

COVER SHEET

SEC Registration Number

A	2	0	0	0	-	0	0	6	5	2
---	---	---	---	---	---	---	---	---	---	---

COMPANY NAME

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

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

5	t	h		-		7	t	h		F	l	o	o	r	s		V	e	c	t	o	r		O	n	e				
B	u	i	l	d	i	n	g	,		N	o	r	t	h	g	a	t	e		C	y	b	e	r	z	o	n	e	,	
F	i	l	i	n	v	e	s	t		C	i	t	y	,		A	l	a	b	a	n	g								
M	u	n	t	i	n	l	u	p	a		C	i	t	y																

Form Type

1	7	Q	-	3
---	---	---	---	---

Department requiring the report

--	--	--	--

Secondary License Type, If Applicable

--	--	--	--

COMPANY INFORMATION

Company's Email Address

N/A

Company's Telephone Number

8846-0278

Mobile Number

N/A

No. of Stockholders

17,350

Annual Meeting (Month / Day)

Second to the last Wednesday of April

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Ms. Ana Venus A. Mejia

Email Address

<u>venus.mejia@filinvestgroup.com</u>

Telephone Number/s

8846-0278

Mobile Number

N/A

CONTACT PERSON'S ADDRESS

5 th -7 th 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, 2024**
2. SEC Identification Number: : **A2000-00652**
3. BIR Tax ID : **204-863-416-000**
4. Exact name of issuer as specified in its charter
FILINVEST REIT CORP. (formerly CYBERZONE PROPERTIES, INC.)
5. Province, Country or other jurisdiction of incorporation or organization: **Philippines**
6. Industry Classification Code : _____ (SEC Use Only)
7. Address of issuer's principal office Postal Code
**5th – 7th Floors, Vector One Building, Northgate Cyberzone, 1770
Filinvest Corporate City, Alabang, Muntinlupa City**
8. Issuer's telephone number, including area code : **632-8846-0278**
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.

TABLE OF CONTENTS

	Page No.
Part I - FINANCIAL INFORMATION	
Item 1. Financial Statements	
• Unaudited Interim Statements of Financial Position as at September 30, 2024 (with comparative Audited Figures as at December 31, 2023)	2
• Unaudited Interim Statements of Comprehensive Income for the nine months ended September 30, 2024 and 2023	3
• Unaudited Interim Statements of Cash Flows for the nine months ended September 30, 2024 and 2023	4
• Unaudited Interim Statements of Changes in Equity for the nine months ended September 30, 2024 and 2023	5
• Notes to Interim Consolidated Financial Statements	6-22
Item 2. Management Discussion and Analysis of Financial Condition and Result of Operations	21-22
Part II - OTHER INFORMATION	
Item 3. FILRT Portfolio	23-26
Part III – SIGNATURE	

PART 1 – FINANCIAL INFORMATION

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

**Unaudited Interim Consolidated
Financial Statements**

As at September 30, 2024 and December 31, 2023
and
For the nine months ended September 30, 2024 and 2023

FILINVEST REIT CORP. (formerly CYBERZONE PROPERTIES, INC.)
UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION
(With Comparative Audited Figures as at December 31, 2023)

	September 30, 2024 Unaudited	December 31, 2023 Audited
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 16)	959,161,868	1,301,018,941
Receivables (Note 5)	124,909,326	146,541,127
Other current assets (Note 8)	357,148,841	297,335,022
Total Current Assets	1,441,220,035	1,744,895,090
Noncurrent Assets		
Investment properties (Notes 7 and 13)	45,160,684,927	45,094,555,000
Intangible assets (Notes 6 and 13)	2,792,066,670	2,789,180,000
Other noncurrent assets (Note 8)	311,680,173	317,608,846
Total Noncurrent Assets	48,264,431,770	48,201,343,846
Total Assets	49,705,651,805	49,946,238,936
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 9)	1,596,119,991	1,814,798,144
Current portion of:		
Lease Liabilities (Note 14)	2,166,131	2,088,451
Security and other deposits (Note 11)	216,746,302	191,930,531
Loans Payable - net (Note 10)	5,996,612,192	
Total Current Liabilities	7,811,644,616	2,008,817,126
Noncurrent Liabilities		
Loans Payable (Note 10)		5,985,415,836
Lease liabilities - net of current portion (Note 14)	26,867,470	26,656,853
Security and other deposits - net of current portion (Note 11)	549,411,912	566,829,817
Total Noncurrent Liabilities	576,279,383	6,578,902,506
Total Liabilities	8,387,923,999	8,587,719,632
Equity (Note 12)		
Capital stock - P0.50 par value	2,446,388,997	2,446,388,997
Additional paid-in capital	2,518,356,922	2,518,356,922
Retained earnings – end	36,352,981,888	36,393,773,385
Total Equity	41,317,727,807	41,358,519,304
Total Liabilities and Equity	49,705,651,805	49,946,238,936

