone Towers under the BTO Agreement and Agreement for Transfer and Conveyance.

The above transactions resulted to derecognition of right of use assets and lease liabilities amounting to ₱1,979.0 million and ₱2,168.2 million, respectively, and recognition of gain on derecognition of lease liabilities amounting ₱189.2 million for the year ended December 31, 2021.



As of December 31, 2020, the Group derecognized a portion of lease liability and right of use asset with a carrying value of ₱267.5 million and ₱261.7 million, respectively, attributable to property dividends declared (see Note 9).

The rollforward analysis of right-of-use assets on land follows:

	2021		
	Investment Properties (Note 9)	Intangible Assets (Note 7)	Total
Cost			
At January 1	₱1,946,930,753	₱112,423,917	₱2,059,354,670
Derecognition	(1,946,930,753)	(90,347,379)	(2,037,278,132)
As at December 31	–	22,076,538	22,076,538
Accumulated Depreciation			
At January 1	39,188,512	8,993,914	48,182,426
Depreciation	11,286,856	1,485,377	12,772,233
Derecognition	(50,475,368)	(7,830,106)	(58,305,474)
As at December 31	–	2,649,185	2,649,185
Net Book Value	₱–	₱19,427,353	₱19,427,353

	2020		
	Investment Properties (Note 9)	Intangible Assets (Note 7)	Total
Cost			
At January 1	₱62,159,358	₱112,423,917	₱174,583,275
Additions	2,149,262,141	–	2,149,262,141
Derecognition	(264,490,746)	–	(264,490,746)
As at December 31	1,946,930,753	112,423,917	2,059,354,670
Accumulated Depreciation			
At January 1	3,551,963	4,496,957	8,048,920
Depreciation	39,033,505	4,496,957	43,530,462
Derecognition	(3,396,956)	–	(3,396,956)
As at December 31	39,188,512	8,993,914	48,182,426
Net Book Value	₱1,907,742,241	₱103,430,003	₱2,011,172,244

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

	2021	2020	2019
Depreciation expense of right-of-use assets	₱12,772,233	₱43,530,462	₱8,048,920
Interest expense on lease liabilities	20,275,856	72,540,219	23,186,843
Rental expense (variable land lease payments)	271,083,960	297,968,918	305,153,634
	₱304,132,049	₱414,039,599	₱336,389,397

Interest expense which was capitalized during the year relating to lease liability amounted to ₱1.1 million and ₱14.6 million in 2021 and 2020, respectively. The capitalization rates used range from 4.7% to 5.19% in 2021 and 2020, respectively.



The rollforward analysis of lease liabilities follows:

	2021	2020
At January 1	₱2,190,115,165	₱283,428,528
Additions	-	2,149,262,141
Interest expense	20,275,856	72,540,219
Payments	(14,397,140)	(47,613,247)
Derecognition	(2,168,155,699)	(267,502,476)
At December 31	27,838,182	2,190,115,165
Less current portion	1,848,085	92,617,060
Lease liabilities - net of current portion	₱25,990,097	₱2,097,498,105

The Group also has certain lease of land with variable rental payments and lease of office space considered as “low-value assets”. The Group applies the lease of ‘low-value assets’ recognition exemptions for these leases.

Total cash outflow related to principal payments of lease liabilities for the years ended December 31, 2021, 2020 and 2019 amounted to ₱15.6 million, ₱47.6 million, and ₱17.3 million, respectively.

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

Maturity	2021	2020
1 year	₱1,894,287	₱92,617,061
more than 1 years to 2 years	1,989,001	97,457,093
more than 2 years to 3 years	2,088,451	102,553,769
more than 3 years to 4 years	2,192,874	107,920,946
more than 5 years	63,198,521	5,332,476,996

Group as lessor

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

	2021	2020
Within one year	₱2,373,747,721	₱2,831,168,803
After one year but not more than five years	5,940,841,604	8,429,851,003
After five years	1,261,526,105	5,568,619,525
	₱9,576,115,430	₱16,829,639,331

The Group entered into lease agreements with third parties and related parties covering real estate properties. These leases generally provide for either (a) fixed monthly rent (b) minimum rent or a certain percentage of gross revenue, whichever is higher. Most lease terms on commercial malls are renewable within one year, except for anchor tenants with lease ranging from 5 to 15 years (see Note 17).

Rental income recognized based on a percentage of the gross revenue of mall tenants included in “Rental revenue” account in the consolidated statement of comprehensive income amounted to ₱10.9 million, ₱15.0 million and ₱28.5 million in 2021, 2020 and 2019, respectively.



21. Other Income

This account consists of:

	2021	2020 (As restated, see Note 2)	2019 (As restated, see Note 2)
Tenant dues (Notes 7 and 9)	₱869,351,782	₱999,318,508	₱892,342,386
Service fee income (Note 17)	31,381,132	8,990,356	8,742,636
Commission income (Note 17)	-	23,166,200	6,440,293
Miscellaneous	21,989,755	17,107,378	17,023,008
	₱922,722,669	₱1,048,582,442	₱924,548,323

Miscellaneous income pertains to penalties and charges from tenants.

22. Interest Income

This account consists of:

	2021	2020	2019
Interest income on:			
Cash and cash equivalents (Notes 4 and 17)	₱6,347,170	₱3,908,966	₱8,435,362
Others (Note 5)	3,639,226	-	2,032,802
	₱9,986,396	₱3,908,966	₱10,468,164

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

23. Earnings Per Share

The Parent Company's earnings per share for the years ended December 31 are computed as follows:

	2021	2020	2019
a. Net income	₱1,855,134,403	₱1,860,841,789	₱1,634,395,382
b. Weighted average number of outstanding common shares	3,514,911,602	2,326,853,336	2,326,853,336
Basic/Diluted EPS (a/b)	₱0.53	₱0.80	₱0.70

The Group assessed that there were no potential dilutive common shares in 2021, 2020 and 2019.

The weighted average outstanding common shares consider the effect of the stock split approved by the Parent Company's BOD and stockholder on March 5, 2021 (see Note 16). The EPS for the years ended December 31, 2020 and 2019 was also adjusted to consider this stock split.



24. Segment Reporting

The Group has determined that it is operating as one operating segment. Based on management's assessment, no part or component of the business of the Group meets the qualifications of an operating segment as defined by PFRS 8, *Operating Segments*.

The Group's leasing operations is its only income generating activity and such is the measure used by the chief operating decision maker (CODM) in allocating resources. The Group does not report its results based on geographical segments. The Group has no significant customer which contributes 10% of more to the revenues of the Group.

25. Fair Value Measurement

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

	2021	
	Carrying value	Fair Value Significant unobservable inputs (Level 3)
Liabilities for which fair values are disclosed		
Financial liabilities at amortized cost		
Bonds payable	₱5,987,044,949	₱5,699,255,351
Security and other deposits	750,990,427	726,647,728
Lease liabilities	27,838,182	25,692,831
	₱6,765,873,558	₱6,451,595,910
2020		
	Carrying value	Fair Value Significant unobservable inputs (Level 3)
Liabilities for which fair values are disclosed		
Financial liabilities at amortized cost		
Loans payable	₱2,344,166,667	₱2,243,880,721
Bonds payable	5,974,168,846	5,686,998,186
Security and other deposits	849,074,060	821,552,066
Lease liabilities	2,190,115,165	2,083,161,648
	₱11,357,524,738	₱10,835,592,621

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 the fair market values.

The fair value of noncurrent deposits is estimated using the discounted cash flow methodology based on the discounted value of future cash flows using the applicable risk-free rates for similar types of asset. As of December 31, 2021 and 2020, the difference between the fair value and carrying value of deposits is not significant.



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

- *Security and other deposits.* The discount rates used ranges from 2.4% to 4.3% as of December 31, 2021 and 2020. Fair value is computed based on the expected future cash outflows.
- *Loans payable, lease liabilities and bonds payable.* Liabilities with fixed interest and not subjected to quarterly repricing is based on the discounted value of future cash flows using the applicable interest rates for similar types of loans as of reporting date. The discount rates used range from 5.05% to 8.35% and 4.01% to 5.58% as of December 31, 2021 and December 31, 2020 respectively.

During the years ended December 31, 2021 and December 31, 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

26. Financial Risk Management Objectives and Policies

The Group's financial instruments comprise of cash and cash equivalents, receivables, long-term debt, accounts payable and accrued expenses, lease liabilities and security and other deposits. The main purpose of the long-term debt is to finance the Group's operations while all other financial instruments resulted from the conduct of business.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Group's risk management policies are summarized below:

a. *Interest rate risk*

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's loans payable.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's income before income tax.

	Increase (decrease) in basis points	Effect on income before income tax/capitalized borrowing costs
December 31, 2021	+100	₱-
	-100	-
December 31, 2020	+100	(₱23.4 million)
	-100	23.4 million

There is no impact on the Group's equity other than those already affecting the consolidated statements of comprehensive income.

b. *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 Group 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 Group security deposits and advance rentals which helps reduce the Group's credit risk exposure in case of defaults by the tenants. For existing tenants, the Group 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 Group which comprise cash and cash equivalents, the Group'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 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 Group's lease receivables using a provision matrix results to ₱7.7 million expected credit loss for the year ended December 31, 2021. The expected credit loss rate has been set at 7.2% to 62.37% based on the historical collection pattern of the tenants. The loss given default rate is set at 9.1% to 79.96% in the calculation of impairment on the receivables net of security deposit and advance rent as these can be used to offset unpaid receivables.

In most cases, recoveries are higher than the amount of receivable at default. As of December 31, 2021 and December 31, 2020, most of the Group's trade receivables are covered by security deposits and advances rentals. As of December 31, 2021, and 2020, the Group's allowance for ECL on its trade receivables amounted to ₱7.7 million and ₱0.3 million, respectively (see Note 5).

With respect to credit risk arising from cash and cash equivalents, the Group'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 Group's credit quality as of December 31, 2021 and 2020:

	2021				Total
	Neither Past Due nor Impaired				
	High Grade	Standard Grade	Past Due but not Impaired	Past Due and Impaired	
Cash and cash equivalents*	₱2,586,852,631	₱-	₱-	₱-	₱2,586,852,631
Receivables	638,129,010	-	116,866,623	7,702,272	762,697,905
Deposits	53,497,322	-	-	-	53,497,322
	₱3,278,478,963	₱-	₱116,866,623	₱7,702,272	₱3,403,047,858

*Excludes cash on hand amounting to ₱343,000.



