COVER SHEET

SEC Registration Number

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COMPANY NAME

FILINVEST REIT CORP. (formerly CYBERZONE PROPERTIES INC,)

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

5th - 7th Floors Vector 1 BuilDing, NortHgatE Cyberzone, Fil Invest CorporaTe City, Alabang, Muntinlupa City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17Q-3		

COMPANY INFORMATION		
Company's Email Address	Company's Telephone Number	Mobile Number
N/A	**8846-0278**	**N/A**
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
16,000	**5/30**	**12/31**

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON's ADDRESS

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

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

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

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the quarterly period ended : **September 30, 2023**

2. SEC Identification Number: : **A2000-00652**

3. BIR Tax ID : **204-863-416-000**

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

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

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

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

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

9. Former name, former address, and former fiscal year, if changed since last report
Not applicable

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

Title of Each Class	Number of shares of Common Stock Outstanding	Amount of Debt Outstanding
Common Stock, P0.50[1] par value	4,892,777,994	

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

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

The Philippine Stock Exchange, Inc. **Common shares**

12. Indicate by check mark whether the issuer:

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

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

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

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PART 1 – FINANCIAL INFORMATION

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

Unaudited Consolidated
Financial Statements

As at September 30, 2023 and December 31, 2022
and
For the nine months ended September 30, 2023 and 2022

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

INTERIM STATEMENT OF FINANCIAL POSITION

	September 30, 2023	December 31, 2022
ASSETS		
Current Assets		
Cash and cash equivalents	1,318,391,650	1,701,935,199
Receivables	669,505,154	789,140,396
Other current assets	443,422,064	327,750,212
Total Current Assets	2,431,318,869	2,818,825,807
Noncurrent Assets		
Advances to suppliers	12,806,254	8,898,825
Investment properties	9,879,392,019	10,042,109,848
Property & equipment	62,575,278	60,001,788
Intangible assets	957,274,406	998,810,323
Other noncurrent assets	228,828,481	238,260,817
Total Noncurrent Assets	11,140,876,437	11,348,081,601
Total Assets	**13,572,195,306**	**14,166,907,408**
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	1,612,083,800	1,699,243,336
Current portion of:		
Lease Liabilities	2,062,982	1,989,001
Security and other deposits	170,824,805	99,558,917
Bonds Payable - net	-	6,000,000,000
Total Current Liabilities	1,784,971,588	7,800,791,254
Noncurrent Liabilities		
Due to related parties - net of current portion	183,241,800	366,483,600
Loans Payable	6,000,000,000	
Lease liabilities - net of current portion	26,586,375	26,330,764
Security and other deposits - net of current portion	585,922,306	661,105,321
Total Noncurrent Liabilities	6,795,750,481	1,053,919,685
Total Liabilities	**8,580,722,069**	**8,854,710,939**
Equity		
Capital stock - P0.50 par value	2,446,388,997	2,446,388,997
Additional paid-in capital	2,518,356,922	2,518,356,922
Retained earnings (deficit) – end	26,727,318	347,450,550
Total Equity	**4,991,473,237**	**5,312,196,469**
Total Liabilities and Equity	**13,572,195,306**	**14,166,907,408**

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

	Quarter Ended September 30		Nine Month Period Ended September 30	
	2023	**2022**	**2023**	**2022**
	(Unaudited)		(Unaudited)	
REVENUES				
Rental income	479,102,231	630,689,350	1,715,932,722	1,866,269,777
Others	161,248,973	91,500,356	506,254,350	597,000,457
	640,351,205	822,189,706	2,222,187,072	2,463,270,234
COST AND EXPENSES				
Utilities	68,132,525	73,792,843	219,852,706	204,445,218
Depreciation and amortization	101,822,183	98,471,066	303,525,485	314,184,468
Rental expense	48,607,858	67,921,752	174,698,767	198,976,710
Manpower and service cost	41,491,340	40,839,290	125,144,003	121,745,819
Repairs and maintenance	44,573,482	39,478,004	136,631,267	109,692,319
Taxes and licenses	40,126,835	19,641,861	121,073,762	59,253,592
Insurance	3,184,898	5,468,529	8,370,117	5,942,024
Service and management fees	39,510,357	58,109,525	132,851,587	167,463,937
Others	2,225,832	(1,686,793)	10,282,524	4,160,165
	389,675,309	402,036,076	1,232,430,219	1,185,864,253
OTHER INCOME (CHARGES)				
Interest income	12,327,193	6,230,065	31,814,137	15,336,758
Interest and other financing charges	(102,834,827)	(81,266,181)	(300,084,215)	(241,252,826)
Other income (charges) - net	(36,168)	(200,698)	(48,294)	(539,362)
	(90,543,801)	(75,236,814)	(268,318,372)	(226,455,430)
INCOME BEFORE INCOME TAX	**160,132,095**	**344,916,816**	**721,438,480**	**1,050,950,551**
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	-	-	-	-
Deferred	-	-	-	-
	-	-	-	-
NET INCOME	**160,132,095**	**344,916,816**	**721,438,480**	**1,050,950,551**
OTHER COMPREHENSIVE INCOME				
TOTAL COMPREHENSIVE INCOME	**160,132,095**	**344,916,816**	**721,438,480**	**1,050,950,551**
Basic/Diluted Earnings Per Share	**0.03**	**0.07**	**0.15**	**0.21**

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

	Nine Months Period Ended September 30	
	2023	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	721,438,480	₱1,050,950,550
Adjustments for:		
Depreciation and amortization	302,863,189	226,032,297
Interest expense and other financing changes	301,893,430	241,252,826
Interest income	(31,814,137)	(15,336,758)
Operating income before changes in operating assets and liabilities	**1,294,380,962**	**1,502,898,915**
Changes in operating assets and liabilities		
Decrease (increase) in:		
Receivables	119,635,242	(60,352,472)
Other current assets	(115,671,852)	(100,113,800)
Increase (decrease) in:		
Accounts payable and accrued expenses	(290,462,331)	268,015,384
Other current liabilities	-	85,093,613
Security and other deposits	(3,917,127)	11,373,587
Other noncurrent liabilities	-	(222,654,330)
Net cash generated from operations	**1,003,964,894**	**1,484,260,896**
Interest received	31,814,137	15,336,758
Net cash provided by operating activities	**1,035,779,031**	**1,499,597,654**
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Investment properties	(82,126,751)	(76,692,126)
Intangible assets	(574,199)	(3,322,315)
Property and equipment	(17,105,201)	26,190,500
Decrease (increase) in:		
Advances to contractors	(3,907,428)	2,628,826
Other noncurrent assets	9,432,336	-
Net cash provided by (used) in investing activities	**(94,281,244)**	**(51,195,115)**
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of:		
Payment on bonds	(6,000,000,000)	-
Proceeds from long-term debt	6,000,000,000	-
Principal portion of lease liability	(1,479,623)	-
Interest and transaction cost	(281,400,000)	(238,728,026)
Dividends Payable	(1,042,161,713)	(1,546,117,846)
Net cash provided by (used) in financing activities	**(1,325,041,336)**	**(1,784,845,872)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(383,543,548)**	**(336,443,334)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,701,935,199**	**2,587,195,631**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**1,318,391,651**	**2,250,752,297**

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

	Nine Months Period Ended September 30,	
	2023	**2022**
	(Unaudited)	(Unaudited)
Capital Stock		
Common shares - P0.50 par value		
Authorized - 14,263,698,000 shares		
Issued - 4,892,777,994 shares		
Outstanding - 4,892,777,994 shares	2,446,388,997	2,446,388,997
Additional paid-in capital	2,518,356,922	2,518,356,922
Retained earnings		
Balance at beginning of the period	347,450,551	1,018,879,536
Net income	721,438,480	1,050,950,550
Dividends	(1,042,161,713)	(1,546,117,846)
Balance at end of the period	26,727,318	523,712,240
Equity attributable to equity holders of the Company	5,178,728,380	5,488,458,159
Total Equity	**4,991,473,237**	**5,488,458,159**

NOTES TO INTERIM FINANCIAL STATEMENTS

1. Corporate Information

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

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

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

The registered office address of the Company is 5th - 7th Floors, Vector One Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City.

The Company's parent company is FLI, a subsidiary of Filinvest Development Corporation (FDC). Both FLI and FDC are publicly listed entities. A.L. Gotianun Inc. (ALG) is the Company's ultimate parent company. FLI, FDC and ALG were all incorporated in the Philippines.

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

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

Summary of Significant Accounting Policies

<u>Basis of Preparation</u>
The financial statements of the Company have been prepared using a historical cost basis. The consolidated financial statements are presented in Philippine Peso (), which is the functional and presentation currency of the Company, and all amounts are rounded off to the nearest Philippine Peso unless otherwise indicated.

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

<u>Statement of Compliance</u>The consolidated financial statements of the Company are prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards (PAS) and Interpretations issued by the Philippine Interpretations Committee (PIC).

<u>Changes in Accounting Policies and Disclosures</u>
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, 2020. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Company. 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:

1. The rent concession is a direct consequence of COVID-19;
2. 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;
3. Any reduction in lease payments affects only payments originally due on or before September 30, 2021; and
4. There is no substantive change to the 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 Company 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 Company.

- 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 Company 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 Company 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.

Future Changes in Accounting Policy

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

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 Company.

- *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 Company 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
  - 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 Company, based on the Company'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 Company.

  - 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 Company 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 Company.

  - 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 Company.

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 Company.

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

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

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

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

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

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

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

Effective beginning on or after January 1, 2024

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

    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 Company 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 Company 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 Company since it is not involved in the development of real estate projects for sale.

- *IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost)*

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

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

The IFRIC Agenda Decision has no impact to the Company.

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

On September 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 Company.

Significant Accounting Policies

Current versus Noncurrent Classification
The Company presents assets and liabilities in the statement of financial position based on current/noncurrent classification.

An asset is current when:

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Company classifies all other liabilities as noncurrent.

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

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the 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 Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each financial reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset and liability and the level of the fair value hierarchy as explained above.