The notes are integral part of the financial statements

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

	Quarter Ended September 30		Nine Months Ended September 30	
	2024	2023, As restated	2024	2023, As restated
	(Unaudited)		(Unaudited)	
REVENUES				
Rental income (Notes 6, 7, 13, and 14)	537,922,165	576,625,635	1,649,369,322	1,786,673,031
Others (Note 15)	160,442,229	161,248,973	486,841,170	506,254,350
	698,364,394	737,874,608	2,136,210,492	2,292,927,380
COST AND EXPENSES				
Utilities (Note 8)	69,121,597	68,132,525	202,641,840	219,852,706
Rental expense (Notes 13 and 14)	55,311,680	48,607,858	169,888,097	174,698,767
Manpower and service cost	35,981,119	41,491,340	113,110,039	125,144,003
Repairs and maintenance	43,823,584	44,573,482	142,738,946	136,631,267
Taxes and licenses	38,943,317	45,751,985	119,201,082	137,949,185
Service and management fees (Note 13)	45,222,558	39,510,357	134,347,053	132,851,587
Commission	20,275,591	15,185,570	55,422,548	36,972,797
Others (Notes 5 and 8)	2,658,451	5,410,730	16,521,311	18,652,641
	311,337,897	308,663,846	953,870,916	982,752,954
OTHER INCOME (CHARGES)				
Interest income (Notes 4, 5, 15 and 16)	12,640,854	12,327,193	33,520,050	31,814,137
Interest and other financing charges (Notes 10 and 14)	(106,674,966)	(97,209,677)	(322,080,758)	(283,208,792)
Other income (charges) - net	(13,118)	(36,168)	(46,769)	(48,294)
	(94,047,230)	(84,918,651)	(288,610,476)	(251,442,949)
INCOME BEFORE INCOME TAX	292,979,267	344,292,111	893,729,100	1,058,731,477
PROVISION FOR (BENEFIT FROM) INCOME TAX	-	-	-	-
NET INCOME	292,979,267	344,292,111	893,729,100	1,058,731,477
OTHER COMPREHENSIVE INCOME				
TOTAL COMPREHENSIVE INCOME	292,979,267	344,292,111	893,729,100	1,058,731,477
Basic/Diluted Earnings Per Share (Note 17)	0.060	0.070	0.183	0.216

The notes are integral part of the financial statements

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

	Nine Months Period Ended September 30	
	2024	2023, As restated
	Unaudited	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	893,729,100	1,058,731,477
Fair value change in investment properties, intangible asset and straight-line adjustment		
Interest expense and other financing changes (Notes 10 and 14)	323,922,660	301,893,430
Interest income (Notes 4, 5, 15 and 16)	(33,520,050)	(31,814,137)
Operating income before changes in operating assets and liabilities	1,184,131,709	1,328,810,770
Changes in operating assets and liabilities		
Decrease (increase) in:		
Receivables	21,631,801	85,205,433
Other current assets	(59,813,819)	(115,671,852)
Increase (decrease) in:		
Accounts payable and accrued expenses	(220,520,055)	(290,462,331)
Security and other deposits	7,397,866	(3,917,127)
Net cash generated from operations	932,827,503	1,003,964,893
Interest received	33,520,050	31,814,137
Net cash provided by operating activities	966,347,553	1,035,779,030
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Investment properties (Notes 7 and 21)	(66,129,928)	(99,231,952)
Intangible assets (Note 6)	(2,886,670)	(574,199)
Decrease (increase) in:		
Other noncurrent assets (Note 8)	5,928,673	5,524,908
Net cash provided by (used) in investing activities	(63,087,925)	(94,281,243)
CASH FLOW FROM FINANCING ACTIVITIES (Note 22)		
Payments of:		
Payment on bonds		(6,000,000,000)
Proceeds from long-term debt (Note 10)		6,000,000,000
Principal portion of lease liability (Note 14)	(1,553,604)	(1,479,623)
Interest and transaction cost (Note 10)	(309,042,500)	(281,400,000)
Dividends Payable (Note 12)	(934,520,597)	(1,042,161,713)
Net cash provided by (used) in financing activities	(1,245,116,701)	(1,325,041,336)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(341,857,072)	(383,543,549)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,301,018,941	1,701,935,199
CASH AND CASH EQUIVALENTS, END OF PERIOD (Note 4)	959,161,868	1,318,391,650