	2020				Total
	Neither Past Due nor Impaired				
	High Grade	Standard Grade	Past Due but not Impaired	Past Due and Impaired	
Cash and cash equivalents*	₱870,424,532	₱-	₱-	₱-	₱870,424,532
Receivables	685,656,893	-	144,487,561	285,258	830,429,712
Deposits	40,903,155	-	-	-	40,903,155
	₱1,596,984,580	₱-	₱144,487,561	₱285,258	₱1,741,757,399

*Excludes cash on hand amounting to ₱93,000.

The Group'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					Total
	< 30 days	30-60 days	61-90 days	91-120 days	>120 days	
December 31, 2021	₱20,567,738	₱5,475,049	₱6,841,129	₱25,326,229	₱58,656,478	₱116,866,623
December 31, 2020	55,829,258	11,488,079	12,931,946	6,343,156	57,895,122	144,487,561

Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with the financial liabilities that are settled by delivering cash or another financial asset. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. The Group's practice is that float will be kept at a minimum.

The tables below summarize the maturity profile of the Group's financial assets held to manage liquidity:

	2021					Total
	On demand	Within 1 year	> 1 - 3 years	> 3 - 5 Years	Over 5 years	
	Cash and cash equivalents	₱515,722,841	₱2,071,472,790	₱-	₱-	
Receivables	727,583,529	35,114,376	-	-	-	762,697,905
Deposits	-	-	-	-	53,947,321	53,947,321
	₱1,243,306,370	₱2,106,587,166	₱-	₱-	₱53,947,321	₱3,403,840,857

	2020					Total
	On demand	Within 1 year	> 1 - 3 years	> 3 - 5 Years	Over 5 years	
	Cash and cash equivalents	₱602,644,513	₱267,873,019	₱-	₱-	
Receivables	795,250,212	35,179,500	-	-	-	830,429,712
Deposits	-	-	-	-	40,903,155	40,903,155
	₱1,397,894,725	₱303,052,519	₱0	₱-	₱40,903,155	₱1,741,850,399

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

	2021					Total
	On demand	Up to a year total	> 1 - 3 years	> 3 - 5 Years	Over 5 years	
Bonds payable	₱-	₱-	₱6,000,000	₱-	₱-	₱6,000,000
Lease liabilities	-	1,894	1,989	4,281	63,199	71,363
Interest on bonds*	-	307,184	5,050	-	-	312,234
Accounts payable and accrued expenses	1,117,636	-	-	-	-	1,117,636
Security and other deposits	-	98,519	250,766	312,075	-	661,360
	₱1,117,636	₱407,597	₱6,257,805	₱316,356	₱63,199	₱8,162,593

*Includes future interest payable.



	2020					Total
	On demand	Up to a year total	> 1 – 3 years	> 3 – 5 Years	Over 5 years	
Loans payable	₱–	₱744,167	₱400,000	₱1,200,000	₱–	₱2,344,167
Bonds payable	–	–	–	6,000,000	–	6,000,000
Lease liabilities	–	92,617	232,749	401,374	1,463,375	2,190,115
Interest on loans*	15,921	112,204	185,397	56,876	–	370,398
Accounts payable and accrued expenses	1,583,712	–	–	–	–	1,583,712
Security and other deposits	–	116,415	259,242	473,417	–	849,074
	₱1,599,633	₱1,065,403	₱1,077,388	₱8,131,667	₱1,463,375	₱13,337,466

*Includes future interest payable.

27. Notes to Statements of Cash Flows

Investing Activities

The Group's noncash investing activities are as follows:

- The Group recognized right-of-use assets presented under investment properties and lease liabilities amounting to ₱2,149.3 million in 2020 (nil in 2021; see Notes 8 and 20).
- Outstanding liabilities pertaining to investment properties purchased on account are recorded in the consolidated statements of financial position under “Accounts payable and accrued expenses” account, amounting to nil, ₱2.6 million and ₱91.5 million as of December 31, 2021, 2020 and 2019, respectively (see Note 11).
- Outstanding liabilities pertaining to intangible assets acquired on account are recorded in the consolidated statements of financial position under “Accounts payable and accrued expenses” account amounting to ₱83.5 million as of December 31, 2020 (nil in 2021 and 2019).
- Outstanding liabilities pertaining to unpaid additions to noncurrent asset held for distribution are recorded in the consolidated statements of financial position under “Accounts payable and accrued expenses” account, amounting to ₱22.2 million as of December 31, 2020 (nil as of December 31, 2021; see Note 6).
- The Group derecognized right of use of assets under “Investment properties” as a result of the amendment of lease contract with FLI. The net book value of this right of use assets amounted to ₱1,842.0 million as of December 31, 2021 (nil as of December 31, 2020; see Notes 9 and 20).
- The Group 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, 2020; see Note 11). This was offset against “Due to related parties” under accounts payable and accrued expenses.

Financing Activities

Changes in liabilities arising from financing activities for the year ended December 31, 2021 and 2020 follows (in thousands):

	January 1, 2021	Availment/ Addition	Payments	Noncash Movement	December 31, 2021
Loans payable	₱2,344,167	₱–	₱–	(₱2,344,167)	₱–
Bonds payable	5,974,169	–	–	12,876	5,987,045
Lease liabilities	2,190,115	–	(15,564)	(2,146,713)	27,838
Accrued interest	113,037	–	(315,074)	304,258	102,221
Dividends payable	6,611,907	2,786,409	(1,095,982)	(8,302,334)	–
Deposit for future stock subscription	1,889,583	–	–	(1,889,583)	–
	₱19,122,978	₱2,786,409	(₱1,426,620)	(₱14,365,663)	₱6,117,104



	January 1, 2020	Availment/ Addition	Payments	Noncash Movement	December 31, 2020
Loans payable	₱4,218,371	₱1,000,000	(₱1,355,455)	(1,518,749)	₱2,344,167
Bonds payable	5,961,553	–	–	12,616	5,974,169
Lease liabilities	283,428	–	(47,613)	1,954,300	2,190,115
Accrued interest	109,323	–	(471,908)	475,622	113,037
Dividends payable	348,340	–	(348,340)	6,611,907	6,611,907
Deposit for future stock subscription	–	–	–	1,889,583	1,889,583
	₱10,921,015	₱1,000,000	(₱2,223,316)	₱9,425,279	₱19,122,978

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

For the year ended December 31, 2021, the noncash movement also include derecognition of lease liabilities, distribution of property dividends payable, and assignment of loans payable to FLI amounting ₱2,167.8 million and ₱8,302.3 million and ₱2,344.2 million, respectively (see Notes 13, 16 and 20).

28. Other Matters

COVID-19 Pandemic

The Group continues to abide by and comply with all rules and regulations issued by the government in relation to the COVID-19 pandemic. In line with applicable rules and regulations, the said risks are mitigated by business continuity strategies set in place by the Group. Measures currently undertaken by the Group to mitigate the risks of COVID-19 pandemic on its operations include work-from-home arrangements depending on the quarantine protocols in place, proper and frequent sanitation of office premises, cancellation of large group meetings in person, an internal ban on foreign business travel, and the practice of social distancing through remote communication, among others.

The general global slowdown and the imposition of community quarantine measures due to the COVID-19 pandemic had short- to medium-term effects on new Office Leasing activities. Prior to the pandemic, inquiries from potential tenants were about leasing entire floors of buildings but the demand was reduced to much smaller size cuts in 2020. Physical site inspections as required by all prospective tenants were halted due to the community quarantine restrictions. Contract signing and handover dates of new incoming tenants were adjusted to 2021. Construction rent free periods were given to accommodate fit out delays and social distancing guidelines on construction resulting from six to eight months delay in construction deliveries and construction manpower reduction by 50%. Non-renewal and pre-termination of contracts were also experienced in 2021 but this was counterweighed by the renewal of all lease expiries during the year at current market rates.

Typhoon Odette

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



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, consolidated financial statements of Filinvest REIT Corp. (formerly Cyberzone Properties, Inc.) (the Parent Company) as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, included in this Form 17-A, and have issued our report thereon dated March 15, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Parent Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Wanessa G. Salvador

Wanessa G. Salvador

Partner

CPA Certificate No. 0118546

Tax Identification No. 248-679-852

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 118546-SEC (Group A)

Valid to cover audit of 2019 to 2023 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-137-2020, January 31, 2020, valid until January 30, 2023

PTR No. 8854361, January 3, 2022, Makati City

March 15, 2022



FILINVEST REIT CORP. AND A SUBSIDIARY
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULES

Annex I: Reconciliation of Retained Earnings Available for Dividend Declaration

Annex II: Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered

Annex III: Supplementary Schedules Required by Revised SRC Rule 68 (Annex 68-J)

- Schedule A. Financial Assets
- Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
- Schedule D. Long-term Debt
- Schedule E. Indebtedness to Related Parties
- Schedule F. Guarantees of Securities of Other Issuers
- Schedule G. Capital Stock