<u>Financial Instruments</u>
Financial assets and liabilities are recognized in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery or assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

<u>Recognition and Measurement of Financial Instruments</u>
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as either subsequently measured at amortized cost, fair value through other comprehensive income (FVTOCI), or at fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or at FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the 'SPPI test' and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

The Company's financial assets compise of financial assets at amortized cost.

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

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

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

- The asset is held within the Company's business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized costs are subsequently measured at amortized cost using the effective interest method less any impairment in value, with the interest calculated recognized as interest income in the statement of comprehensive income.

The Company classified cash and cash equivalents, receivables and deposits (included under other noncurrent assets) as financial assets at amortized cost.

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

- From amortized cost to FVTPL if the objective of the business model changes so that the amortized cost criteria are no longer met; and

- From FVTPL to amortized cost if the objective of the business model changes so that the amortized cost criteria start to be met and the instrument's contractual cash flows meet the amortized cost criteria.

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

A change in the objective of the Company's business model must be effective 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.

Subsequent measurement
Loans and borrowings (financial liabilities at amortized cost) is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest. The effective interest amortization is included as finance costs in the statement of comprehensive income.

<u>Impairment of Financial Assets</u>
The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the lessee's deposit held or other credit enhancements that are integral to the contractual terms.

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

For cash and cash equivalents, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from reputable rating agencies to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Company considers receivables in default when contractual payments are sixty (60) days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

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

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

<u>Derecognition of Financial Assets and Financial Liabilities</u>
Financial Assets
A financial asset is derecognized when:

- The rights to receive cash flows from the asset have expired;
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or

- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all risks and rewards of the asset but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of an asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability expires, is discharged or cancelled. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

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

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

<u>Value-added Tax (VAT)</u>
Revenues, expenses, assets and liabilities are recognized net of the amount of VAT, if applicable.

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

The net amount of VAT recoverable and payable from the taxation authority is included as part of "Other current assets" and "Accounts payable and accrued expenses", respectively in the statement of financial position.

<u>Investment Properties</u>
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 Company. Investment properties also include right-of-use assets involving real properties that are subleased to other entities. Investment properties, except for land, are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Land is carried at cost less accumulated impairment losses, if any.

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

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

The economic useful lives and the depreciation are 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 statement of comprehensive income in the year of retirement or disposal.

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

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

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

Property and Equipment

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

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

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

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

	Years
Land improvements	5
Furniture and fixtures	3 - 5

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

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

Intangible Assets

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

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

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

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

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

Other Assets

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

Prepaid District Cooling System (DCS) connection charges

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

Noncurrent Assets Held for Distribution

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

A noncurrent asset (or disposal group) is classified as held for sale if the carrying amount will be recovered principally through a sale transaction rather than through continuing use. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active programme 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, except as permitted by paragraph 9, 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 or sale is measured at the lower of its carrying amount and fair value less costs to distribute or cost to sell.

The Company presents the non‑current asset classified as held for distribution and the assets of a disposal group classified as held for sale separately from other assets as "Noncurrent assets held for distribution" in the statement of financial position. The liabilities related to the disposal group classified as held for distribution or sale are presented separately from other liabilities as "Liabilities directly related to noncurrent assets held for distribution" in the statement of financial position.

Impairment of Nonfinancial Assets

The Company assesses at each financial reporting date whether there is an indication that its nonfinancial assets (e.g., advances to contractors, investment properties, property and equipment, intangible assets, and other assets) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Company. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in the statement of comprehensive income.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however, not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is credited to current operations.

Equity

Capital stock and additional paid-in capital

The Company records capital stock at par value and additional paid-in capital for the amount in excess of the total contributions received over the aggregate par value of the equity shares. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Deposits for Future Stock Subscription

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

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

Retained earnings

Retained earnings represent accumulated earnings of the Company, less dividends declared and any adjustment arising from application of new accounting standards or changes in accounting policies applied retroactively. Retained earnings are restricted for any appropriation as approved by the Company's BOD.
Dividends are deducted from unappropriated retained earnings when declared and approved by the Company's BOD. Dividends payable are recorded as liability until paid or upon distribution of related property held for distribution.

Dividends for the year that are declared and approved after financial reporting date, if any, are dealt with as an event after reporting date and disclosed accordingly.

Earnings per Share (EPS)

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

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

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

Net Asset Value (NAV) Per Share
The NAV per share is calculated by dividing the adjusted NAV by the total outstanding shares of the Company. The adjusted NAV is equal to total assets plus the fair value adjustment of deposited properties and investible funds held by the Company less total liabilities.

Revenue Recognition
The Company is in the business of leasing its investment property portfolio. The Company's non-lease performance obligations include common area management and administration of utility services.

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company assesses its revenue arrangement against specific criteria in order to determine if it is acting as a principal or an agent.

Rental Revenue
Rental revenue is recognized in the statement of comprehensive income either on a straight-line basis over the lease term or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Leases under contingent rents are recognized as income in the period in which they are earned.

Disaggregated revenue information
The non-lease component of the Company's revenue arises from income from CUSA, air-conditioning dues and utilities. The 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 Company has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, and electricity in its office leasing activities, wherein it is acting as agent. Income from common area and air conditioning dues is computed based on a fixed rate per square meter of the leasable area occupied by the tenant and are presented gross of related cost and expenses.

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

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

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

Costs and Expense Recognition
These include the Company's costs incurred in leasing properties and expenses related to administering its business. These are generally recognized as incurred and measured at the amount paid or payable.

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 statement of comprehensive income. 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 the statement of comprehensive income.

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.

<u>Borrowing Costs</u>
Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets (included in "Investment properties" account in the statement of financial position). Capitalization ceases when pre-selling of real estate inventories under construction commences. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Company's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross interest incurred on those borrowings less any investment income arising on the temporary investment of those borrowings.

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

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

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

Deferred 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 the statement of comprehensive income.

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

Company as lessor

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

Company as lessee

Except for short-term leases and lease of low-value assets, the Company applies a single recognition and measurement approach for all leases. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use-assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The Company classifies its right-of-use assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned.

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

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

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company accounts for a lease modification (i.e., a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease) as a separate lease (i.e., separate from the original lease) when both of the following conditions are met:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets.
- The consideration for the lease increases commensurate with the standalone price for the increase in scope and any adjustments to that stand-alone price reflect the circumstances of the particular contract.

If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate new lease. Lessees account for the separate contract that contains a lease in the same manner as other new leases.

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

Foreign Currency-denominated Transactions and Translation
Foreign currency-denominated transactions are recorded using the prevailing exchange rates at the time of the transaction. Foreign currency-denominated monetary assets and liabilities are translated using the prevailing exchange rates at the financial report date. Exchange gains or losses resulting from foreign currency transactions and translation are included in the statement of comprehensive income for the year.

Segment Reporting
The Company's operating businesses are organized and managed according to the nature of the products and services provided. The Company has determined that it is operating as one operating segment as of September 30, 2022 and December 31, 2022.

Provisions
A provision is recognized only when the following conditions are present: (a) the Company
has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made on the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current assessment of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provisions due to the passage of time is recognized as an 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. They are disclosed unless the probability of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Events After the Financial Reporting Date
Post year-end events up to the date of the auditor's report that provide additional information about the Company's position at the financial reporting date (adjusting events) are reflected in the consolidated financial statements. Any year-end events that are not adjusting event is disclosed in the notes to the consolidated financial statements when material

3. **Significant Accounting Judgments and Estimates**

The preparation of the consolidated financial statements in compliance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any changes in estimates will be reflected in the consolidated financial statements as they become reasonably determinable.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Adoption of a 'no tax' regime for the Company
As a REIT entity, the Company can choose to operate within one of two tax regimes (i.e., a 'full tax' regime or a 'no tax' regime). The REIT entity can effectively operate under a 'no tax' regime provided that it meets certain conditions (e.g., listing status, minimum required dividend payments). A REIT entity is required to distribute at least 90% of its annual income as dividends to its investors and is allowed to treat the dividend as deduction for tax purposes making it effectively an income tax-free entity.

As of December 31, 2021, the Company met the provisions of the REIT law and complies with the 90% dividend distribution requirement. The Company has determined, based on its current tax regime and expected dividend distribution in the succeeding periods that it can effectively operate on a "no-tax" regime. Accordingly, the Company has derecognized its deferred taxes as of December 31, 2021.

Determination of lease term of contracts with renewal and termination options - Company as a lessee
The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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

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

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

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

In August 2012, FLI assigned this agreement to the Company. Based on the agreement, the Company has assessed that the Cebu Province (Grantor) cannot control or regulate the services that the operator must provide using the infrastructure, to whom it must provide them and at what price. Due to this, the BTO agreement is assessed to be outside the scope of IFRIC 12, *Service Concession Arrangements*

The Company, on the other hand, has the right to operate and earn rentals from the project upon completion but does not have ownership over the properties. The Company also has no substantial risks and rewards on the properties for the major part of its economic life. Accordingly, the related development cost and lease payments were recorded under “BTO rights” presented under intangible assets in the statement of financial position.

Determining whether an arrangement contains a lease - Build Operate Transfer (BOT) Agreement
On September 16, 2015, the 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 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 Company considering that: (a) the Company has no ability to operate the asset nor the right to direct PDDC to operate the asset in a manner it determines; and (b) the supply of chilled water will not be exclusive to the properties of the Company during the term of the BOT agreement. Thus, the BOT agreement does not contain a lease within the scope of PFRS 16.

Classification of noncurrent assets held for distribution
On July 15, 2021, the SEC approved the property dividend declaration and the Company was compensated for additions subsequent to declaration. The related disclosures on noncurrent assets held for distribution and directly related liabilities.