The notes are integral part of the financial statements

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

	Nine Months Period Ended September 30	
	2024	2023, As restated
	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 (Note 2)	36,393,773,385	33,090,97,706
Net income	893,729,100	1,068,731,477
Dividends (Note 12)	(934,520,597)	(1,042,161,716)
Balance at end of the period	36,352,981,888	33,107,517,470
Total Equity	41,317,727,807	38,072,063,389

The notes are integral part of the financial statements

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

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

2. Material Accounting Policy Information

Basis of Preparation

The financial statements of the Company have been prepared using a historical cost basis, except for investment properties which are measured at fair value. The financial statements are presented in Philippine Peso (P), which is the functional and presentation currency of the Company, and all amounts are rounded off to the nearest Philippine Peso unless otherwise indicated.

Statement of Compliance

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

The unaudited interim consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the annual financial statements as at December 31, 2023, which have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the reporting reliefs issued and approved by the SEC under Memorandum Circular No. 34-2020 in response to the COVID-19 pandemic.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the 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, 2024. Unless otherwise indicated, adoption of these amendments to existing standards and interpretations did not have an impact on the interim financial statements.

In 2023, the Company voluntarily changed its accounting policy on investment properties and intangible assets from cost model to fair value model which requires restatement of previous financial statements. The change will provide the users of financial statements with more relevant information as it reflects the current valuation of the Company as a REIT entity. As a result, statement of financial position and comparative statement of comprehensive income and statement of changes in equity for nine-months period ended September 30, 2023, were restated to reflect the effect of the voluntary change.

Statements of financial position as of September 30, 2023

	2023		
	As previously reported	Restatements	As restated
<i>Asset</i>			
Receivables	669,505,154	(553,919,685)	115,585,469
Investments Properties	9,879,392,019	34,651,673,981	44,531,066,000
Property and equipment	62,575,278	(62,575,278)	-
Intangible assets	957,274,406	1,928,265,594	2,885,540,000
<i>Liabilities and Equity</i>			
Retained Earnings	26,727,318	35,963,444,612	35,990,171,930

Statements of comprehensive income for the nine-months ended of September 30, 2023

	2023		
	As previously reported	Restatements	As restated
Net fair value changes in investment properties and intangible assets	-	377,292,997	(377,292,997)
Cost and expenses	(1,249,305,642)	(1,249,305,642)	
Income (loss)	721,438,480	377,292,997	1,058,731,477

Statements of cash flows for the nine-months ended of September 30, 2023

	2023		
	As previously reported	Restatements	As restated
<i>Cash flows provided by (used in)</i>			
Operating activities	1,035,779,030	-	1,035,779,030
Investing activities	(94,281,243)	-	(94,281,243)
Financing activities	(1,325,041,336)	-	(1,325,041,336)

Below are the details of the impact of the restatements:

- a. Under fair value accounting, investment properties and intangible assets are stated at fair value, which reflects market conditions at the reporting date. The fair values of investment properties and intangible assets are determined by independent real estate valuation experts based on an income approach which is based on discounted future cash flows. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise. Gains and losses arising from the fair value accounting are adjusted to retained earnings as of January 1, 2022.
- b. The net fair value change of investment properties and intangible assets is reduced by the application of the straight-line method of recognizing rental income. Consequently, the Company adjusted its receivables to derecognized accrued rental receivables arising from straight-line rent.
- c. Property and equipment were reclassified to investment properties as these refers to equipment and improvements that were determined to be included in valuation of the investment properties and intangible assets.
- d. Depreciation and amortization expense recognized under cost model recognized as part of cost and expenses were reversed.
- e. Commission expense capitalized as part of investment properties under cost model was reversed and recognized as reduction to fair value changes. Capitalized commission expense previously reported in the statements of cash flows as part of additions to investment properties under investing activities was also reclassified to operating activities consistent with its presentation in the statement of comprehensive income.