**FILINVEST REIT CORP. (formerly Cyberzone Properties, Inc.)
AND A SUBSIDIARY**

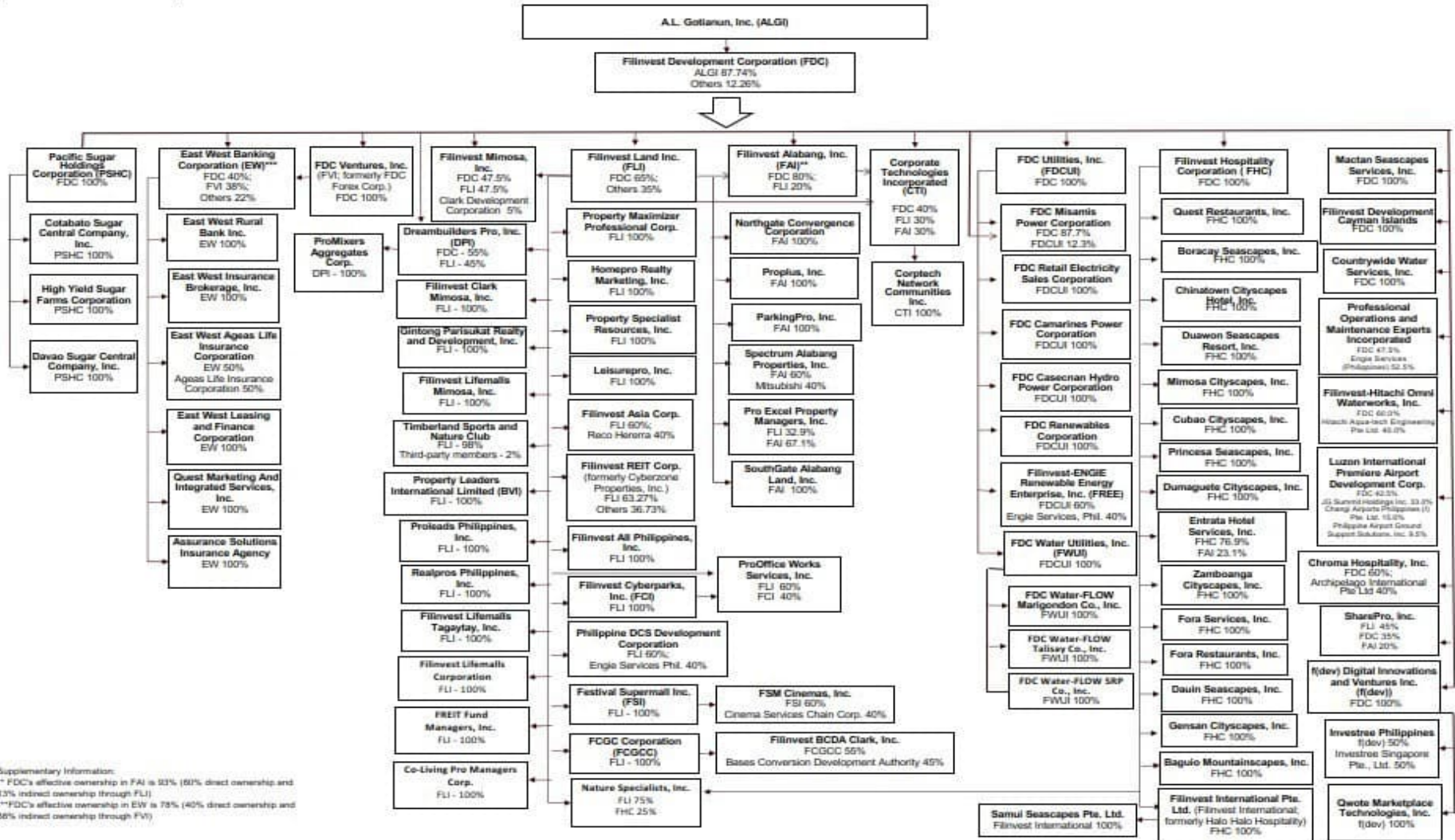
**UNAPPROPRIATED RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DISTRIBUTION**

December 31, 2021

Unappropriated Retained Earnings, January 1, 2021		₱1,950,125,348
Less: Deferred tax assets as of December 31, 2020		(269,207,450)
<hr/>		
Retained earnings as adjusted to amount available for dividend declaration, beginning		₱1,680,917,898
<hr/>		
Net income actually earned/realized during the period:		
Net income during the period closed to retained earnings	1,855,134,403	
Effect of adoption of PFRS 16		
Less: Non actual/unrealized income net of tax		—
Equity in net income of associate/joint venture		—
Unrealized foreign exchange gain-net (except those attributable to Cash and Cash equivalents)		—
Fair value adjustment (M2M gains)		—
Fair value adjustment of investment property resulting to gain		—
Adjustment due to deviation from PFRS/GAAP-gain		—
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS		—
Deferred tax asset that reduced the amount of income tax expense		—
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)		—
Adjustment due to deviation from PFRS/GAAP-loss		—
Loss on fair value adjustment of investment property (after tax)		—
<hr/>		
Net income actually earned during the period		₱3,536,052,301
Add (less):		
Movement in deferred tax assets		269,207,450
Dividend declarations during the period		(2,786,409,060)
Transfer of remeasurement gain on retirement plan		28,845
Appropriations of retained earnings during the period		—
<hr/>		
Unappropriated Retained Earnings, as adjusted December 31, 2021		₱1,018,879,536
<hr/>		

Group Structure

Below is a map showing the relationship between the Group and its parent company, ultimate parent company and affiliates as of December 31, 2021.



Supplementary Information:
 ** FDC's effective ownership in FAI is 93% (60% direct ownership and 13% indirect ownership through FLI)
 ***FDC's effective ownership in EW is 78% (40% direct ownership and 36% indirect ownership through FVI)

**FILINVEST REIT CORP. (formerly Cyberzone Properties, Inc.)
AND A SUBSIDIARY**

**SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED BY
REVISED SRC RULE 68 (ANNEX 68-J)
DECEMBER 31, 2021**

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

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

Schedule A. Financial Assets

The entity’s Financial Assets comprises of cash and cash equivalents, receivables and deposit. As stated in the regulation, before mentioned amount should be provided if the aggregate cost or the market value of FVTPL as of the end of the reporting period is 5% or more of the total current asset. As of December 31, 2021 the entity recorded the financial assets as financial assets at amortized cost, therefore it is deemed assumed that this schedule is not applicable to the Group.

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

As of December 31, 2021, the amount of receivable from officers and employees excluding those advances arising from the normal course of business does not meet the minimum required balance as stated in the Revised SRC Rule to be presented in the report. This schedule is not applicable to the Group.

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

On December 23, 2020, Cyberzone Properties Inc. sold its share in ProOffice Works to Filinvest Land, which resulted for Cyberzone Properties Inc. to lose its control over ProOffice. Therefore, this schedule is not applicable to the entity as of December 31, 2021.

Schedule D. Long term debt

Below is the schedule of long-term debt of the Group (amounts in thousands). Each loan balance is presented net of unamortized deferred costs.

(i)	Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet (ii)	Amount shown under caption "Long-Term Debt" in related balance sheet (iii)
Bonds				
	Fixed rate bonds with principal amount of ₱6.00 billion and term of 5.5 years from the issue date was issued by the Group on July 7, 2017 to mature on January 2023 with fixed interest rate is 5.05% per annum.	₱5,987,045	₱–	₱5,987,045

The agreement covering the abovementioned bonds require maintaining certain financial ratios of maximum debt-to-equity ratio of 2.33x and minimum debt service coverage ratio of 1.1x. The agreements also provide for restrictions and requirements with respect to, among others, making distribution on its share capital; purchase, redemption or acquisition of any share of stock; sale or transfer and disposal of all or a substantial part of its capital assets; restrictions on use of funds; and entering into any partnership, merger, consolidation or reorganization.

Schedule E. Indebtedness to Related Parties

This is not applicable since the Group has no outstanding indebtedness to its related parties as of December 31, 2021.

Schedule F. Guarantees of Securities of Other Issuers

This is not applicable to the Group since it does not have a guarantee of securities of other issuers as of December 31, 2021.

Schedule G. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
Common Shares	14,263,698,000	4,892,777,994	–	3,095,498,345	7	None

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Filinvest REIT Corp. (formerly Cyberzone Properties Inc.) (the Parent Company) as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated March 15, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Parent Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs), and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Wanessa G. Salvador
Partner

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PTR No. 8854361, January 3, 2022, Makati City

March 15, 2022



**FILINVEST REIT CORP. (formerly Cyberzone Properties, Inc.)
AND A SUBSIDIARY**

SUPPLEMENTARY SCHEDULE ON FINANCIAL SOUNDNESS INDICATORS

Below are the financial ratios that are relevant to the Group:

Financial Ratios		2021	2020	2019
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	2.58	1.06	0.59
Acid test ratio	$\frac{\text{Current assets} - \text{Inventories}}{\text{Current liabilities}}$	2.58	1.06	0.59
Solvency ratio	$\frac{\text{Net income} + \text{Depreciation}}{\text{Total liabilities}}$	0.29	0.11	0.16
Debt to equity ratio	$\frac{\text{Loans payable} + \text{Bonds payable} + \text{Lease liabilities}}{\text{Total Equity}}$	1.01	2.06	1.31
Asset to equity ratio	$\frac{\text{Total asset}}{\text{Total Equity}}$	2.34	4.94	2.79
Interest coverage ratio	$\frac{\text{Income before income tax (IBIT) + interest and other financing charges}}{\text{Interest and other financing charges}}$	6.01	6.63	9.43
Return on equity	$\frac{\text{Net income}}{\text{Total Equity}}$	0.31	0.36	0.21
Return on assets	$\frac{\text{Net income}}{\text{Total assets}}$	0.13	0.07	0.07
Net profit margin	$\frac{\text{Net income}}{\text{Revenues and income}}$	0.54	0.60	0.56
Debt ratio	$\frac{\text{Total liabilities}}{\text{Total assets}}$	0.57	0.80	0.64
Income before income tax, interest and other financing charges, depreciation and amortization (IBITDA) to total interest paid	$\frac{\text{IBITDA}}{\text{Total interest paid}}$	7.84	5.97	5.41
Debt to Assets Ratio	$\frac{\text{Bonds Payable} + \text{Loans Payable}}{\text{Total Assets}}$	0.43	0.33	0.46
Debt Service Coverage Ratio	$\frac{\text{Net Operating Income}}{\text{Total loans and interest payments}}$	7.24	1.50	1.42

MANAGEMENT DISCUSSION ANALYSIS AND PLAN OF OPERATION**RESULTS OF OPERATIONS****Year ended December 31, 2021 compared with year ended December 31, 2020*****Revenues and Income***

The Company's total revenues and income decreased by ₱445.8 million or 11.5% from ₱3,887.8 million for the year ended December 31, 2020 to ₱3,442.0 million for the year ended December 31, 2021.

The decline in total revenues was primarily due to the decrease in rental revenue by ₱314.1 million or 11.1% from ₱2,833.4 million for the year ended December 31, 2020 to ₱2,519.3 million for the year ended December 31, 2021, and the decrease in other income by ₱131.7 million or 12.5% from ₱1,054.4 million for the year ended December 31, 2020 to ₱922.7 million for the year ended December 31, 2021. The decrease in revenues and other income was caused by the pre-termination of leases primarily by POGO tenants and transfer of assets to FLI, not qualified to be REIT assets.

Cost and Expenses

The Company's consolidated costs and expenses decreased by ₱36.9 million or 2.3% from ₱1,625.4 million for the year ended December 31, 2020 to ₱1,588.4 million for the year ended December 31, 2021, primarily due to decrease in utilities expenses, rental expenses, taxes and licenses expenses and depreciation and amortization expenses.

The Company's utilities expenses decreased by ₱19.8 million, or 6.6%, to ₱277.8 million for the year ended December 31, 2021 compared to ₱297.6 million for the year ended December 31, 2020. The decrease in utilities expenses was mainly due to lower utilities consumption resulting from a combination of energy efficiency programs and lower density on site in compliance to quarantine protocols and transfer of assets to FLI

The Company's depreciation and amortization expenses decreased by ₱58.4 million, or 12.0%, to ₱427.7 million for the year ended December 31, 2021 compared to ₱486.1 million for the year ended December 31, 2020. The decrease in depreciation was mainly due to transfer of assets to FLI.