Impairment assessment of nonfinancial assets
The Company assesses at each financial reporting date whether there is any indication that the nonfinancial assets (investment properties and intangible assets) may be impaired. The Company considers indications of impairment such as significant changes in asset usage, significant decline in market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. If such an indication exists, the Company estimates the recoverable amount of the asset, which is the higher of the asset’s fair value less cost to sell and value in use. The Company has determined that COVID-19 pandemic has no impact and is not considered as an impairment indicator in the impairment assessment of nonfinancial assets. As of September 30, 2023 and December 31, 2022, no impairment indicators were identified for the Company’s nonfinancial assets.

<u>Use of Estimates and Assumptions</u>
The key assumptions concerning the future and other key sources of estimation uncertainty at the report date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Provision for expected credit losses of trade receivables
The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Company’s historical observed default rates. The Company is calibrating the matrix to adjust the historical credit loss experience with forward-looking information. At every financial reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

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

The Company has considered impact of COVID-19 pandemic and revised its assumptions in determining the macroeconomic variables and loss rates in the computation of expected credit loss. The Company assessed that the security deposit and advance rentals are sufficient to cover any exposure to credit loss. As of September 30, 2023, and December 31, 2022, the Company's allowance for ECL on its trade receivables amounted to ₱7.7 million.

Recognition of deferred tax asset
The Company 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 Company 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, 2022, the Company made an assessment that it will effectively operate as an income tax-free entity and as such, has not recognized any deferred tax assets.

4. Cash and Cash Equivalents

This account consists of:

	September 30, 2023	**December 31, 2022**
Cash on hand and in banks	759,384,854	1,134,947,886
Short-term investment	559,006,796	566,987,313
	1,318,391,650	**1,701,935,199**

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 0.75% to 7.0% and 0.25% to 4.75% for the nine months ended September 30, 2023 and 2022, respectively.

Interest earned from cash and cash equivalents amounted to P34.2 and P12.9 million for the nine months ending September 30, 2023 and 2022.

There is no restriction on the Company's cash and cash equivalents as of September 30, 2023 and December 31, 2022.

5. Receivables

This account consists of:

	September 30, 2023	December 31, 2022
Trade Receivables	646,310,130	763,066,655
Advances to Officers and employees	30,897,295	33,776,013
	677,207,426	796,842,668
Less : Allowance for ECL	(7,702,272)	(7,702,272)
	669,505,154	789,140,396

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 3 month rent paid by the lessees. All overdue and unpaid rent, dues and charges, if any, are subject to interest at 1% - 18% per annum and penalty of 18%- 24% per annum. Interest and penalties from late payments amounted to P4.5 million and P2.6 million for the nine months ended September 30, 2023 and 2022, respectively.

Advances to officers and employees represents advances for project costs, marketing activities, travel and other expenses arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

6. Intangible Assets

On March 26, 2012, FLI entered into a BTO agreement with Cebu Province. This was subsequently assigned to the Company in August 2012.

"BTO rights" relate to the development cost, construction and operation of BPO Complex at the land properties owned by Cebu Province. As of September 30, 2023 and December 31, 2022, cost of completed portion pertaining to Cebu Tower 1 of the BTO project amounted to P1.3 billion.

"Right-of-Use assets" pertains 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:

	2023		
	BTO Rights	Right of Use Assets	Total
Cost			
Balance at beginning of period	1,329,425,476	22,076,538	1,351,502,014
Additions	574,198.68		574,199
Reclassification	2,133,947.88		2,133,948
Balance at end of period	1,332,133,623	22,076,538	1,354,210,161
Accumulated Depreciation			
Balance at beginning of period	349,159,445	3,532,246	352,691,692
Depreciation	43,486,898.33	662,296	44,149,194
Reclassification	94,869.20		94,869
Balance at end of period	392,741,213	4,194,542	396,935,755
Net Book Value	939,392,410	17,881,996	957,274,406

	2022		
	BTO Rights	Right of Use Assets	Total
Cost			
Balance at beginning of period	1,326,412,084	22,076,538	1,348,488,622
Additions	3,013,392.86		3,013,393
Balance at end of period	1,329,425,476	22,076,538	1,351,502,015
Accumulated Depreciation			
Balance at beginning of period	291,369,257	2,649,185	294,018,442
Depreciation	57,790,188	883,062	58,673,250
Balance at end of period	349,159,445	3,532,246	352,691,692
Net Book Value	980,266,031	18,544,292	998,810,323

"BTO rights" relate to the development cost, construction, and operation of BPO Complex at the land properties owned by Cebu Province.

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

As of September 30, 2023 and 2022, BTO rights represents completed portion of the BTO project pertaining to Cyberzone Cebu Tower 1.

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

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

On February 26, 2021, the Company and FLI executed the deed of assignment of rights for the transfer of the properties. Hence, the cost of these properties, including the related right-of use assets and lease liabilities, were derecognized (see Note 16).

The derecognition of the right-of-use assets and lease liabilities amounting P82.5 million and P112.3 million, respectively, resulted to gain on derecognition of lease liabilities presented in the statement of comprehensive income amounting P30.4 million in 2021 (see Note 18).

Rental income recognized arising from the BTO agreement on Cebu Tower 1 amounted to P128.7 million, P122.4 million on September 30, 2023 and September 30, 2022, respectively.

Tenant dues from BTO rights amounted to P46.7 million and P45.2 million, in September 30, 2023 and September 30, 2022, respectively.

Operating expenses incurred for maintaining and operating these assets amounted to P108.7 million and P89.4 on September 2023 and 2022, respectively.

7. Advances to Suppliers

Advances to suppliers represent advances for capital expenditure of the projects. The advances shall be settled through recoupment against billings. Advances to suppliers amounted to P12.8 million and P8.9 million as of September 30, 2023 and December 31, 2022, respectively.

8. Investment Properties

The rollforward analyses of this account follows:

	2023			
	Land	**Buildings and Improvements**	**Others**	**Total**
COST				
Balance Beginning of the year	1,021,755,058	11,604,867,783	210,074,744	**12,836,697,585**
Additions	33,432,495	9,543,500.38	39,150,756	**82,126,751**
Balance end of the year	1,055,187,553	**11,614,411,283**	**249,225,500**	**12,918,824,336**
ACCUMULATED DEPRECIATION				
Balance Beginning of the year	-	2,692,359,018	102,228,719	2,794,587,737
Depreciation	-	217,979,284	26,865,295	244,844,579
Balance end of the year	-	2,910,338,303	129,094,013	3,039,432,316
NET BOOK VALUE	**1,055,187,553**	**8,704,072,981**	**120,131,486**	**9,879,392,020**

	2022			
	Land	**Buildings and Improvements**	**Others**	**Total**
COST				
Balance Beginning of the year	-	11,485,401,130	127,730,011	11,613,131,141
Additions	1,021,755,058	82,696,802	82,344,733	1,186,796,593
Reclassification		36,769,851		36,769,851
Balance end of the year	1,021,755,058	11,604,867,783	210,074,744	12,836,697,585
ACCUMULATED DEPRECIATION				
Balance Beginning of the year		2,380,413,934	66,786,173	2,447,200,107
Depreciation	-	297,278,876	35,442,546	332,721,422
Reclassification		14,666,208		14,666,208
Balance end of the year	-	2,692,359,018	102,228,719	2,794,587,737
NET BOOK VALUE	1,021,755,058	8,912,508,765	107,846,025	10,042,109,848

Others include prepaid commission costs directly attributed to obtaining the operating leases related to the Company's office buildings.

On December 12, 2022, the Company entered into a Deed of Sale for the purchase of three (3) parcels of land with a total area of 29,086 sqm. owned by FDC, located in Boracay, Aklan (see Note 16). The acquisition of the land directly contributed to the

Company's income starting January 2023.

As of December 31, 2022, the estimated fair value of the Company's investment properties amounted to P44,489.6 million. The fair value of the investment properties is computed based on the income approach using discounted cash flow method for buildings and market approach for land.

Under the Income Approach, all expected cash flows from the use of the assets were projected and discounted using the appropriate discount rate reflective of the market expectations. The valuation of investment property is categorized as Level 3 in the fair value hierarchy since valuation is based on unobservable inputs. The significant unobservable inputs used in the valuation pertain to lease income growth rate and discount rate. Significant increases (decreases) in discount rate would result in a significantly lower (higher) fair value measurement while a change in the assumption used for the lease income growth rate is accompanied by a directionally similar change in the fair value of the Company's investment properties.

The Market Approach provides an indication of the value by comparing the subject asset with identical or similar assets for which price information is available. This approach was used for land as it is commonly used in the property market since input and data for this approach are available. For market approach, the higher the price per square meter (sqm), the higher the fair value. The significant unobservable input to the valuation of the land is the price per sqm ranging from P35,000 to P40,000.

The fair value used by the Company is based on a valuation performed in 2022 by an accredited third-party appraisal (Asian Appraisal) who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment properties being valued.

Rental income from investment properties amounted to ₱1,591 million, and ₱1,744 million in September 30, 2023 and September 30, 2022, respectively. Tenant dues from investment properties amounted to 590.2 million, ₱630.7 million in September 30, 2023 and September 30, 2022 respectively.

Operating expenses incurred for maintaining and operating these investment properties amounted to P1,124 million and P1,096 million on September 30, 2023 and 2022, respectively.

9. Property and Equipment

The rollforward analysis of this account follows:

	2023		
	Land Improvements	**Furniture & Fixtures Machineries & Equipment**	**Total**
Cost			
Balance at beginning of period	38,703,162	107,514,705	146,217,867
Additions	-	17,105,201	17,105,201
Balance at end of period	**38,703,162**	**124,619,906**	**163,323,068**
Accumulated depreciation			
Balance at beginning of period	20,026,521	66,189,558	86,216,079
Depreciation	58,333	14,473,378	14,531,712
Balance at end of period	**20,084,854**	**80,662,937**	**100,747,791**
Net Book Value	**18,618,308**	**43,956,970**	**62,575,278**

	2022		
	Land Improvements	Furniture and Fixtures	Total
Cost			
Balance at beginning of year	P38,703,162	P122,352,927	P161,056,089
Additions	–	21,931,630	21,931,630
Reclassification (Note 9)	–	(36,769,851)	(36,769,851)
Balance at end of year	38,703,162	107,514,706	146,217,868
Accumulated depreciation			
Balance at beginning of year	19,676,047	59,693,144	79,369,191
Reclassification (Note 9)	–	(14,666,208)	(14,666,208)
Depreciation	350,473	21,162,624	21,513,097
Balance at end of year	20,026,520	66,189,560	86,216,080
Net Book Value	P18,676,642	P41,325,146	P60,001,788

As of September 30, 2023, property and equipment is not used as collateral and is not subject to any encumbrances.