Material Accounting Policies

Fair Value Measurement

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each financial reporting period.

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

3. Significant Accounting Judgments and Estimates

The preparation of the interim condensed 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.

The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

Judgments, key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are consistent with those applied in the most recent annual audited consolidated financial statements.

4. Cash and Cash Equivalents

This account consists of:

	September 30, 2024	December 31, 2023
	Unaudited	Audited
Cash on hand and in banks	425,627,332	735,624,130
Cash equivalents	533,534,536	565,394,811
	959,161,868	1,301,018,941

Cash in banks earn interest at their respective bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, with original maturities of three (3) months or less from dates of placement and are subject to an insignificant risk and change in value and earned interest at prevailing short-term investment ranging from 4.00% to 7.00 % and 2.50% to 6.50% in 2024 and 2023, respectively.

Interest earned from cash and cash equivalents amounted to 33.1 million and 34.1 million in 2024 and 2023, respectively.

There is no restriction on the Company's cash and cash equivalents as of September 30, 2024 and December 31, 2023.

5. Receivables

This account consists of:

	September 30, 2024	December 31, 2023
	Unaudited	Audited
Trade Receivables	106,589,492	129,123,019
Advances to Officers and employees	32,537,594	31,635,868
	139,127,086	160,758,887
Less: Allowance for ECL	14,217,760	14,217,760
	124,909,326	146,541,127

Movements in the Company's allowance for ECL follow:

	September 30, 2024	December 31, 2023
	Unaudited	Audited
Balance at beginning of the period	14,217,760	7,702,272
Provision	-	6,515,488
Balance at end of the period	14,217,760	14,217,760

Trade receivables represent charges to tenants for rentals and utilities which are normally collectible within 20 days from billing date. These are covered by security deposits by tenants' equivalent to rent paid by the lessees. Lease contracts provide that all overdue and unpaid rent, dues, and charges are subject to interest of 18% per annum and penalty at range of 18%-24% per annum. Interest and penalties from late payments amounted to 7.0 million, and 7.7 million in 2024 and 2023, respectively.

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

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

6. Intangible Assets

The rollforward analysis of intangible assets follows:

	September 30, 2024	December 31, 2023
	Unaudited	Audited
Balance at beginning of the period	2,789,180,000	2,885,540,000
Additions/Disposal	2,886,670	-
Decrease in fair value	-	(96,360,000)
Balance at end of the period	2,792,066,670	2,789,180,000

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

Rental income recognized arising from the BTO agreement on Cebu Tower 1 amounted to 113.4 million, and 127.9 million in September 30, 2024 and September 30, 2023, respectively.

Tenant dues from BTO rights amounted to 38.6 million and 46.7million in September 30, 2024 and September 30, 2023, respectively.

Operating expenses incurred for maintaining and operating these assets amounted to 100.7 million and 110.3 million in September 30, 2024 and September 30, 2023, respectively.

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

7. Investment Properties

The roll forward analyses of this account follow:

	September 30, 2024	December 31, 2023
	Unaudited	Audited
Balance at beginning of the period	45,094,555,000	44,531,066,000
Increase (decrease) in fair value		486,753,044
Additions	66,129,928	76,735,956
Balance at end of the period	45,160,684,927	45,094,555,000

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

On December 12, 2022, the Company entered into a Deed of Sale for the purchase of three (3) parcels of land with a total area of 29,086 sq.m. owned by FDC, located in Boracay, Aklan. The acquisition of the land will directly contribute to the Company's income starting January 2023.

Rental income from investment properties amounted to 1,649.4 million and 1,715.9 million in September 30, 2024 and September 30, 2023, respectively. Tenant dues from investment properties amounted to 636.8 million and 636.8 million in September 30, 2024 and September 30, 2023 respectively.