The Company's rental expense decreased by ₱26.9 million, or 9.0%, to ₱271.1 million for the year ended December 31, 2021 compared to ₱298.0 million for the year ended December 31, 2020. The decrease was primarily due to lower rent on the land lease with FLI which is based on a percentage of the Company's rent revenues and transfer of assets to FLI

The Company's taxes and licenses expenses decreased by ₱23.5 million, or 19.8%, to ₱95.4 million for the year ended December 31, 2021 compared to ₱118.9 million for the year ended December 31, 2020. The decrease was mainly due to lower real property tax due to assets transferred to FLI, and documentary stamp taxes paid in 2021.

The Company's service and management fees increased by ₱21.1 million, or 49.5%, to ₱63.8 million for the year ended December 31, 2021 compared to ₱42.6 million for the year ended December 31, 2020. The increase was mainly due to retroactive charges by Corporate Technologies Inc (CTI) for information and technology services and Filinvest Alabang Inc (FAI) for shared supply chain and procurement services.

The Company's manpower and service cost decreased by ₱0.9 million, or 0.4%, to ₱235.5 million for the year ended December 31, 2021 compared to ₱236.4 million for the year ended December 31, 2020. The decrease was due to the transfer of the Company's employees to another affiliate. The company will only be charged for its proportion share in the manpower cost. Lower manpower cost was also

incurred for expenses such as security and janitorial as a result of the cost management in relation to lower density on site in compliance to community quarantine measures implemented in Metro Manila.

The Company's repairs and maintenance increased by ₱50.7 million, or 38.2%, to ₱183.5 million for the year ended December 31, 2021 compared to ₱132.8 million for the year ended December 31, 2020. The increase was mainly due to comprehensive maintenance programs for the property equipment especially those not anymore under warranty coupled with sanitation protocols.

The Company's insurance increased by ₱11.9 million, or 296.0%, to ₱15.9 million for the year ended December 31, 2021 compared to ₱4.0 million for the year ended December 31, 2020. The increase was mainly due to insurance paid covering year 2020-2021 of the Company's buildings.

Other income (charges)

The Company recognized gain on derecognition of lease liabilities amounting to ₱189.2 million for the year ended December 31, 2021, due to removal of the minimum guaranteed rent per the amended lease contract between FLI and the Company with respect to properties in Northgate Cyberzone, and the assignment of right-of use assets relating to Cebu Tower 3 and 4 to FLI.

The Company's interest income increased by ₱6.1 million, or 155.5%, to ₱10.0 million for the year ended December 31, 2021 compared to ₱3.9 million for the year ended December 31, 2020. The increase was mainly due to higher interest income from short term cash investment instruments.

The Company's interest expense and other financing charges decreased by ₱3.1 million, or 0.9%, to ₱348.2 million for the year ended December 31, 2021 compared to ₱351.4 million for the year ended December 31, 2020. The decrease was mainly due to transfer to FLI of loans associated to the assets transferred to it,

Income before Income Tax

The Company's income before income tax for the year ended December 31, 2021 was ₱1,703.1 million, a decrease of ₱274.6 million or, 13.9%, from its income before income tax of ₱1,977.7 million recorded for the year ended December 31, 2020 due to reasons stated above.

Provision for (benefit from) Income Tax

The Company recognized a benefit from income tax of ₱152.0 million for the year ended December 31, 2021, and provision for income tax of ₱116.9 million for the year ended December 31, 2020. The benefit mainly arose from the deferred tax liability derecognized in relation to being a REIT company change in tax rate due to CREATE.

Net Income

As a result of the foregoing, net income decreased by 0.3% or ₱5.7 million from ₱1,860.8 million for the year ended December 31, 2020 to ₱1,855.1 million for the year ended December 31, 2021.

Year ended December 31, 2020 compared with year ended December 31, 2019

Revenues and income

The Company's total revenues and income increased by ₱157.9 million or 4.2% from ₱3,729.9 million for the year ended December 31, 2019 to ₱3,887.8 million for the year ended December 31, 2020.

The growth in total revenues was driven by the increase in rental revenue by ₱18.7 million or 0.7% from ₱2,814.7 million to ₱2,833.4 million, and the increase in other income by ₱139.2 million or 15.2% from ₱915.3 million to ₱1,054.4 million. The increase in revenue resulted from full year income recognition from spaces awarded to top multinational BPO and ROHQ tenants in 2020, and the increase in net tenant reimbursement due to lower chargeable expenses during the year as a result of lower actual

electricity and water consumption in the facilities and common areas of the Company's properties as a result of the implementation of community quarantine measures in 2020.

Costs and expenses

The Company's consolidated costs and expenses increased by ₱61.9 million or 4.0% from ₱1,563.5 million for the year ended December 31, 2019 to ₱1,625.4 million for the year ended December 31, 2020, primarily due to increases in depreciation, utilities, taxes and licenses and service and management fees

The Company's depreciation and amortization expenses increased by ₱76.6 million, or 18.7%, to ₱486.1 million for the year ended December 31, 2020 compared to ₱409.5 million for the year ended December 31, 2019. The increase in depreciation was mainly due to additions of property and equipment and building improvements, and amortization of right-of-use assets recognized during the year in relation to the Company's land leases with FLI in Northgate Cyberzone.

The Company's rental expense decreased by ₱7.2 million, or 2.4%, to ₱298.0 million for the year ended December 31, 2020 compared to ₱305.2 million for the year ended December 31, 2019. The decrease was primarily due to the effect of the minimum guaranteed yearly rent of the Company's land lease with FLI being expensed as part of amortization and interest expense (instead of rental expense) in accordance with PFRS 16, *Leases*.

The Company's taxes and licenses expenses increased by ₱51.4 million, or 76.0%, to ₱118.9 million for the year ended December 31, 2020 compared to ₱67.5 million for the year ended December 31, 2019. The increase was mainly due to higher business permit and documentary stamp taxes paid during the current period.

The Company's service and management fees increased by ₱15.3 million, or 55.7%, to ₱42.6 million for the year ended December 31, 2020 compared to ₱27.4 million for the year ended December 31, 2019. The increase was mainly due to the payment of services with delayed billings.

Other income (charges)

The Company recognized gain on sale of investment property amounting to ₱65.0 million for the year ended December 31, 2020, as a result of the sale of its land in South Road Properties, Cebu City.

The Company's interest income decreased by ₱6.6 million, or 62.7%, to ₱3.9 million for the year ended December 31, 2020 compared to ₱10.5 million for the year ended December 31, 2019. The decrease was mainly due to lower interest income from money market instruments and interest and penalties waived for late payment of rentals by tenants.

The Company's interest expense and other financing charges increased by ₱120.8 million, or 52.4%, to ₱351.4 million for the year ended December 31, 2020 compared to ₱230.5 million for the same period in 2019. The increase was mainly due to additional interest expense from the Company's loan availment of ₱1.0 billion during the year.

Income before Income Tax

The Company's income before income tax for the year ended December 31, 2020 was ₱1,977.7 million, an increase of ₱34.0 million or, 1.7%, from its income before income tax of ₱1,943.8 million recorded for the year ended December 31, 2019.

Provision for Income Tax

Provision for income tax decreased by 62.2% or ₱192.5 million from ₱309.4 million for the year ended December 31, 2019 to ₱116.9 million for the year ended December 31, 2020 because of lower provision for deferred income tax, which decreased by 195.4% or ₱234.1 million mainly due to closing of deferred

taxes related to buildings included in the property dividends during the year. Provision for current income tax increased by 21.9% or ₱41.6 million due mainly to higher taxable income.

Net Income

As a result of the foregoing, net income increased by 13.9% or ₱226.5 million from ₱1,634.4 million for the year ended December 31, 2019 to ₱1,860.8 million for the year ended December 31, 2020.

Year ended December 31, 2019 compared with year ended December 31, 2018

Revenues and income

The Company's total revenues and income increased by ₱665.3 million or 21.7% from ₱3,064.6 million for the year ended December 31, 2018 to ₱3,729.9 million for the year ended December 31, 2019.

The growth in total revenues was driven by the increase in rental revenue, which includes rent income and parking income, by ₱473.8 million or 20.2% from ₱2,340.8 million to ₱2,814.7 million, and the increase in other income by ₱191.5 million or 26.5% from ₱723.8 million to ₱915.3 million primarily due to higher fixed tenant dues billed. The increase in rental revenue was a result of rental income from tenants in the Company's newly constructed buildings (Axis Tower 1 and Cebu Tower 2).

Costs and expenses

The Company's consolidated costs and expenses increased by ₱254.3 million or 19.4% from ₱1,309.2 million for the year ended December 31, 2018 to ₱1,563.5 million for the year ended December 31, 2019, primarily due to an increase in depreciation and amortization expenses and rental expenses.

The Company's depreciation and amortization expenses increased by ₱83.6 million, or 25.7%, to ₱409.5 million for the year ended December 31, 2019 compared to ₱325.9 million for the year ended December 31, 2018. The increase was mainly due to the depreciation of Axis Tower 1 and Axis Tower 2, which are newly completed buildings.

The Company's rental expense increased by ₱24.1 million, or 8.6%, to ₱305.2 million for the year ended December 31, 2019 compared to ₱281.0 million for the year ended December 31, 2018. The increase was mainly driven by higher rental income from new tenants in Axis Tower 1 and Cebu Tower 2, as rental expense is computed as a percentage of rental income.

The Company's taxes and licenses expenses increased by ₱32.7 million, or 93.7%, to ₱67.5 million for the year ended December 31, 2019 compared to ₱34.9 million for the year ended December 31, 2018. The increase was mainly due to additional payment of real property tax for the completed Filinvest Axis Tower 1.

The Company's service and management fees increased by ₱3.7 million, or 15.7%, to ₱27.4 million for the year ended December 31, 2019 compared to ₱23.7 million for the year ended December 31, 2018. The increase was mainly due to an increase in maintenance services, such as janitorial and security services, related to rental operations as a result of renewal of service contracts with escalated rates. Additional janitorial and security services were also rendered for the Company's newly finished building, Axis Tower 2.

The Company's manpower costs increased by ₱70.1 million, or 40.8%, to ₱241.8 million for the year ended December 31, 2019 compared to ₱171.8 million for the year ended December 31, 2018.

The Company's other costs and expenses decreased by ₱0.3 million, or 5.3%, to ₱6.0 million for the year ended December 31, 2019 compared to ₱6.4 million for the year ended December 31, 2018. The decrease was mainly due to lower expenses incurred for association dues and other charges.

Finance income (charges)

The Company's interest income decreased by ₱5.7 million, or 35.1%, to ₱10.5 million for the year ended December 31, 2019 compared to ₱16.1 million for the year ended December 31, 2018. The decrease was mainly due to lower interest earned from short term cash investments instruments.