10. Other Assets

Other current assets consist of:

	September 30, 2023	December 31, 2022
Input VAT-net	274,579,921	214,792,963
Creditable withholding tax	85,909,008	65,848,207
Prepayments	57,888,099	8,399,518
Other	25,045,036	38,709,524
	443,422,064	**327,750,212**

Input Value Added Tax (VAT) represents the taxes imposed to the Company by its suppliers and contractors for the acquisition of goods and services required under Philippine taxation laws and regulation. This will be used against future output VAT liabilities or will be claimed as tax credits.

Creditable withholding tax is 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. The Company intends to claim a refund for the excess creditable withholding taxes.

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

Others include office and maintenance supplies.

11. Accounts Payable and Accrued Expenses

This account consists of:

	September 30, 2023	December 31, 2022
Due to Related Parties	531,261,206	771,181,667
Other Accrued Expenses	505,725,898	449,814,834
Advances from tenants	472,783,400	506,198,644
Accrued interest payable	122,564,177	106,429,010
Payable to Contractors	124,746,616	172,533,087
Payable to Suppliers	9,563,606	22,058,786
Value Added and Withholding Taxes Payable	12,907,917	21,061,720
Retention Payable	15,772,782	16,449,188
	1,795,325,602	2,065,726,936
Less noncurrent portion	(183,241,800)	(366,483,600)
Account payable and accrued expenses	1,612,083,802	1,699,243,336

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

Advances from tenants are advance payments received for rentals, utilities and other fees. These are applied against rental obligations of the tenants when they become due.

Accrued 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 Company from the contractors' progress billings which are returned upon completion of their services or expiry of the contractors' warranty period.

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

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

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

12. Bonds Payable and Loans Payable

On July 7, 2017, the Company issued fixed rate bonds with aggregate principal amount of ₱6.0 billion and term of five and a half (5.5) years from the issue date. The fixed rate is 5.05% per annum, payable quarterly in arrears starting October 7, 2017.

The company completed the payment in January 9, 2023 in the aggregate amount of P6 billion.

On January 5, 2023, the company obtained bank loans totaling P6 billion from two banks at P3 billion each to finance the maturity of Bonds Payable. The loans are maturing on January 5, 2025. One loan has a fixed interest rate of 6.35% while the other loan has an interest rate based on 6 months BVAL and fixed spread of 75bps and repricing date of July 4, 2023.

13. 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:

	September 30, 2023	December 31, 2022
Current portion	P 170,824,805	P 99,558,917
Noncurrent portion	585,922,306	661,105,321
	P 756,747,111	P 760,664,238

14. Equity

Capital Stock, Additional Paid-in Capital and Deposit for Future Stock Subscription
Details of the Company's capital stock as of December 31, 2022 are as follows:

	September 30, 2023		**December 31, 2022**	
	Shares	**Amount**	**Shares**	**Amount**
Authorized number of shares				
Balances at beginning of year	14,263,698,000	7,131,849,000	14,263,698,000	7,131,849,000
Increase in authorized capital stock	–	-	–	–
Stock split	–	-	–	–
Balances at end of year	**14,263,698,000**	**7,131,849,000**	**14,263,698,000**	**7,131,849,000**
Issued and outstanding				
Balances at beginning of year	4,892,777,994	2,446,388,997	4,892,777,994	2,446,388,997
Issuance of new shares				
Stock split				
Balances at end of year	**4,892,777,994**	**2,446,388,997**	**4,892,777,994**	**2,446,388,997**

As of September 30, 2023 and December 31, 2022, there are 16,000 and 15,058 holders of security of the Company, respectively.

The Net Asset Value (NAV) with investment properties and BTO rights at fair value amounted to ₱41,717.5 million and ₱41,788.9 million as of September 30, 2023 and December 31, 2022, respectively. The NAV per share amounted to ₱8.53 and ₱8.54 as of September 30, 2023 and December 31, 2022, respectively.

Retained Earnings

Appropriation
On December 4, 2020, the BOD approved the release of its previous appropriation from its retained earnings amounting to P6,300.0 million. This pertains to previous appropriations made to fund projects already completed or transferred, thus will not require any appropriations anymore.

Declaration of Dividend
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.

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

Dividend Declaration	Record Date	Dividend per Common Shares	Total Dividends declared	Payment Date
February 14, 2023	March 03, 2023	0.071	347,387,238	March 24, 2023
May 31, 2023	June 15, 2023	0.071	347,387,238	June 30, 2023
August 10, 2023	August 31, 2023	0.071	347,387,238	September 30, 2023

After reconciling items, the Company's retained earnings available for dividend declaration as of September 30, 2023 and December 31, 2022 amounted to P26.7 million and P347.5 million, respectively.

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

	2023	2022
a. Dividends	1,042,161,713	1,976,682,310
b. Weighted average number of outstanding common shares	4,892,777,994	4,892,777,994
Dividend per share (a/b)	**0.21**	**0.40**

Distributable Income under the IRR of REIT Act of 2009

Under the Revised Implementing Rules and Regulations of REIT Act of 2009, section 4c, the Company shall present a computation of its distributable dividend taking into consideration requirements under the provisions of the Act and the Rule. Distributable income is not a measure of performance under the PFRS. For the nine months ended September 30, 2023, the distributable income amounted to ₱721.4 million, and P1,855.1 on December 31, 2022.

Capital Management

The Company's primary objective is to maintain its current sound financial condition and strong debt service capabilities, as well as to continuously implement a prudent financial management program. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. It closely monitors its capital and cash positions and carefully manages its capital expenditure. Furthermore, the Company 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 Company monitors capital using a debt-to-equity ratio, which is total long-term debt divided by total stockholders' equity. The Company 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 Company computes for its debt-to-equity ratio:

	September 30, 2023	December 31, 2022
Bonds and Loans payable	6,000,000,000	6,000,000,000
Lease liabilities	28,649,357	28,319,765
	6,028,649,357	**6,028,319,765**
Equity	**4,991,473,237**	**5,312,196,470**
Debt-to-equity ratio	**1.21:1**	**1.13:1**

As a REIT entity, the Company is subject to externally imposed capital requirements from its debt covenants and based on the requirements of the Aggregate Leverage Limit under the REIT Implementing Rules and Regulations. Thus, the Company has made adjustments to its policies and processes for managing capital for the year ended December 31, 2021. 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 September 30, 2023 and December 31, 2022, the fair value of the deposited properties amounted to ₱50,343.2 million and ₱50,643.6 million resulting to a debt ratio of 12.0% and 11.9%, respectively. The Company is compliant to this Aggregate Leverage Limit.

15. Other Income

The account consists of:

	September 30, 2023 (Unaudited)	September 30, 2022 (Audited)
Tenant dues	**P 499,475,240**	P 395,202,032
Miscellaneous	**6,779,110**	10,298,069
	506,254,350	405,500,101

Miscellaneous income pertains to other charges to tenants.

16. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence (referred herein as affiliates). Related parties may be individuals or corporate entities.

All material Related Party Transactions ("RPT") with a transaction value that reaches ten percent (10%) of the Company's total assets shall be subject to the review by the RPT Committee.

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

In the event wherein there are changes in the RPT classification from non-material to material, the material RPT shall be subject to the provisions of the Policy.

Outstanding balances as at September 30, 2023 are unsecured, interest free and require settlement in cash, unless otherwise stated. As of September 30, 2023, the Company has not made any provision for impairment loss relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Significant related party transactions are as follows. (In millions)

Related Parties	**Nature of Transaction**	**Value of the Transaction**	**Outstanding Balances as of September 2023**
East West Banking Corporation (affiliate)	Bank deposits	The Company maintains savings accounts and short-term deposits with East West Banking Corporation. Cash and cash equivalents earn interest at the prevailing short-term interest rates.	₱679.9
Filinvest Land, Inc.	Contract of Lease for office space in Vector One (Company as Lessor)	Initial monthly rent of ₱600 per sq.m. per month when FLI's lease was closed in 2016, subject to an annual escalation of 5% starting on the second year. The contract is for a space of 3,269.6 sq.m. with four (4) parking slots and a lease term of five years commencing on December 6, 2016 and ending on December 5, 2021. The contract was renewed again in 2021 for another lease term of ten (10) years commencing on December 6, 2021 and ending on December 5, 2031 with rental rate of ₱785 per sq.m. per month, subject to annual escalation of 5% starting on the third year. The Company also charges maintenance and other utility charges.	₱0.25