Operating expenses incurred for maintaining and operating these investment properties amounted to 953.8 million, and 1,249.3 million in September 30, 2024 and September 30, 2023, respectively.

The Company has no contractual obligations to acquire investment properties as of September 30, 2024, and December 31, 2023. As of September 30, 2024, investment properties are not used as collateral and are not subject to any existing liens and encumbrances.

8. Other Assets

Other current assets consist of:

	September 30, 2024	December 31, 2023
	Unaudited	Audited
Input VAT - net	291,776,191	265,502,045
Prepayments	26,762,144	1,192,701
Others	49,660,294	41,690,065
	368,198,629	308,384,811
Less: allowance for probable losses	11,049,789	11,049,789
	357,148,841	297,335,022

Other noncurrent assets consist of:

	September 30, 2024	December 31, 2023
	Unaudited	Audited
Prepaid DCS connection charges	162,445,787	171,878,123
Creditable withholding taxes	113,420,482	92,065,891
Advances to suppliers	39,453,614	61,564,124
Deposits	58,065,828	53,806,246
	373,385,711	379,314,384
Less: allowance for probable losses	61,705,538	61,705,538
	311,680,173	317,608,846

Prepaid DCS connection charge is amortized using straight line method based on the contract period of connection. Amortization of connection fee amounting to 9.4 million and 12.6 million in 2024 and 2023, respectively, is presented as "Utilities" in the statement of comprehensive income.

The rollforward analysis of Prepaid DCS connection charges follows;

	September 30, 2024	December 31, 2023
	Unaudited	Audited
Cost		
Balance at beginning of the period	247,677,426	247,677,426
Accumulated Amortization		
Balance at beginning of period	75,799,303	63,222,855
Amortization	9,432,336	12,576,448

Balance at end of the period	85,231,639	75,799,303
Net Book Value	162,445,787	171,878,123

9. Accounts Payable and Accrued Expenses

This account consists of:

	September 30, 2024	December 31, 2023
	Unaudited	Audited
Due to related parties	201,295,154	448,925,641
Accrued expenses	541,749,626	628,532,390
Advances from tenants	513,894,873	427,523,582
Accrued interest payable	133,301,177	135,101,677
Payable to contractors	136,144,937	116,226,930
Payable to suppliers	35,744,386	22,508,034
Withholding taxes payable	19,015,920	20,207,108
Retention payable	14,970,918	15,772,782
	1,596,119,991	1,814,798,144
Less: noncurrent portion	-	-
Net Book Value	1,596,119,991	1,814,798,144

10. Loans Payable

Loans Payable

On January 5, 2023, the Company obtained bilateral loans amounting to 6.0 billion to refinance the bond maturity due on January 09, 2023. These were comprised of a 2-year, 3.0 billion fixed rate loan with an interest rate of 6.35%, and a 2-year, 3.0 billion floater rate loan repriced semiannually using the 6-month BVAL or reverse repurchase rate (RRP) plus spread, whichever is higher. These loans remain unpaid as of September 30, 2024.

On December 9, 2020, the Company and FLI entered into an agreement for the assignment of the Company's developmental loans outstanding as of November 30, 2020. As of December 31, 2021, the Company received letters of consent from all the banks authorizing the assignment of the loans to FLI. In 2021, loans payable assigned to FLI and derecognized in the statement of financial position amounted to 2,344.2 million.

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

Total interest expense charged to the statements of comprehensive income amounted to 322.1 million and 283.2 million in September 30, 2024 and September 30, 2023, respectively.

Amortization of debt issuance and transaction costs included under "Interest and other financing charges" in the statements of comprehensive income amounted to 16.9 million and 16.9 million in 2024 and 2023, respectively.

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

As of September 30, 2024, the Company's outstanding loans payable amounted to 5,996.6 millions.

11. Security and Other Deposits

Security and other deposits are applied to any outstanding obligations of the tenants at the end of the lease term or upon pre-termination. The current and noncurrent portion of security and other deposits follows:

	September 30, 2024	December 31, 2023
	Unaudited	Audited
Current portion	216,746,302	191,930,531
Noncurrent portion	549,411,912	566,829,817
	766,158,214	758,760,348

12. Equity

Paid-up Capital Details of the Company's capital stock as of September 30, 2024, and December 31, 2023, as follow:

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

There was no issuance of additional common shares for the nine-months period ended September 30, 2024.