The Company's interest expense and other financing charges increased by ₱75.4 million, or 48.6%, to ₱230.5 million for the year ended December 31, 2019 compared to ₱155.1 million for the year ended December 31, 2018. The increase was mainly due to interest on the Company's loan availment of ₱2.1 billion during the year.

Income before Income Tax

The Company's income before income tax for the year ended December 31, 2019 was ₱1,943.8 million, an increase of ₱327.9 million or, 20.3%, from its income before income tax of ₱1,615.9 million recorded for the year ended December 31, 2018.

Provision for Income Tax

Provision for income tax increased by 50.5% or ₱103.8 million from ₱205.6 million for the year ended December 31, 2018 to ₱309.4 million for the year ended December 31, 2019 on the back of (a) higher provisions for deferred income tax, which increased by 30.9% or ₱28.3 million mainly due to higher capitalized interest during the year and increase in right-of-use assets due the adoption of PFRS 16, *Leases*, and higher provisions for current income tax, which increased by 66.2% or ₱75.5 million due mainly to higher taxable income.

Net Income

As a result of the foregoing, consolidated net income increased by 15.9% or ₱224.0 million, from ₱1,410.4 million for the year ended December 31, 2018 to ₱1,634.4 million for the year ended December 31, 2019.

FINANCIAL POSITION

As of December 31, 2021 compared with as of December 31, 2020

The Company's assets were ₱13,972.2 million as of December 31, 2021, a decrease of ₱11,257.4 million, or 44.6%, from assets of ₱25,229.5 million as of December 31, 2020.

Assets

Cash and cash equivalents

The Company's cash and cash equivalents were ₱2,587.2 million as of December 31, 2021, an increase of ₱1,716.7 million, or 197.2%, from cash and cash equivalents of ₱870.5 million as of December 31, 2020, due to collections of receivables primarily from FLI in relation to the transfer of assets.

Receivables

The Company's receivables were ₱755.0 million as of December 31, 2021, a decrease of ₱75.1 million, or 9.1%, from receivables of ₱830.1 million as of December 31, 2020, primarily due to transfer of assets to FLI.

Other current assets

The Company's other current assets were ₱64.1 million as of December 31, 2021, a decrease of ₱1,107.3 million, or 94.5%, from other current assets of ₱1,171.3 million as of December 31, 2020. This decrease was due to the utilization of the Company's input VAT mainly in relation to the assignment of BTO rights for Cebu Towers 3 and 4.

Noncurrent assets held for distribution

The Company's other noncurrent assets held for distribution was nil as of December 31, 2021, a decrease of ₱6,843.7 million, or 100.0%, from other noncurrent assets held for distribution of ₱6,843.7 million as of December 31, 2020. On December 04, 2020, the company declared property dividends covering the Axis Tower 2, Axis Tower 3 and Axis Tower 4 buildings. In addition, On February 11, 2021, the Company's Board approved the declaration of property dividends to stockholders of record as of February 15, 2021, consisting of four existing buildings, (i) Concentrix Building in Northgate Cyberzone, (ii) IT School in Northgate Cyberzone, (iii) the Filinvest Building at EDSA, Wack Wack, Mandaluyong City, which have been identified for redevelopment, and (iv) Cebu Tower 2 in Filinvest Cyberzone Cebu which is yet to qualify for 3 year income generating period to qualify as a REIT asset.. The properties comprising the Property Dividend are classified as noncurrent assets held for distribution in the Company's books until the distribution of these properties is approved by the Philippine SEC, which was received in July 15, 2021.

Advances to contractors

The Company's advances to contractors were ₱13.3 million as of December 31, 2021, a decrease of ₱5.1 million, or 27.7%, from advances to contractors of ₱18.4 million as of December 31, 2020, due to recoupment of down payment from progress billings made by the contractors.

Investment properties

The Company's investment properties were ₱9,165.9 million as of December 31, 2021, a decrease of ₱2,463.9 million, or 21.2%, from investment properties of ₱11,629.8 million as of December 31, 2020 primarily due to the property dividends declared.

Property and equipment

The Company's property and equipment was ₱81.7 million as of December 31, 2021, an increase of ₱13.3 million, or 19.4%, from property and equipment of ₱68.4 million as of December 31, 2020, due to additional purchases of machinery and equipment.

Intangible assets

The Company's intangible assets comprising BTO rights and the right-of-use assets from such BTO and land lease arrangements were ₱1,054.5 million as of December 31, 2021, a decrease of ₱2,354.4 million, or 69.1%, from intangible assets of ₱3,408.8 million as of December 31, 2020. The decrease was primarily driven by the inclusion of Cebu Tower 2 in the properties declared for dividend distribution and the assignment of Cebu Towers 3 and 4 to FLI.

Other noncurrent assets

The Company's other noncurrent assets were ₱250.5 million as of December 31, 2021, a decrease of ₱137.9 million, or 35.5%, from other noncurrent assets of ₱388.4 million as of December 31, 2020, primarily due to the amortization of DCS connection charges paid per the BOT agreement between the Company and PDDC.

Liabilities

The Company's liabilities were ₱7,988.5 million as of December 31, 2021, a decrease of ₱12,134.9 million, or 60.3%, from liabilities of ₱20,123.5 million as of December 31, 2020.

Accounts payable and accrued expenses

The Company's accounts payable and other current liabilities were ₱1,222.7 million as of December 31, 2021, a decrease of ₱361.1 million, or 22.8%, from accounts payable and other current liabilities of ₱1,583.7 million as of December 31, 2020, primarily due to payment of advances from related parties.

Loans payable – current portion

The Company's loan payables – current portion was nil as of December 31, 2021, compared to loan payables – current portion of ₱744.2 million as of December 31, 2020, as the Company's loans were assigned to FLI as consideration for additional capital subscription in the Company in the amount of ₱3,746.3 million.

Lease liabilities – current portion

The Company's lease liabilities – current portion were ₱1.8 million as of December 31, 2021, an decrease of ₱90.8 million, or 98.0%, from lease liabilities – current portion of ₱92.6 million as of December 31, 2020 due to derecognition of lease liabilities for the properties in Northgate Cyberzone per the Contract of Lease as amended on February 11, 2021.

Security and other deposits – current portion

The Company's security and other deposits – current portion was ₱97.0 million as of December 31, 2021, a decrease of ₱19.4 million, or 16.7%, from security and other deposits – current portion of ₱116.4 million as of December 31, 2020, primarily due to transfer of deposits to FLI.

Dividend Payable

The Company's dividend payable was nil as of December 31, 2021, compared to dividend payable of ₱6,611.9 million as of December 31, 2020. This amount reflects the carrying value of the properties subject of the First Property Dividend . Distribution of the property dividends was booked upon approval of the Philippine SEC, which was received in July 15, 2021

Income tax payable

The Company's income tax payable was nil as of December 31, 2021 and December 31, 2020. In 2020, the Company still has enough creditable withholding tax applied to income tax payable. While in 2021, the company became a REIT company, and has no more income tax due as it declares cash dividends.

Loans payable – net of current portion

The Company's loans payable – net of current portion was nil as of December 31, 2021, compared to loans payable – net of current portion of ₱1,600.0 million as of December 31, 2020, as the Company's loans were assigned to FLI as consideration for additional capital subscription in the Company in the amount of ₱3,746.3 million. The increase in capital stock and subscription by FLI was approved by SEC on July 2, 2021.

Bonds payable

The Company's bonds payable was ₱5,987.0 million as of December 31, 2021, an increase of ₱12.9 million, or 0.2%, from bonds payable of ₱5,974.2 million as of December 31, 2020 due to amortization of bond issuance costs.

Lease Liabilities – net of current portion

The Company's lease liabilities – net of current portion was ₱26.0 million as of December 31, 2021, a decrease of ₱2,071.5 million, or 98.8%, from lease liabilities – net of current portion of ₱2,097.5 million as of December 31, 2020 due to the derecognition of lease liabilities for the properties in Northgate Cyberzone transferred to FLI and were presented as noncurrent assets held for distribution as of December 31, 2020 and also pursuant to the Feb 11 2021 amendment on the Contract of Lease, where the lease is purely a percentage of revenues

Deferred tax liability – net

The Company's deferred tax liability – net was nil as of December 31, 2021, compared to deferred tax liability – net of ₱269.9 million as of December 31, 2020, primarily due to derecognition of deferred tax on lease liabilities related to assets transferred to FLI, and to the company being a REIT and is expected to have zero taxable income in the future.

Other noncurrent liabilities

The Company's other noncurrent liabilities was nil as of December 31, 2021, compared to other noncurrent liabilities of ₱300.4 million as of December 31, 2020, primarily driven by decrease in retention payable.

As of December 31, 2020 compared with as of December 31, 2019

The Company's assets were ₱25,229.5 million as of December 31, 2020, an increase of ₱3,036.9 million, or 13.7%, from assets of ₱22,192.6 million as of December 31, 2019.

Assets

Cash and cash equivalents

The Company's cash and cash equivalents were ₱870.5 million as of December 31, 2020, an increase of ₱361.7 million, or 71.1%, from cash and cash equivalents of ₱508.9 million as of December 31, 2019, due to lower capital expenditures caused by the imposed suspension of construction during the community quarantine measures due to COVID-19.

Receivables

The Company's receivables were ₱830.1 million as of December 31, 2020, an increase of ₱54.6 million, or 7.0%, from receivables of ₱775.5 million as of December 31, 2019, primarily due to higher rental receivables driven by the escalation of lease rates under the Company's lease contracts.

Other current assets

The Company's other current assets were ₱1,171.3 million as of December 31, 2020, an increase of ₱190.2 million, or 19.4%, from other current assets of ₱981.1 million as of December 31, 2019. This increase was due to prepaid real property tax for 2021 paid in advance by the Company to avail of discounts.

Noncurrent assets held for distribution

On December 4, 2020, the Company declared as property dividends, investment properties with net carrying value amounting to ₱6,611.9 million. As of December 31, 2020, these properties, including net additions to construction in progress in December 2020 amounting to ₱231.8 million, are presented as noncurrent assets held for distribution in the statement of financial position. These investment properties will be derecognized in the financial statements once the Philippine SEC approves the distribution of the dividends and the Company is compensated for the additions in December of 2020. SEC approved the property dividends on July 15, 2021.

Advances to contractors

The Company's advances to contractors were ₱18.4 million as of December 31, 2020, a decrease of ₱417.9 million, or 95.8%, from advances to contractors of ₱436.3 million as of December 31, 2019, due to recoupment of advances in contractor billings made as the construction of the Company's buildings progressed.