Filinvest Alabang, Inc.	Contract of Lease for office space in Vector One (Company as Lessor)	Initial monthly rent of ₱400 per sq.m. per month when FAI's initial lease was closed in 2011, subject to an annual escalation of 5% starting on the second year. The contract is for a space of 4,904.49 sq.m. The initial period of the contract was from April 1, 2011, ending on September 30, 2016. The contract was renewed in 2016 with seventy one (71) parking slots for another period of five years commencing on April 1, 2016 and ending on September 30, 2021 with rental rate of ₱600 per sq.m. per month, subject to annual escalation of 5% starting on the second year. The contract was renewed again in 2021 with reduced parking slots of fifty seven (57) for another period of ten (10) years commencing on April 1, 2021 and ending on September 30, 2031 with rental rate of ₱785 per sq.m. per month, subject to annual escalation of 5% starting on the third year. The Company also charges maintenance and other utility charges. Effective July 1, 2022, FAI assigned its lease at 5th and 7th Floors with GLA of 3,269.69 sqm and twenty three (23) parking slots to Sharepro, Inc. by executing a Deed of Assignment (DOA) to Sharepro, with same terms and conditions as current lease of FAI. Thereby, the remaining Leased Premises of FAI in Vector One is only the 6th Floor with GLA of 1,634.83 sqm and thirty four (34) parking slots.	₱.0
Sharepro, Inc.	Contract of Lease for Office Space in Vector One via Deed of Assignment from FAI (Company as Lessor)	Assigned lease from Filinvest Alabang Inc. (FAI) effective July 1, 2022 at 5th and 7th Floors with GLA of 3,269.69 sqm and 23 parking slots to Sharepro, Inc. by an executed Deed of Assignment (DOA) by FAI to Sharepro, with same terms and conditions as current lease of FAI. Thereby, the remaining Leased Premises of FAI in Vector One is only the 6th Floor with GLA of 1,634.83 sqm and 34 parking slots. Rental rate for Office is ₱785 per sq.m. per month, subject to annual escalation of 5% starting April 1, 2023 and every year thereafter. The Company also charges maintenance and other utility charges.	₱0
Filinvest Alabang Inc.	Contract of Lease for office space in Axis Tower 1 (Company as Lessor)	Initial monthly rent of ₱725 per sq.m. per month when FAI's expansion in Axis Tower One was closed in 2019, subject to an annual escalation of 5% starting on the second year. The contract is for a space of 1907.02 sq.m. with seventeen (17) parking slots and lease term of five (5) years commencing on September 2, 2019 and ending on September 1, 2024. The Company also charges maintenance and other utility charges.	₱0
Corporate Technologies, Inc.	Contract of Lease for office space in Filinvest Three (Company as Lessor)	Initial monthly rent of ₱700 per sq.m. per month when CTI's lease was closed in 2018, subject to an annual escalation of 5% starting on the second year. The contract is for a space of 292.22 sq.m. and lease term of five (5) years commencing on November 15, 2018 and ending on November 14, 2023. The Company also charges maintenance and other utility charges.	₱10.17
Filinvest Hospitality Corporation	Contract of Lease for office space in Vector Two (Company as Lessor)	Initial monthly rent of ₱650 per sq.m. per month when FHC's lease was closed in 2017, subject to an annual escalation of 5% starting on the second year. The contract is for a space of 706.47 sq.m. with four (4) parking slots and lease term of 10 years commencing on September 2, 2017 and ending on September 1, 2027. In April 1, 2020, additional two (2) parking slots commencing on April 1, 2020 to September 1, 2027. The Company also charges maintenance and other utility charges.	₱0.03

Chroma Hospitality Inc.	Contract of Lease for office space in Vector Two (Company as Lessor)	Initial monthly rent of ₱650 per sq.m. per month when CHI's lease was closed in 2017, subject to an annual escalation of 5% starting on the second year. The contract is for a space of 676.34 sq.m. with ten (10) parking slots and lease term of 5 years commencing on September 2, 2017 and ending on September 1, 2027. The Company also charges maintenance and other utility charges.	₱0
Festival Supermall Inc.	Contract of Lease for office space in Vector Two (Company as Lessor)	Initial monthly rent of ₱650 per sq.m. per month when FSI's lease was closed in 2017, subject to an annual escalation of 5% starting on the second year. The contract is for a space of 251.99 sq.m. with three (3) parking slots and lease term of 10 years commencing on September 2, 2017 and ending on September 1, 2027. The Company also charges maintenance and other utility charges.	₱2.24
Filinvest Cyberparks, Inc.	Contract of Lease for office space in Plaza B Building (Company as Lessor)	Initial monthly rent of ₱555 per sq.m. per month when FCI's lease was closed in 2022, subject to an annual escalation of 5% starting on the second year for ten (10) year lease term for an office space of 424.30 sq.m. with four (4) parking slots commencing on FebruaryMay 1, 2023 and ending on January 31April 30, 2033. The Company also charges maintenance and other utility charges.	₱0
Ourspace Solutions, Inc. (OSSI)	Contract of Lease for office space in Axis Tower 1 Building (Company as Lessor)	Initial monthly rent of ₱576.30 per sq.m per month when OSSI's lease was closed in 2023, subject to an annual escalation of 5% starting on the second year for nine (9) year lease term for an office space of 4,141.10 sq.m. with ten (10) parking slots commencing on November 1, 2023, and ending on September 14, 2032. The space was handed over last August 01, 2023. The Company also charges maintenance and other utility charges.	₱0
Filinvest Cyberparks, Inc.	Contract of Lease for office space in Axis Tower One (Company as Lessor)	Initial monthly rent of ₱731.62 per sq.m. per month subject to an annual escalation of 5% starting on the second year for five (5) year lease term for an office space of 163.53 sq.m. with four (4) parking slots commencing on July 1, 2021 and ending on June 30, 2026. The Company also charges maintenance and other utility charges.	₱0
ProOffice Work Services Inc.	Contract of Lease for office space in Plaza B Building (Company as Lessor)	Initial monthly rent of ₱675 per sq.m. per month when PWSI's lease was closed in 2022, subject to an annual escalation of 5% starting on the second year for five (5) year lease term for an office space of 158.99 sq.m. with one (1) parking slot commencing on January 15, 2023 and ending on January 14, 2028. The Company also charges maintenance and other utility charges.	₱0
Boracay Seascapes, Inc	Land lease agreement over the land where the Properties are located (Company as Lessor)	The company entered into 40-year lease agreement to BSI on January 1, 2023 monthly fixed rate of P6,100,000 or 4% of Gross Room Revenue whichever is higher.c	₱6.9
FDC Retail Electricity Sales, Corporation ("FDC RES")	Service agreement for electricity requirements of its facilities	The Company entered into a service agreement with FDC RES, an entity under common control, whereby the Company shall engage and pay the services rendered by the latter to provide the electricity requirements of its facilities.	₱16.6

Filinvest Land, Inc.	Land lease agreement over the land where the Properties are located (Company as Lessee)	10% to 15% from the gross lease (depending on the FAR of the Property). The contract covers 60,660 sq.m. of land and is for a period of 50 years commencing on February 11, 2021 and expiring on February 10, 2071. The lease is renewable for another 25 years on the same terms and conditions except for the rental rate and other commercial terms subject to mutual agreement of the parties.	₱7.96
Filinvest Alabang, Inc.	Service agreement for general management services provided by Filinvest Alabang, Inc. to the Company	The agreement commenced on January 1, 2016, and terminated effective April 1, 2022. The fees payable are ₱600,000 per month for general and administrative services, subject to a 10% increase annually. FAI is also the provider of water services within the Filinvest City where majority of the buildings of the Company are located.	₱ 3.78
Philippine DCS Development Corporation ("PDDC")	Build-operate-transfer agreement between the Company and PDDC with respect to the district cooling system for Northgate Cyberzone	In accordance with the terms of Build Operate and Transfer (BOT) agreement between the Company and Philippine DCS Development Corporation (PDDC), the 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 Monthly service charge at ₱1,761 per ton of refrigeration ("TR"). The term of the agreement is for 20 years, commencing from the start of operations.	₱31.38
Corporate Technologies, Inc.	Service agreement for IT services provided to the Company.	The agreement commenced on January 1, 2019, and will continue until terminated by the written agreement of the parties. The fees paid by the Company comprise ₱142,975 per month for systems maintenance, ₱882.85/use per month for server hosting, and ₱8,987 per month for server configuration and support.	₱ -
Professional Operations and Maintenance Experts Incorporated (PROMEI)	Service agreement for the maintenance and repair of ventilation and air conditioning systems of certain buildings owned by the Company.	Base fee of ₱50 million per annum and paid in 12 equal monthly installments. The term of the agreement is for three years commencing on September 30, 2020, unless extended by mutual agreement of the parties.	₱11.84
ProOffice Work Services, Inc.	Service agreement for property management	The Company shall engage and pay the services rendered by the latter to operate maintain, manage, and market each Property, subject to the overall management and directions of the Fund Manager.	₱ 3.92
Filinvest Cyberparks Inc.	Service agreement for accounting, tax compliance & budget works	The agreement commenced on March 1, 2021, and will continue until terminated by the written agreement of the parties. The fees paid by the Company comprise ₱1,100,000 per month w/c shall be increased annually for rate of 10% for accounting, tax & compliance and budget works.	P-
FREIT Fund Manager, Inc.	Service agreement for the fund management	The Company shall engage and pay the services rendered by the latter to execute and implement the investment strategies for the Company.	₱21.79

Outstanding balances refer to payable to or receivable from related party as of September 30, 2023

17. Impact of Covid 19

COVID 19 impacted the company's operations and business in terms of work stoppage whether full or partial. In addition to building operations, our construction projects were delayed. However, our office buildings continue to be operational 24/7 due to the requirements of our multinational BPO locators.

It has been noted that the BPO market is one of the most resilient industries that thrived during the pandemic. This is evidenced by new leases and 99% of renewals during the height of the pandemic.

To continuously ensure the health and safety, the Company has implemented various measures for the safety of its customers, tenants, suppliers, service providers and employees in compliance with the World Health Organization's and the Department of Health's guidelines on COVID-19. The Company has instituted the following measures to ensure the safe operation of its Properties:

Screening and minimizing contacts

- Screening of all entrants to its facilities and buildings through temperature scanning. Persons with low-grade fever and up (including employees who must take sick leave) will be politely refused entry.

- Limiting face-to-face contact through online service desks, call center and e-payments for suppliers. Online platforms for customer and supplier transactions were also used.

- Provision of shuttle services to employees from designated pick-up points to the Company's offices, and from the Company's offices to designated pick-up points to minimize external contacts.

Keeping Office Safe

- . Back to office with full density capacity can now be allowed, aligned with safety protocols that encourage to use masks within the office buildings.

Strict adherence to self-quarantine protocols for employees who have exhibited symptoms. If tested positive in antigen test, 7 days isolation for affected individual is implemented. Sanitation of all areas and provision of hygiene supplies in all areas such as alcohol, hand sanitizers, and hand soap.