Investment properties

The Company's investment properties were ₱11,629.8 million as of December 31, 2020, a decrease of ₱4,527.0 million, or 28.0%, from investment properties of ₱16,156.8 million as of December 31, 2019 primarily due to the reclassification of properties included in the First Property Dividend as noncurrent assets held for distribution. These properties had a carrying value amounting to ₱6,611.9 million as of the date of declaration of the dividend. SEC approved the property dividends on July 15, 2021.

Property and equipment

The Company's property and equipment was ₱68.4 million as of December 31, 2020, an increase of ₱13.4 million, or 24.5%, from property and equipment of ₱55.0 million as of December 31, 2019, due to purchases of machinery and equipment such as air conditions in iHub 1, installation of CCTVs in Plaza A, purchase of fire pump controllers, improvement of cooling towers in Plaza B and Plaza E.

Intangible assets

The Company's intangible assets comprising BTO rights and the right-of-use assets from such BTO and land lease arrangements were ₱3,408.8 million as of December 31, 2020, an increase of ₱519.1 million, or 18.0%, from intangible assets of ₱2,889.7 million as of December 31, 2019. The increase was primarily driven by additional construction costs of Cebu Tower 3 and Cebu Tower 4 under the Company's BTO arrangement with the Cebu Provincial Government.

Other noncurrent assets

The Company's other noncurrent assets were ₱388.4 million as of December 31, 2020, a decrease of ₱1.0 million, or 0.3%, from other noncurrent assets of ₱389.4 million as of December 31, 2019. This is due to the amortization of DCS connection under the BOT agreement with Philippine DCS Development Corporation ("PDDC").

Liabilities

The Company's liabilities were ₱20,123.5 million as of December 31, 2020, an increase of ₱5,899.5 million, or 41.5%, from liabilities of ₱14,224.0 million as of December 31, 2019.

Accounts payable and accrued expenses

The Company's accounts payable and accrued expenses were ₱1,583.7 million as of December 31, 2020, a decrease of ₱289.4 million, or 15.4%, from accounts payable and accrued expenses of ₱1,873.1 million as of December 31, 2019, primarily due to payment of related party loans to Filinvest Cyberparks, Inc. amounting to ₱300.0 million.

Loans payable – current portion

The Company's loan payables – current portion were ₱744.2 million as of December 31, 2020, a decrease of ₱611.3 million, or 45.1%, from loan payables – current portion of ₱1,355.5 million as of December 31, 2019 due to the assignment of loans by the Company to FLI. On December 9, 2020, the Company and FLI entered into an agreement for the assignment of the Company's developmental loans outstanding as of November 30, 2020 amounting to ₱4,233.8 million. As of December 31, 2020, the Company received the letters of consent from certain banks authorizing such assignment of the loans to FLI amounting to ₱1,518.7 million, which was derecognized as loans payable, and recorded as deposit for future subscription in equity.

Lease liabilities – current portion

The Company's lease liabilities – current portion were ₱92.6 million as of December 31, 2020, an increase of ₱76.4 million, or 469.7%, from lease liabilities – current portion of ₱16.3 million as of December 31, 2019 due to additional lease liabilities from the Company's land leases in Northgate Cyberzone with FLI.

Security and other deposits – current portion

The Company's security and other deposits – current portion was ₱116.4 million as of December 31, 2020, a decrease of ₱129.3 million, or 52.6%, from security and other deposits – current portion of ₱245.8 million as of December 31, 2019, due to pre-termination of leases by certain tenants in 2020.

Dividend Payable

The Company recognized a dividend payable of ₱6,611.9 million as of December 31, 2020. This amount reflects the carrying value of the properties comprising the First Property Dividend declared on December 4, 2020. Distribution of the property dividends shall be made upon approval of the Philippine SEC.

Income tax payable

The Company's income tax payable was nil as of December 31, 2020, compared to the Company's income tax payable of ₱0.4 million as of December 31, 2019 due to creditable withholding tax claimed during the year related to the sale of land in South Road Properties, Cebu City which amounted to ₱36.9 million.

Loans payable – net of current portion

The Company's loans payable – net of current portion were ₱1,600.0 million as of December 31, 2020, compared to loans payable – net of current portion of ₱2,862.9 million as of December 31, 2019 due to the assignment of developmental bank loans by the Company in exchange for its planned increase in capital subscription. As of December 31, 2020, ₱1,518.7 million was derecognized in the Company's financial statements as a result of the assignment. FLI also paid total principal installment due amounting to ₱370.8 million on behalf of the Company. The principal payment of FLI and the derecognized loans were recognized as deposit for future stock subscription in equity.

Bonds payable

The Company's bonds payable were ₱5,974.2 million as of December 31, 2020, a decrease of ₱12.6 million, or 0.2%, from bonds payable of ₱5,961.6 million as of December 31, 2019 due to amortization of bond issuance costs.

Lease Liabilities – net of current portion

The Company's lease liabilities – net of current portion were ₱2,097.5 million as of December 31, 2020, an increase of ₱1,830.3 million, or 685.1%, from lease liabilities – net of current portion of ₱267.2 million as of December 31, 2019 due to additional lease liability recognized from the Company's land leases in Northgate Cyberzone from FLI.

Deferred tax liability – net

The Company's deferred tax liability – net was ₱269.9 million as of December 31, 2020, a decrease of ₱114.7 million, or 29.8%, from the deferred tax liability – net of ₱384.7 million as of December 31, 2019, primarily due to derecognition of related deferred tax liability for buildings included as part of the property dividends declared during the year.

Security and other deposits – net of current portion

The Company's security and other deposits – net of current portion were ₱732.7 million as of December 31, 2020, an increase of ₱25.2 million, or 3.6%, from security and other deposits – net of current portion of ₱707.5 million as of December 31, 2019, primarily driven by higher security deposits from new tenants in Axis Tower 1 and Axis Tower 2 in Northgate Cyberzone and Cebu Tower 2 in Filinvest Cyberzone Cebu.

Other noncurrent liabilities

The Company's other noncurrent liabilities were ₱300.4 million as of December 31, 2020, an increase of ₱99.5 million, or 49.5%, from other noncurrent liabilities of ₱200.9 million as of December 31, 2019, primarily driven by retention payable to contractors and suppliers due to the construction of Axis Tower 3 and Axis Tower 4 in Northgate Cyberzone, and Cebu Tower 3 and Cebu Tower 4 in Filinvest Cyberzone Cebu under the BTO arrangement between the Company and the Cebu Provincial Government.

As of December 31, 2019 compared with as of December 31, 2018

The Company's assets were ₱22,192.6 million as of December 31, 2019, an increase of ₱2,909.6 million, or 15.1%, from assets of ₱19,283.0 million as of December 31, 2018.

Assets

Cash and cash equivalents

The Company's cash and cash equivalents were ₱508.9 million as of December 31, 2019, a decrease of ₱208.7 million, or 29.1%, from cash and cash equivalents of ₱717.5 million as of December 31, 2018, due to cash outflows for capital expenditures and operational costs and expenses. During the year, the Company paid for capital expenditure amounting to ₱2,375.3 million, which was higher by ₱499.6 million compared to ₱1,875.7 million paid for the year ended December 31, 2018.

Receivables

The Company's receivables were ₱775.5 million as of December 31, 2019, an increase of ₱248.5 million, or 47.2%, from receivables of ₱527.0 million as of December 31, 2018, due to the increase in charges to new tenants for rentals and utilities which are normally collectible within 20 days from the billing date. The increase in was also due to the newly added tenants for the Company's newly completed building, Axis Tower 2, which had an Occupancy Rate of 32% as of December 31, 2019.

Other current assets

The Company's other current assets were ₱981.1 million as of December 31, 2019, an increase of ₱848.0 million, or 637.1%, from other current assets of ₱133.1 million as of December 31, 2018. This increase was mainly due to lower input VAT classified as on-current assets. There were also additional recognition of input VAT on various purchases of goods and services on 16 projects of the Company with PEZA incentives, which are not subject to the VAT zero rating. The Company believes that all input VAT are recoverable at their full amount when all of the Company's buildings become fully operational.

Advances to contractors

The Company's advances to contractors were ₱436.3 million as of December 31, 2019, an increase of ₱156.3 million, or 55.8%, from advances to contractors of ₱280.0 million as of December 31, 2018, due to advances made for the construction of Axis Tower 2 and buildings under construction in Filinvest Cyberzone Cebu.

Investment properties

The Company's investment properties were ₱16,156.8 million as of December 31, 2019, an increase of ₱2,284.4 million, or 16.2%, from investment properties of ₱13,908.3 million as of December 31, 2018 due to the completion of Axis Tower 2 and the construction costs incurred for unfinished projects. The Company adopted PFRS 16, *Leases* in 2019 and recognized right-of-use assets for its land lease in Northgate Cyberzone amounting to ₱58.6 million as of December 31, 2019 which has been included in investment properties in the presentation in the Company's financial statements.

Property and equipment

The Company's property and equipment was ₱55.0 million as of December 31, 2019, an increase of ₱15.3 million, or 38.6%, from property and equipment of ₱39.6 million as of December 31, 2018, due to purchases of machinery and equipment such as upgrades and improvements of elevators and CCTVs as part of the Company's continuous improvement of its buildings for its customers.

Intangible assets

The Company's intangible assets were ₱2,889.7 million as of December 31, 2019, an increase of ₱331.9 million, or 13.0%, from intangible assets of ₱2,557.8 million as of December 31, 2018, primarily driven

by increase in the recognition of project costs on buildings under the BTO agreement with the Cebu Provincial Government. As of December 31, 2019, two buildings were already completed and two buildings were still in construction. The Company adopted PFRS 16, *Leases* in 2019 and recognized right-of-use assets for its rights under the BTO agreement amounting to ₱107.9 million as of December 31, 2019 which has been included in intangible assets in the presentation in the Company's financial statements.

Other noncurrent assets

The Company's other noncurrent assets were ₱389.4 million as of December 31, 2019, a decrease of ₱730.1 million, or 65.2%, from other noncurrent assets of ₱1,119.5 million as of December 31, 2018. The decrease was mainly due to input VAT that was classified as current assets, and prepaid expenses (including commissions to be realized in 2020).

Liabilities

The Company's liabilities were ₱14,224.0 million as of December 31, 2019, an increase of ₱1,660.5 million, or 13.2%, from liabilities of ₱12,563.5 million as of December 31, 2018.