18. Financial Risk Exposures

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

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

a. *Interest rate risk*

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's long-term debt. Interest rates are dependent on floating interest rates, subject to repricing as determined by the creditor bank during the term of the loan. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's income before income tax.

	Increase (decrease) in basis points	Effect on income before income tax/capitalized borrowing costs
September 30, 2023	**+100**	**(P60.00 million)**
	-100	**P60.00 million**
December 31, 2022	+100	(P0.00 million)
	-100	0.00 million

There is no impact on the Company's equity other than those already affecting the 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 Company is exposed to credit risk from its operating activities, primarily for its trade receivables, and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

Credit risk arising from rental income from leasing properties is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Company security deposits and advance rentals which helps reduce the Company's credit risk exposure in case of defaults by the tenants. For existing tenants, the Company has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables.

With respect to credit risk arising from the other financial assets of the Company which comprise cash and cash equivalents, the Company's exposure to credit risk relates to default of the counterparty with a maximum exposure equal to the carrying amount of the instruments.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on groupings of various customer segments with similar loss patterns (i.e., by market segment and collateral type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The credit risk exposure on the Company's lease receivables using a provision matrix results to 7.7 million expected credit loss 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 receivable at default. As of December 31, 2021, most of the Company's trade receivables are covered by security deposits and advance rentals. As of December 31, 2021, the Company's allowance for ECL on its trade receivables amounted to 7.7 million.
With respect to credit risk arising from cash and cash equivalents, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The table below shows the credit quality, based on the Company's credit rating system as of September 30, 2023 and December 31, 2022:

	September 30, 2023				
	Neither Past Due nor Impaired				
	High Grade	**Standard Grade**	**Past Due but not Impaired**	**Past Due and Impaired**	**Total**
Cash and cash equivalents*	1,318,061,650				1,318,061,650
Receivables	521,285,205		148,219,949	7,702,272	677,207,426
Deposits	53,806,246				53,806,246
	1,893,153,101	**-**	**148,219,949**	**7,702,272**	**2,049,075,322**

**Excludes cash on hand amounting to P330,000.*

	December 31, 2022				
	Neither Past Due nor Impaired				
	High Grade	Standard Grade	Past Due but not Impaired	Past Due and Impaired	Total
Cash and cash equivalents*	1,701,605,199	-	₱–	₱–	₱1,701,605,199
Receivables	627,422,645	-	161,717,751	7,702,272	796,842,668
Deposits	53,806,246	-	–	–	53,806,246
	2,382,834,090	-	161,717,751		2,552,254,113

**Excludes cash on hand amounting to P330,000.*

The analysis of trade receivables which are past due but not impaired as of September 30, 2023 and December 31, 2022 follows:

	Past Due but not Impaired					
	< 30 days	30-60 days	61-90 days	91-120 days	>120 days	Total
September 30, 2023	**54,000,529**	**10,066,492**	**7,520,887**	**6,826,761**	**69,805,281**	**148,219,949**
December 31, 2022	55,034,892	34,858,854	7,487,949	15,482,928	35,122,404	147,987,027

c. *Liquidity risk*

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

The tables below summarize the maturity profile of the Company's financial assets held to manage liquidity as at September 30, 2023 and December 31, 2022:

	September 30, 2023					
	On demand	**Within 1 year**	**> 1-3 years**	**>3-5 years**	**Over 5 years**	**Total**
Cash and cash equivalents	**759,384,854**	**559,006,796**				**1,318,391,650**
Receivables	**148,219,949**	**528,987,476**				**677,207,426**
Deposits	**53,806,246**					**53,806,246**
	961,411,050	**1,087,994,273**	**-**	**-**	**-**	**2,049,405,322**

	December 31, 2022					
	On demand	Within 1 year	> 1 – 3 years	> 3 – 5 Years	Over 5 years	Total
Cash and cash equivalents	1,134,947,886	566,987,313	–	–	–	1,701,935,199
Receivables	147,987,027	648,855,641	–	–	–	796,842,668
Deposits	–	–	–	–	53,806,246	53,806,246
	1,282,934,913	1,215,842,954			53,806,246	2,552,584,113

Maturity profile of the Company's financial liabilities, as at September 30, 2023 and December 31, 2022 is shown below (in thousands):

	September 30, 2023					
	On demand	**Up to a year total**	**> 1 – 3 years**	**> 3 – 5 Years**	**Over 5 years**	**Total**
Loans Payable			**6,000,000**			**6,000,000**
Lease liabilities		**1,698**	**6,744**	**5,077.05**	**54,640**	**68,159**
Interest on loans*		**-**				**-**
Accounts payable and accrued expenses	**1,322,542**	**472,783**				**1,795,326**
Security and other deposits	**11,328**	**41,057**	**39,214**	**126,177**		**217,775**
	1,333,870	**515,538**	**6,045,958**	**131,254**	**54,640**	**8,081,260**

*Includes future interest payable.

	December 31, 2022					
	On demand	Up to a year total	> 1 – 3 years	> 3 – 5 Years	Over 5 years	Total
Bonds payable	–	–	6,000,000	–	–	6,000,000
Lease liabilities	–	1,989	4,281	2,303	60,896	69,469
Interest on bonds*	–	75,536	-	–	–	75,536
Accounts payable and accrued expenses	1,559,528	506,199	–	–	–	2,065,727
Security and other deposits	12,487	35,856	67,065	92,818	–	208,226
	1,572,015	6,619,580	71,346	95,121	60,896	8,418,958

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

Results of operations for the nine months ended September 30, 2023 compared to nine months ended September 30, 2022

Revenues
The Company's total revenues and income decreased by ₱241 million or 10.8% from ₱2.5 billion for the nine months ended September 30, 2022 to ₱2.2 billion for the nine months ended September 30, 2023. The decline is primarily from lower rental income from tenants as occupancy for the current year is lower. This decline was offset by higher rental income coming from the lease of Boracay lot and from rental escalation on renewal of leases.

Cost and Expenses
The Company's consolidated costs and expenses increased by ₱46.6 million or 3.8% from ₱1.85 billion last September 30, 2022 to ₱1.23 billion as of September 30, 2023. The increase was primarily due to the recording of real property tax on buildings and machinery of PEZA buildings.

Other Income (Charges)
Interest income has increased by ₱16.5 million, to ₱31.8 million as of September 30, 2023 compared to ₱15.3 million as of September 30, 2022. The increase was mainly due to the Interest earned from short term investments and bank deposits

The Company's interest expense and other financing charges increased by ₱58.8 million, or 19.6%, to ₱300 million for the nine months ended September 30, 2023, compared to ₱241.3 million for the nine months ended September 30, 2022. The increase in interest expense was mainly due to the higher interest rates from the bank loans availed last January 2023.

Financial Condition as of September 30, 2023 compared to as of December 31, 2022
Causes for any material changes (+/- 5% or more) in the financial statements

The Company's assets are ₱13,572 million as of September 30, 2023, a decrease of ₱595 million, or 4.20%, from assets of ₱14,167 million as of December 31, 2022.

Cash and cash equivalents
The Company's cash and cash equivalents is ₱1.32 billion as of September 30, 2023, a decrease of ₱384 million, or 22.4%, from ₱1,701.9 million as of December 31, 2022.This was mainly due to the payment of dividend in March, June and September 2023.

Receivables
The Company's receivables amount to ₱669.5 million as of September 30, 2023, a decrease of ₱119.6 million, or 15.2%, from receivables of ₱789.1 million as of December 31, 2022, primarily caused by recognition ore receivable due to outstanding tenant's balances.

Other current assets
The Company's other current assets is ₱443.4 million as of September 30, 2023, an increase of ₱115.7 million, or 35.3%, from other current assets of ₱327.8 million as of December 31, 2022. This increase was due to the recording of prepaid taxes, Input VAT net of Output Vat and unclaimed creditable withholding taxes generated during the period.

Advances to suppliers
The Company's advances to suppliers are ₱12.8 million as of September 30, 2023, an increase of ₱3.9 million, or 43.9%, from ₱8.9 million as of December 31, 2022. This increase was due to the advances made to suppliers during the period.

The Company's liabilities amount to ₱8.58 billion as of September 30, 2023, a decrease of ₱274 million, or 3.09%, from liabilities of ₱8.85 billion as of December 31, 2022.

Accounts payable and accrued expenses
The Company's accounts payable and other current liabilities have amounted to ₱1.61 billion as of September 30, 2023, a decrease of ₱87.16 billion, or 5.13%, from ₱1.70 billion as of December 31, 2022, mainly due to the application of advances from tenants and settlement of outstanding balances during the period.

Security and other deposits – current portion
The Company's Security and other deposits is ₱170.8 million as of September 30, 2023, an increase of ₱71.3 million, or 71.6%, from ₱99.6 million as of December 31, 2022, primarily due to the additional security deposits made by the tenants.

Due to related parties
The Company's Due to related parties is ₱183.2 million as of September 30, 2023, a decrease of ₱183 million, or 50%, from ₱366.5 million as of December 31, 2022, primarily due to the payment made to FDC for the Boracay Lot.

Capital stock and additional paid-in capital
The Company's Capital stock and additional paid-in capital were ₱4,964.7 million as of September 30, 2023 and December 31, 2022.

Performance Indicators

Financial Ratios	Particulars	Period ended September 30, 2023	Period ended Dec. 31, 2022
Earnings per Share *annualized*	Net Income / Weighted Ave. number of outstanding shares	0.20	0.27
Current Ratio	Current Asset / Current Liabilities	1.36: 1	0.36: 1
Debt Ratio based on Cost	Total liabilities / Total assets	63%	63%
Debt Ratio based on FMV of Deposited Assets	Debt (Loans payable + Bonds Payable) / Total assets plus fair value adjustment of deposited assets and investible funds held less total liabilities	11.99%	11.8%
Debt to Equity Ratio	Debt (Loans Payable + Bonds Payable) / Total Stockholder's Equity	1.21: 1	1.13: 1
Income before income tax, interest and other financing charges, depreciation and amortization (IBITDA) to total interest paid	IBITDA / Total interest paid	6.50	6.55
Quick Asset Ratio	Current assets – Inventories / Current liabilities	1.36: 1	0.36: 1
Solvency ratio *annualized*	Net Income + Depreciation / Total liabilities	0.16: 1	0.19: 1
Interest coverage ratio *annualized*	Income before income tax(IBIT) + interest and other financing charges / Total Interest Paid	3.69: 1	5.45: 1
Net profit margin	Net Income / Revenue	0.32	0.40
Return on equity *annualized*	Net Income/Equity	19%	25%

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

As of December 31, 2022, the fair value of the deposited properties amounted to ₱46,369.5 million.

The Net Asset Value per share is calculated by dividing the adjusted NAV by the total outstanding shares of 4,892,777,994. The adjusted NAV is equal to total assets plus fair value adjustment of deposited properties and investible funds held less total liabilities resulting to NAV amount of 41,717.5 million as of September 30, 2023. NAV per share is 8.55. The NAV per share as of December 31, 2022 is 8.53.

PART II - OTHER INFORMATION

Item 3. Business Development/New Projects

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

A PEZA-registered IT Park, as defined by PEZA, is an area that has been developed into a complex capable of providing infrastructures and other support facilities required by IT Enterprises, as well as amenities required by professionals and workers involved in IT Enterprises, who will have easy access to such amenities. The combined competitive advantage of its location and the benefits of its PEZA registration attracted BPO companies to lease office spaces in Northgate Cyberzone. FILRT continually provides world class, environmentally sustainable and efficient leasing facilities and services to various clients.

As per Colliers Q2 2023 report, vacancy as of end Q2 2023 dropped to 18.4% from 18.7% in Q1 due to recovery in office deals and slowdown in vacated office spaces but the delivery of new buildings is likely to raise vacancy to 21.2% by end 2023 given the muted pre-commitment in upcoming buildings and the completion of 538,900 sq metres (5.8 million sq feet) of new supply in H2 2023.

As of September 30, 2023, the Company has seventeen (17) fully operational office buildings with stable income streams that have been identified to remain in the company, that has been transformed to be a REIT Last December 2022, FILRT acquired a prime beach front property in Boracay, Aklan which makes the total number of income generating assets to be eighteen (18). This acquisition also increased the total GLA of FILRT by 9.65% or by 29,086 sqm. bringing the total GLA of FILRT to 330,448 sqm.

Summary Information for Axis Tower 1, Filinvest One, Filinvest Two, Filinvest Three, Vector One, Vector Two, and Vector Three (As of end of September 30, 2023)

	Axis Tower 1	Filinvest One	Filinvest Two	Filinvest Three	Vector One	Vector Two	Vector Three
Year Completed	Mar-18	Jun-13	Sep-15	Jan-15	May-11	Sep-14	Jan-17
Description	Grade A, LEED Gold and PEZA-accredited, office building	Grade A, PEZA-accredited, office building	Grade A, PEZA-accredited, office building	Grade A, PEZA-accredited, office building	Grade A, PEZA-accredited, office building	Grade A, PEZA-accredited, office building	Grade A, LEED Gold and PEZA-accredited, office building
Location	Northgate Cyberzone, Alabang	Northgate Cyberzone, Alabang	Northgate Cyberzone, Alabang	Northgate Cyberzone, Alabang	Northgate Cyberzone, Alabang	Northgate Cyberzone, Alabang	Northgate Cyberzone, Alabang
GLA (Office) in sq.m.	39,340	19,637	23,784	23,784	17,764	17,889	36,345
GLA (Retail) in sq.m.	1,529	—	—	—	—	—	—
Average Occupancy Rate YTD September 2023	94%	61%	62%	45%	100%	100.00%	73%
Rental Income -Office & Retail GLA (in millions)	289.6	86.8	(3.4)	72.9	135.9	128.7	191.1
Right over Building [2]	Owned	Owned	Owned	Owned	Owned	Owned	Owned
Right over Land	Leased from the Sponsor	Leased from the Sponsor	Leased from the Sponsor	Leased from the Sponsor	Leased from the Sponsor	Leased from the Sponsor	Leased from the Sponsor
Land Lease Expiry [1]	Feb-96	Feb-96	Feb-96	Feb-96	Feb-96	Feb-96	Feb-96
Remaining Term (years) for Land Lease (as of September 30, 2023)	72.6	72.6	72.6	72.6	72.6	72.6	72.6
Valuation (₱ millions) (based on Asian Appraisal's valuation report as of December 31, 2022)	6,334	3,171	3,707	3,701	2,868	2,856	5,918

Notes:

(1) The land lease agreement for the Northgate Cyberzone Properties has an initial term of 50 years, commencing on February 11, 2021 and expiring on February 10, 2071. The lease is renewable for another 25 years, with the same terms and conditions, except for the rental rate and other commercial terms which shall be subject to negotiation and mutual

agreement between the Company and FLI. The figure presented is calculated using the sum of the initial term and the term of the renewal period of the land lease.

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

Summary Information for Plaza A, Plaza B, Plaza C, Plaza D and Plaza E (As of end of September 30, 2023)

	Plaza A	Plaza B	Plaza C	Plaza D	Plaza E
Year Completed	Oct-07	Mar-01	Mar-01	Jun-07	Feb-14
Description	Grade A, PEZA-accredited, office building	Grade A, PEZA-accredited, office building	Grade A, PEZA-accredited, office building	Grade A, PEZA-accredited, office building	Grade A, PEZA-accredited, office building
Location	Northgate Cyberzone, Alabang	Northgate Cyberzone, Alabang	Northgate Cyberzone, Alabang	Northgate Cyberzone, Alabang	Northgate Cyberzone, Alabang
GLA (Office) in sq.m.	10,860	6,488	6,540	10,860	14,859
GLA (Retail) in sq.m.	—	—	—	—	—
Average Occupancy Rate YTD September 2023	100.00%	78%[1]	100.00%	66%	100.00%
Rental Income -Office & Retail GLA (in millions)	70.5	35.6	41.6	54.2	108.8
Right over Building [3]	Owned	Owned	Owned	Owned	Owned
Right over Land	Leased from the Sponsor	Leased from the Sponsor	Leased from the Sponsor	Leased from the Sponsor	Leased from the Sponsor
Land Lease Expiry [2]	Feb-96	Feb-96	Feb-96	Feb-96	Feb-96
Remaining Term (years) for Land Lease (as of September 30, 2023) [2]	72.6	72.6	72.6	72.6	72.6
Valuation (₱ millions) (based on Asian Appraisal's valuation report as of December 31, 2022)	1,597	927	974	1,328	2,448

Notes:

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

(2) The land lease agreement for the Northgate Cyberzone Properties has an initial term of 50 years, commencing on February 11, 2021 and expiring on February 10, 2071. The lease is renewable for another 25 years, with the same terms and conditions, except for the rental rate and other commercial terms which shall be subject to negotiation and mutual agreement between the Company and FLI. The figure presented is calculated using the sum of the initial term and the term of the renewal period of the land lease.

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

Summary Information for iHub1, iHub2, 5132 Building, Capital One and Cebu Tower 1 (As of end of September 30, 2023)

	iHub1	iHub2	5132 Building	Capital One	Cebu Tower 1	Boracay Property
Year Completed	Jun-08	Aug-09	Nov-07	Oct-05	Jun-15	
Description	Grade A, PEZA-accredited, office building	Grade A, PEZA-accredited, office building	Grade A, PEZA-accredited, office building	Grade A, PEZA-accredited, office building	Grade A, PEZA-accredited, office building	Lot lease
Location	Northgate Cyberzone, Alabang	Northgate Cyberzone, Alabang	Northgate Cyberzone, Alabang	Northgate Cyberzone, Alabang	Salinas Drive, Cebu City	Boracay
GLA (Office) in sq.m.	9,480	14,181	9,409	18,000	19,937	29,086
GLA (Retail) in sq.m.	—	—	—	—	675	-
Average Occupancy Rate YTD September 2023	55%	89%	100.00%	100.00%	100%	100%
Rental Income -Office & Retail GLA (in millions)	34.7	84.8	64.5	140.1	124.7	54.9
Right over Building [3]	Owned	Owned	Owned	Owned	BTO arrangement with Cebu Provincial Government	
Right over Land	Leased from the Sponsor	Leased from the Sponsor	Leased from the Sponsor	Leased from the Sponsor	BTO arrangement with Cebu Provincial Government	
Land Lease 1/BTO Agreement Expiry	Feb-96	Feb-96	Feb-96	Feb-96	Nov-43 [2]	
Remaining Term (years) for Land Lease (as of September 30, 2023) [1]	72.6	72.6	72.6	72.6	20.4	
Valuation (₱ millions) (based on Asian Appraisal's valuation report as of December 31, 2022)	1,441	2,001	1,378	2,835	2,886	

Notes:

(1) The land lease agreement for the Northgate Cyberzone Properties has an initial term of 50 years, commencing on February 11, 2021 and expiring on February 10, 2071. The lease is renewable for another 25 years, with the same terms and conditions, except for the rental rate and other commercial terms which shall be subject to negotiation and mutual agreement between the Company and FLI. The figure presented is calculated using the sum of the initial term and the term of the renewal period of the land lease.

(2) The Cebu Provincial Government owns the land on which Cebu Tower 1 is situated under the BTO arrangement between the Cebu Provincial Government and the Company. The BTO arrangement has an initial term of 25 years which was extended by five years through a subsequent memorandum of agreement ("MOA"), renewable for another 25 years. The initial term of the BTO arrangement (as extended by the MOA) commenced in 2013 and will expire in 2043. There are 20.7 years remaining in the initial term of the BTO arrangement as of September 30, 2023.