Accounts payable and accrued expenses

The Company's accounts payable and accrued expenses were ₱1,873.1 million as of December 31, 2019, a decrease of ₱156.3 million, or 7.7%, from accounts payable and accrued expenses of ₱2,029.4 million as of December 31, 2018, primarily attributable to payment of trader payables, including the full payment of land in South Road Properties Cebu, partially offset by an increase in advances from new tenants.

Loans payable – current portion

The Company's loan payables – current portion were ₱1,355.5 million as of December 31, 2019, an increase of ₱516.2 million, or 61.5%, from loan payables – current portion of ₱839.2 million as of December 31, 2018. as the increase was due to new bank loans availed by the Company during the year.

Lease liabilities – current portion

The Company adopted PFRS 16, *Leases* during the year and recognized lease liabilities – current portion amounting to ₱16.3 million as of December 31, 2019.

Security and other deposits – current portion

The Company's security and other deposits – current portion was ₱245.8 million as of December 31, 2019, an increase of ₱81.1 million, or 49.2%, from security and other deposits – current portion of ₱164.7 million as of December 31, 2018, due to a substantial number of leases coming due within one year.

Dividend payable

The Company's dividend payable was ₱348.3 million as of December 31, 2019, compared to nil as of December 31, 2018 due to the declaration of cash dividends for the year ended December 31, 2019.

Income tax payable

The Company's income tax payable was ₱0.4 million as of December 31, 2019, a decrease of ₱8.1 million, or 94.9%, from income tax payable of ₱8.5 million as of December 31, 2018 due to the payment of higher income taxes in the previous quarters.

Loans payable – net of current portion

The Company's loans payable – net of current portion were ₱2,862.9 million as of December 31, 2019, an increase of ₱244.5 million, or 9.3%, from loans payable – net of current portion of ₱2,618.4 million as of December 31, 2018 due to the Company's entry into new loan agreements to finance capital expenditures.

Bonds payable

The Company's bonds payable were ₱5,961.6 million as of December 31, 2019, an increase of ₱12.6 million, or 0.2%, from bonds payable of ₱5,948.9 million as of December 31, 2018. The increase pertains to amortization of debt issuance cost related to the Company's bonds which will mature on January 7, 2023.

Lease Liabilities – net of current portion

The Company adopted PFRS 16, *Leases* during the year and recognized lease liabilities – net of current portion amounting to ₱267.2 million as of December 31, 2019. Under the new standard, lessees are required to recognize right-of-use assets and a lease liability with respect to the contract at the inception of the lease. These leases are amortized until the end of the lease term.

Deferred tax liability – net

The Company's deferred tax liability – net was ₱384.7 million as of December 31, 2019, an increase of ₱119.8 million, or 45.2%, from the deferred tax liability – net of ₱264.8 million as of December 31, 2018, primarily due to additional capitalized borrowing costs and the adoption of PFRS 16, *Leases* on rentals, including the adjustment due to PAS 17.

Security and other deposits – net of current portion

The Company's security and other deposits – net of current portion were ₱707.5 million as of December 31, 2019, an increase of ₱65.1 million, or 10.1%, from security and other deposits – net of current portion of ₱642.4 million as of December 31, 2018, primarily driven by higher security deposits from an increase in new tenants in Axis Tower 1, Axis Tower 2, Cebu Tower 1 and Cebu Tower 2.

Other noncurrent liabilities

The Company's other noncurrent liabilities were ₱200.9 million as of December 31, 2019, an increase of ₱153.8 million, or 326.8%, from other noncurrent liabilities of ₱47.1 million as of December 31, 2018, primarily driven by increase in retention payable to contractors and suppliers for the construction of the Company's new buildings.

Performance Indicators

Financial Ratios	Particulars	Year Ended 12/31/21	Year ended 12/31/20	Year ended 12/31/19	Year ended 12/31/18
Current Ratio	<u>Current Assets</u> Current Liabilities	2.58 : 1	1.06 : 1	0.59 : 1	0.45 : 1
Solvency Ratio	<u>Net Income + Depreciation</u> Total Liabilities	0.29 : 1	0.11 : 1	0.16 : 1	0.17 : 1
Debt-to-Equity Ratio	<u>Long-term debt</u> Equity	1.01 : 1	2.06 : 1	1.31 : 1	1.40 : 1
Asset-to-Equity Ratio	<u>Total assets</u> Total equity	2.34 : 1	4.94 : 1	2.79 : 1	2.87 : 1
Interest rate coverage ratio	<u>EBIT</u> Interest and other financing charges	6.01 : 1	6.63 : 1	9.43 : 1	11.42 : 1
Debt service coverage ratio	<u>Net operating income</u> Loan payment	7.24 : 1	1.50 : 1	1.42 : 1	1.84 : 1
Earnings per share	<u>Net Income</u> Outstanding shares	0.53 : 1	0.80 : 1	0.70 : 1	0.61 : 1

Return on assets	<u>Net income</u> Total Assets	0.13 : 1	0.07 : 1	0.07 : 1	0.07 : 1
Return on equity	<u>Net income</u> Shareholder's Equity	0.31 : 1	0.36 : 1	0.21 : 1	0.21 : 1
Debt-to-Assets	<u>Bonds Payable + Loans Payable</u> Total Assets	0.43 : 1	0.33 : 1	0.46 : 1	0.49 : 1

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

The above ratios are based on book value of the investment properties. The assets have a fair value of P52.4 billion as of December 2021. Should the FMV be used, the ff shall be the ratios as of Dec 2021.

Debt ratio: 11.4%

DE : 9.07 : 1

Other Information:

- The information is not necessarily indicative of the results of the future operations. The information set out above should be read in conjunction with, and is qualified in its entirety by reference to the relevant financial statements of Filinvest REIT Corp., including the notes thereto.
- 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.
- Except as disclosed in the Notes to the Consolidated Financial Statements and Management's Discussion and 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.
- There are no known trends, events, or uncertainties that have had or are reasonably expected to have favorable or unfavorable material impact on liquidity and on net sales or revenues or income from continuing operations of Filinvest REIT Corp.
- 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.
- There was no seasonal factor that had a material effect on the financial condition and results of operations.
- 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.

*For approval by the stockholders at their annual meeting in 2022***FILINVEST REIT CORP.****MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING**

Held on 18 November 2021 at 9:00 a.m.

Conducted virtually *via* Microsoft Teams

I. ATTENDANCE**STOCKHOLDERS PRESENT/REPRESENTED:**

Present by proxy	3,147,408,145	64.33%
Present by remote communication and voting <i>in absentia</i>	114	<0.001%
Total Attendance	3,147,408,259	64.33%

II. NATIONAL ANTHEM

The meeting started with the singing of the Philippine National Anthem.

III. PRESIDING OFFICER AND SECRETARY

The Chairperson of the Board of Directors of Filinvest REIT Corp. (the "Company" or "FILRT"), Ms. Lourdes Josephine Gotianun-Yap, presided over the meeting, while the Corporate Secretary, Ms. Sharon P. Pagaling-Refuerzo, recorded the minutes thereof.

IV. CALL TO ORDER

The Chairperson called the meeting to order and introduced the members of the Board of Directors. The Chairperson then requested the Corporate Secretary to report on the service of notice of the meeting, and whether there was a quorum at the meeting.

V. CERTIFICATION OF SERVICE OF NOTICE AND QUORUM

The Corporate Secretary reported that the notice of the meeting, together with copies of the Information Statement and the Audited and Interim Financial Statements of the Company, were posted on the Company's website and disclosed through PSE

EDGE, as well as published in the business sections of the Philippine Star and Business Mirror, on 25 October 2021, and in the business sections of the Philippine Daily Inquirer and Business World on 26 October 2021, in accordance with the requirements of SEC Notice dated 16 March 2021.

Based on the online registration and report on proxies received by the Office of the Corporate Secretary, with the assistance of the Company's stock and transfer agent, Stock Transfer Service, Inc., the Corporate Secretary certified that out of the 4,892,777,994 total issued and outstanding shares of the Company as of the record date or on 22 October 2021, 3,147,408,245 shares representing 64.33% of the total issued and outstanding shares of the Company were present at the meeting.

There being a quorum, the Chairperson declared the meeting duly convened and open for business.

VI. INSTRUCTIONS ON THE RULES AND CONDUCT OF VOTING PROCEDURES

The Chairperson noted that the Company is holding the meeting in virtual format because of the health crisis; however, the Company endeavored to provide the shareholders the same opportunity to participate in the meeting. She then asked the Corporate Secretary to share the rules of conduct and voting procedures for the meeting.

The Corporate Secretary explained that the rules of conduct and voting procedures were set forth in the Definitive Information Statement and in the Explanation of Agenda Items, which form part of the Notice of the Annual Stockholders' meeting. She highlighted the following points:

1. Stockholders who successfully registered under the shareholder registration system were provided the instructions to access our digital voting ballot as well as the virtual meeting.
2. The deadline for voting in absentia and through proxy was on 11 November 2021.
3. After the voting, the Office of the Corporate Secretary, together with our stock transfer agent, tabulated all the votes cast in absentia as well as via proxy.
4. The results of the voting will be reported after each item is taken up during this meeting.
5. The stockholders were also given up to 11 November 2021 to submit any questions or comments they may have

She further informed all the participants of the meeting that there would be a visual and audio recording of the entire proceedings.

VII. APPROVAL OF THE MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS HELD ON 30 SEPTEMBER 2020

The Chairperson inquired if copies of the minutes of the annual meeting of the stockholders held on 30 September 2020 were furnished to the stockholders.

The Corporate Secretary certified that an electronic copy of the minutes was included in the Information Statement of this year's annual stockholders' meeting and was made available on the Company's website. She reported that the resolution below was approved by at least a majority of the stockholders or total voting shares represented in the meeting based on the following tabulation of votes:

“RESOLVED, That the minutes of the annual meeting of the stockholders of the Company held on 30 September 2020 is hereby approved.”

	FOR	AGAINST	ABSTAIN
Number of Shares Voted	3,147,408,245	-	-
Percentage of Votes	100.00%	-	-

VIII. PRESENTATION OF THE PRESIDENT'S REPORT AND RATIFICATION OF THE AUDITED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2020

The President and Chief Executive Officer of the Company, Ms. Maricel Brion-Lirio, presented her pre-recorded report on the Company's operations for the year ended 31 December 2020, a copy of which were made available to all the stockholders of record, together with the Information Statement, as well as the results of operations as of September 2021.

The Chairperson announced that FILRT will be included in the MSCI Philippines Small Cap Index alongside twenty (20) other constituents representing approximately fourteen percent (14%) of the free float-adjusted market capitalization of the Philippines equity universe on 30 November 2021. The Company believes that this is a positive development that could boost the liquidity and attractiveness of FILRT for the investors.