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

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

Item 4. Other Disclosure

A. The Company's common shares were listed in the Philippine Stock Exchange on August 12, 2021. Public Ownership is currently at 34.71%.
A. There are no new projects or investments as of September 30, 2023.
B. There are no contracts of merger, consolidation, or joint venture; contract of management, licensing, marketing, distributorship, technical assistance, or similar agreements.
C. There is no new financing through loans / issuances, repurchases, and repayments of debt and equity securities.
D. There are no material events subsequent to the interim period that have not been reflected in the financial statements for the interim period.
E. The Company has no material contingent financial obligations.
F. Except as disclosed in the Notes to the Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations, there are no unusual items and material changes from period to period affecting assets, liabilities, equity, net income or cash flows for the interim period.
G. The Company does not have any contingent liability of borrowings wherein financial assets were pledged to secure payment nor does it have borrowings wherein properties were mortgaged to secure a loan.
H. The Company has no knowledge of any material off-balance sheet transactions, arrangements, obligations and other relationships to the Company with unconsolidated entities or other persons created during the reporting period that would address the past and would have material impact on future operations.
I. Capital expenditures for 2023 are for upkeep, upgrade, and refurbishment of the Company's properties. These will be funded through the Company's cash from operating activities.
J. The performance of the Company and its industry is interconnected to the performance and state of the Philippine economy as a whole particularly the BPO industry. Being focused on a specific group of clients, the office space leasing segment and the Company are very much affected by the same trends and factors which affect the BPO industry. While the company's intention is to focus on BPOs, it can shift to other business classes such as traditional office and new emerging business trends, when necessary. The company is also not dependent on a single tenant or group of tenants.
K. On October 18, 2023, the Bureau of Internal Revenue (BIR) issued the letter which granted FILRT the permission to change its accounting method from Cost method to Fair Value method of valuing investment properties for financial reporting purposes effective January 1, 2023, pursuant to the provision of Section 41 Tax Code. With this approval, the Company can maximize the distribution of dividends as the depreciation of investment properties and BTO will no longer be a deduction in the net income hence will form part of the distributable income.
L. There are no significant elements of income or loss that did not arise from continuing operations

ANNEX A

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

Aging of Receivables
As of September 30, 2023

	Current	1-30 days	31-60 days	61-90 days	>120 days	Total
Trade Receivables	54,037,943	9,980,825	7,468,122	6,767,662	68,640,048	146,894,600
Others	33,168,647	-	-	-	-	33,168,647
Total	87,206,589	9,980,825	7,468,122	6,767,662	74,434,127	180,063,247

Trade receivables represent charges to tenants for rentals and utilities normally collectible within a year.

Other Receivables represent claims from other parties arising from the ordinary course of business. It also includes advances for expenses/loans made by the Company in favor of its officers and employees.

ANNEX B
FILINVEST REIT CORP. (FORMERLY CYBERZONE PROPERTIES, INC.)
SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON SRC RULE 68 AND 68.1 AS AMENDED
September 30, 2023

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 prescribed 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 the Company. This information is presented for the purpose of filing with the SEC and is not required as part of the basic financial statements.

Schedule A. Marketable Securities (Current Marketable Equity Securities and Other Short Term Cash Investments)

As of September 30, 2023, the Company has Philippine Long Distance Telephone Company, Inc. (PLDT) shares amounting to P2,000 and short-term deposits amounting to P559,006,796 reported under Current Assets on the Company's Statements of Financial Position.

Schedule B. Non-Current Marketable Equity Securities, Other Long-Term Investments in Stocks, and Other Investments

As of September 30, 2023, the Company has no non-current marketable equity securities, other long-term investments in stocks, and other investments.

Schedule C. Intangible Asset

As of September 30, 2023, the Company's intangible asset consists of Build Transfer Operate (BTO) rights which pertains to the cost related to the BTO agreement with the Cebu Province entered into on March 26, 2012.

	2023	**2022**
BTO rights	₱957,274,406	₱998,810,323

Under the BTO agreement, the Company is committed to develop and construct a BPO Complex on the properties owned by Cebu Province located at Salinas, Lahug, Cebu City, and transfer the ownership of the BPO Complex to the Cebu Province upon completion, in exchange for the right to operate and manage the BPO Complex for the entire term of the agreement and its renewal (25 years, renewable for another 25 years upon mutual agreement of the parties). The BTO project comprises of four (4) towers and first two towers have been completed, and the other two are under construction.

On February 11, 2021, the BOD approved the transfer of Cebu Towers 3 and 4 to FLI by way of assignment of right to manage and operate. FLI will compensate the Company at a consideration equivalent to the cost of the properties upon assignment. On September 30, 2021, FILRT and FLI executed deed of assignment for the transfer of the properties. Hence, the cost of these properties, including the related right-of use assets and lease liabilities, were derecognized.

In July 2, 2021, the SEC approved the change in the purpose of the company to be a real estate investment trust, and as such will continue to own the first tower under this BTO agreement, while the Towers 2, 3 and 4, which still do not qualify to become REIT assets are transferred to the company FLI.

Schedule D. Long term debt

Below is the schedule of long-term debt of the Company (in thousands):

Type of Obligation	Amount	Current	Noncurrent
This is a 2-year bank loan issued on January 5, 2023, with a fixed interest rate of 6.35% per annum. The principal loans payable is P3.0 billion maturing in 2025	3,000,000,000		3,000,000,0000
This is a 2-year bank loan issued on January 5, 2023, with an interest rate subject to repricing semi-annually computed by 6 months BVAL and fixed spread of 75bps or RRP and fixed spread of 75bps w/ever is higher, last repricing date is on July 4, 2023. The principal loans payable is P3.0 billion maturing in 2025	3,000,000,000		3,000,000,0000
	6,000,000,000		6,000,000,000

The Company's long-term debts are 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 September 30, 2023, the Company has not been cited as in default on its outstanding loan obligations.

Schedule E. Indebtedness to Related Parties (Short-Term Loans from Related Companies)

As of September 30, 2023, the Company does not have advances from its related parties.

Schedule F. Guarantees of Securities of Other Issuers

The Company does not have guarantees of securities of other issuers as of September 30, 2023.

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
			(In Thousands)			
Common Shares	14,263,698	4,892,778	–	3,194,125	7	None

Schedule H. Supplementary Schedule of Bond Issuances – Securities offered to the public

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

SUPPLEMENTARY SCHEDULE OF BOND ISSUANCES - SECURITIES OFFERED TO THE PUBLIC SEPTEMBER 30, 2023

	2023 6 Billion Bond
Expected gross and net proceeds as disclosed in the prospectus	
Gross Proceeds	₱6,000,000,000
Less: Expenses	68,308,996
Net Proceeds	₱5,931,691,004
Actual gross and net proceeds	₱6,000,000,000
Less: Expenses	70,166,033
Net Proceeds	₱5,929,833,967
Expenditure items where the proceeds were used	
Project Development	₱5,929,833,967
Land Acquisition	-
Investment Property	-
Debt refinancing	-
Net Proceeds	₱5,929,833,967
Balance of the proceeds as of September 30, 2023	
Net Proceeds	₱5,929,833,967
Capital Expenses	₱5,929,833,967
Debt refinancing	-
Net Proceeds	₱-

The bonds are fully paid as of September 30, 2023.

Schedule I. Unappropriated Retained Earnings Available for Dividend Distribution

FILINVEST REIT CORP. (FORMERLY CYBERZONE PROPERTIES, INC.)
UNAPPROPRIATED RETAINED EARNINGS AVAILABLE FOR DIVIDEND DISTRIBUTION

Retained Earnings, January 1, 2023		**347,450,551**
Less: Deferred tax assets as of December 31, 2022		
Retained Earnings, as adjusted to amount available for dividend declaration, beginning		**347,450,551**
Net income based on the face of unaudited financial statements	721,438,480	
Less: Non-actual/unrealized income net of tax		
Equity in net income of subsidiaries and associates		
Unrealized foreign exchange gain – net		
Unrealized actuarial gain		
Fair value adjustment (marked-to-market gains)		
Fair value adjustment of Investment Property resulting to gain		
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS		
Add: Non-actual/unrealized losses net of tax		
Depreciation on revaluation increment		
Adjustment due to deviation from PFRS/GAAP loss		
Loss on fair value adjustment of Investment Property		
Movement in deferred tax assets		
Net income actually earned during the period		721,438,480
Add (less):		
Movement in deferred tax assets		
Property Dividend declaration during the period		
Cash Dividend declaration during the period		(1,042,161,713)
Appropriations of retained earnings during the period		
Unappropriated Retained Earnings, as adjusted, September 30, 2023		**26,727,318**

FILINVEST
LAND, INCORPORATED

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

September 28, 2022

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

Attention: Ms. Alexandra Tom Wong
OIC, Disclosure Department

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

Dear Ms. Tom Wong,

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

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

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

The details of the disbursements are as follows:

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

Thank you.

Very truly yours,

ANA VENUS A. MEJIA
Chief Finance Officer

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)

CITY OF MANDALUYONG) S.S.

SEP 2 8 2022

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

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

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

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

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

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

FILINVEST LAND, INC.

79 EDSA, Highway Hills
Mandaluyong City, Metro Manila
Trunk line: (632) 918-8188
Customer hotline: (632) 588-1688
Fax number: (632) 918-8189
www.filinvestland.com

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

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

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

SGV
Building a better working world

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

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

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

Purpose of this Agreed-upon Procedures Report

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

Restriction on Use

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

Responsibilities of the Company

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

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

Practitioner's Responsibilities

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

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

Professional Ethics and Quality Control

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

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

Procedures and Findings

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

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

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

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

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

Explanatory paragraph

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

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

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

SYCIP GORRES VELAYO & CO.

Wanessa G. Salvador

Wanessa G. Salvador
Partner

September 28, 2022
Manila, Philippines

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

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

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

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

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

Part IV – SIGNATURES

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

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

By:

Signature: ______________________
Maricel Brion-Lirio

Title: President / CEO
Date: November 9, 2023

Signature: ______________________
Ana Venus A. Mejia

Title: Treasurer and Chief Finance Officer
Date: November 9, 2023