The Chairperson also announced to the stockholders that the Board of Directors approved during its special meeting held before the Annual Stockholders' Meeting on 18 November 2021 the declaration of cash dividends of PhP0.112 per share from the unrestricted retained earnings of the Company as of 30 September 2021. The record date of the said cash dividend is fixed on 03 December 2021, with payment date on 20 December 2021.

The Chairperson thanked the President for her report, then proceeded to the next item in the agenda which was the ratification of the 2020 Audited Financial

Statements. She asked the Corporate Secretary if the stockholders were furnished a copy of the 2020 Audited Financial Statements.

The Corporate Secretary responded that an electronic copy of the 2020 Audited Financial Statements was made available on the Company's website as well as attached to the Information Statement. She reported that the resolution below was approved by at least a majority of the stockholders or total voting shares represented in the meeting based on the following tabulation of votes:

“RESOLVED, That the Company's Audited Financial Statements as of and for the year ended 31 December 2020 be approved, confirmed and ratified.”

	FOR	AGAINST	ABSTAIN
Number of Shares Voted	3,147,408,245	-	-
Percentage of Votes	100.00%	-	-

IX. RATIFICATION OF ALL THE ACTS, RESOLUTIONS AND PROCEEDINGS OF THE BOARD OF DIRECTORS, BOARD COMMITTEES AND MANAGEMENT UP TO 18 NOVEMBER 2021

The next item in the agenda was the ratification of all the acts, resolutions and proceedings of the Board of Directors, Board Committees and Management from the date of the last annual stockholders' meeting until 18 November 2021, a summary of which was included in the Information Statement sent to all the stockholders of record prior to the annual stockholders' meeting.

The Corporate Secretary reported that the resolution below was approved by at least a majority of the stockholders or total voting shares represented in the meeting based on the following tabulation of votes:

“RESOLVED, That all the acts, resolutions and proceedings of the Board of Directors, Board Committees and Management from the date of the last annual stockholders' meeting until 18 November 2021 are hereby approved, confirmed and ratified.”

	FOR	AGAINST	ABSTAIN
Number of Shares Voted	3,147,408,245	-	-
Percentage of Votes	100.00%	-	-

X. ELECTION OF DIRECTORS

The Chairperson announced that the next item in the Agenda was the election of seven (7) directors, including three (3) independent directors of the Company for the year 2021 to 2022.

As requested by the Chairperson, the Corporate Secretary announced the names of the persons nominated for election as directors and/or independent directors of the Company and who were pre-screened by the Corporate Governance Committee, acting as the Nominations Committee, in accordance with the Company's Revised Manual on Corporate Governance and By-Laws, as follows:

Directors:

1. Ms. Lourdes Josephine Gotianun-Yap
2. Ms. Maricel Brion-Lirio
3. Mr. Francis Nathaniel C. Gotianun
4. Mr. Tristaneil D. Las Marias

Independent Directors:

5. Ms. Virginia T. Obcena
6. Mr. Gemilo J. San Pedro
7. Atty. Val Antonio B. Suarez

The Corporate Secretary reported that the resolution below was approved by at least a majority of the stockholders or total voting shares represented in the meeting based on the following tabulation of votes:

“RESOLVED, That the following persons are hereby declared as duly elected directors of the Company, to serve for a term of one (1) year or until their successors shall have been elected and qualified in accordance with the By-Laws of the Company:

1. Ms. Lourdes Josephine Gotianun-Yap
2. Ms. Maricel Brion-Lirio
3. Mr. Francis Nathaniel C. Gotianun
4. Mr. Tristaneil D. Las Marias

Independent Directors:

5. Ms. Virginia T. Obcena
6. Mr. Gemilo J. San Pedro
7. Atty. Val Antonio B. Suarez

	FOR	AGAINST	ABSTAIN
Number of Shares Voted	3,147,408,245	-	-
Percentage of Votes	100.00%	-	-

XI. APPOINTMENT OF INDEPENDENT EXTERNAL AUDITOR

Upon the recommendation of the Company's Audit and Risk Management Oversight Committee and confirmed by the Board of Directors, the stockholders approved the reappointment of the accounting firm of Sycip Gorres Velayo and Co. ("SGV") as the Company's external auditor for the year 2021, as follows:

"RESOLVED, That the accounting firm of Sycip Gorres Velayo and Co. (SGV & Co.) be approved for reappointment as the Company's external auditor for the year 2021."

	FOR	AGAINST	ABSTAIN
Number of Shares Voted	3,147,408,245	-	-
Percentage of Votes	100.00%	-	-

XII. OTHER MATTERS

After confirming with the Corporate Secretary that there were no other matters that require consideration by the stockholders, the Chairperson inquired with the Secretary whether there were questions or comments raised by the shareholders.

The Secretary said that shareholders were given up to 11 November 2021 to submit any questions or comments they may have on the materials distributed to all stockholders of record for this year's annual stockholders' meeting. The Secretary confirmed that the Office of the Corporate Secretary and Management did not receive any questions from the shareholders.

XIII. ADJOURNMENT

There being no further business to transact, the Chairperson declared the meeting adjourned. He conveyed his gratitude to the stockholders for attending the meeting and for their continued trust and confidence in the Company and the Management.

CERTIFIED CORRECT:

SHARON P. PAGALING-REFUERZO
Corporate Secretary

ATTESTED BY:

LOURDES JOSEPHINE GOTIANUN-YAP
Chairperson of the Board

2022 ANNUAL SHAREHOLDERS' MEETING

FILINVEST REIT CORP.

**REQUIREMENTS AND PROCEDURE FOR ELECTRONIC VOTING *IN ABSENTIA*
AND PARTICIPATION BY REMOTE COMMUNICATION**

I. REGISTRATION

Filinvest REIT Corp. (the "Company") established a designated website in order to facilitate the registration of and voting *in absentia* by the stockholders at the annual meeting, as provided under Sections 23 and 57 of the Revised Corporation Code.

- a. Shareholders of record as of March 2, 2022 may access the shareholder registration system at the web address: https://shareholders.filinvest.com.ph/FILRT_SHAREHOLDERSYSTEM. The deadline for registration is April 5, 2022.
- b. To register, the shareholders are required to provide the following supporting documents:
 - i. For Individual Stockholders:
 1. A scanned copy of the stockholder's valid government-issued ID showing photo, signature and personal details, preferably with residential address (in JPG format). The file size should be no larger than 2MB;
 2. A valid and active e-mail address; and
 3. A valid and active contact number.
 - ii. For Individual Stockholders with Joint Accounts:
 1. A scanned copy of an authorization letter signed by all stockholders, identifying who among them is authorized to cast the vote for the account;
 2. A scanned copy of the authorized stockholder's valid government-issued ID showing photo, signature and personal details, preferably with residential address (in JPG format). The file size should be no larger than 2MB;
 3. A valid and active e-mail address; and
 4. A valid and active contact number.
 - iii. For Individual Stockholders under Broker Accounts:
 1. A broker's certification on the stockholder's number of shareholdings.
 2. A scanned copy of the stockholder's valid government-issued ID showing photo, signature and personal details, preferably with residential address (in JPG format). The file size should be no larger than 2MB;
 3. A valid and active e-mail address; and
 4. A valid and active contact number.

- iv. For Corporate Stockholders:
 - 1. A secretary's certificate attesting to the authority of the representative to vote for, and on behalf of the corporation;
 - 2. A scanned copy of a valid government-issued ID of the stockholder's representative showing photo, signature and personal details, preferably with residential address (in JPG format). The file size should be no larger than 2MB;
 - 3. A valid and active e-mail address of the shareholder's representative; and
 - 4. A valid and active contact number of the shareholder's representative.

Important Note: Incomplete or inconsistent information may result in an unsuccessful registration. As a result, shareholders will not be able to access to vote electronically in absentia, but may still vote through a proxy, by submitting a duly accomplished proxy form on or before April 12, 2022.

- c. After registration, the Company will conduct the validation process. Upon validation, the Company will send an email to the shareholder, which shall be sent to the email address of the shareholder indicated in the registration form, containing instructions for voting *in absentia* and remote attendance for the meeting.

II. ELECTRONIC VOTING IN ABSENTIA

- a. Registered stockholders have until April 12, 2022, 11:59 PM (Philippine time) to cast their votes *in absentia*.
- b. All agenda items indicated in the Notice of Meeting will be set out in the digital absentee ballot and the registered stockholder may vote as follows:
 - i. For items other than the election of directors, the registered shareholder has the option to vote: For, Against, or Abstain. The vote is considered cast for all the stockholder's shares.
 - ii. For the election of directors, the registered stockholder has the option to:
 - 1. Distribute his votes equally among all the candidates;
 - 2. Abstain; or
 - 3. Cast such number of votes for each nominee as preferred by the stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected. Should the votes cast by the stockholder exceed the number of votes he is entitled to, the votes for each nominee shall be reduced in equal proportion, rounded down to the nearest whole number. Any balance shall be considered abstained.

Once voting on the agenda items is finished, the registered stockholder can proceed to submit the accomplished ballot by clicking the "Submit" button.

- c. The Office of the Corporate Secretary of the Company, with the assistance of representatives of the Company's stock transfer agent, Stock Transfer Service, Inc. (STSI), will count and tabulate the votes cast *in absentia* together with the votes cast by proxy.
- d. During the meeting, the Corporate Secretary shall report the votes received and inform the shareholders if the particular agenda item is carried or disapproved. The total number of votes cast for each item for approval and/or ratification under the agenda will be shown on the screen.

III. PARTICIPATION BY REMOTE COMMUNICATION

- a. Prior to the meeting, the Company will send email instructions to those stockholders who have successfully registered, which shall be sent to the email address of the stockholder indicated in the registration form, on how they can attend the meeting through remote communication and have access to the livestream of the meeting.
- b. Only those stockholders who successfully registered in the shareholder registration system, together with the stockholders who voted *in absentia* or by proxy, will be included in determining the existence of a quorum.
- c. Stockholders may send any questions and/or comments relating to the agenda on or before April 12, 2022 to FILRTASM@filinvestreit.com. Questions or comments received on or before April 12, 2022 may be responded to during the meeting. Any questions not answered during the meeting may be answered *via* email.
- d. Stockholders who register and vote on the website for voting *in absentia* are hereby deemed to have given their consent to the collection, use, storing, disclosure, transfer, sharing and general processing of their personal data by the Company and by any other relevant third party for the purpose of electronic voting *in absentia* for the Annual Shareholders' Meeting and for all other purposes for which the shareholder can cast his/her/its vote as a stockholder of the Company.

For any clarifications, please contact us through FILRTASM@filinvestreit.com.