Retained Earnings

Declaration of Cash Dividends

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

Dividend Declaration	Record Date	Dividend per Common Share	Total Dividends Declared	Payment Date
August 31, 2021	September 15, 2021	0.112	547,991,135	September 30, 2021
November 18, 2021	December 3, 2021	0.112	547,991,135	December 20, 2021
February 15, 2022	March 2, 2022	0.112	547,991,135	March 20, 2022
April 20, 2022	May 6, 2022	0.116	567,562,247	May 27, 2022
August 9, 2022	August 31, 2022	0.088	430,564,463	September 20, 2022
November 15, 2022	December 1, 2022	0.088	430,564,463	December 20, 2022
February 14, 2023	March 3, 2023	0.071	347,387,238	March 24, 2023
May 31, 2023	June 15, 2023	0.071	347,387,238	June 30, 2023
August 10, 2023	August 31, 2023	0.071	347,387,238	September 20, 2023
November 29, 2023	November 30, 2023	0.071	347,387,238	December 15, 2023
February 26, 2024	March 11, 2024	0.067	327,816,126	March 26, 2024
May 10, 2024	May 24, 2024	0.062	303,352,236	June 7, 2024
August 8, 2024	August 27, 2024	0.062	303,352,236	September 6, 2024

The Company's retained earnings available for dividend declaration as of September 30, 2024 and December 31, 2023, amounted to 2,639.2 million and 2,680.0 million, respectively. The dividend per share was computed as:

	September 30, 2024	December 31, 2023
	Unaudited	Audited
a. Dividends	934,520,597	1,389,548,950
b. Weighted average number of outstanding common shares	4,892,777,994	4,892,777,994
Dividend per share (a/b)	0.191	0.284

Distributable Income under the IRR of REIT Act of 2009

Under the Revised Implementing Rules and Regulations of REIT Act of 2009, section 4c, the Company shall present a computation of its distributable dividend taking into consideration requirements under the Act and the Rules. Distributable income is not a measure of performance under the PFRS.

The computation of distributable income as at September 30, 2024 is shown below:

	September 30, 2024
	Unaudited
Net Income	893,730,391
Unrealized gains/losses on fair value change in investment properties and intangible assets	-
Distributable income	893,730,391

Capital Management

The Company's primary objective is to maintain its current sound financial condition and strong debt service capabilities, as well as to continuously implement a prudent financial management program. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. It closely monitors its capital and cash positions and carefully manages its capital expenditure. The Company may seek other sources of funding, such debt or equity issues, depending on its financing needs and market conditions. The Company monitors capital using a debt-to-equity ratio, which is total long-term debt divided by total stockholders' equity. Debt includes interest-bearing loans and external borrowings whether in the form of long-term notes, bonds, and lease liabilities.

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

	September 30, 2024 Unaudited	December 31, 2023 Audited
Bonds payable	-	-
Loans payable	5,996,612,192	5,985,415,836
Lease liabilities	29,033,602	28,745,304
	6,025,645,793	6,014,161,140
Equity	41,317,729,098	41,358,519,304
Debt-to-equity ratio	0.15:1	0.15:1

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

As of September 30, 2024 and December 31, 2023, the fair value of the deposited properties amounted to 49,705.6 million and 49,946.2 million, respectively resulting to a debt ratio of 16.9%, and 17.2%, respectively. The Company is compliant to this Aggregate Leverage Limit.

13. Related Party Transactions

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

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

Transactions 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 be subject to the provisions of the Policy. In the event 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, 2024, and December 31, 2023, are unsecured, interest free and require settlement in cash, unless otherwise stated. As of September 30, 2024, and December 31, 2023, the Company has not made any provision for impairment loss relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

A summary of the Company’s related party transactions is shown in the table below:

Related Parties	Nature of Transaction	Outstanding Balances as of September 30, 2024
East West Banking Corporation (affiliate)	Bank deposits	₱272.6
Filinvest Land, Inc.	Contract of Lease for office space in Vector One (Company as Lessor)	₱0
Filinvest Alabang, Inc.	Contract of Lease for office space in Vector One (Company as Lessor)	₱39.3
Sharepro, Inc.	Contract of Lease for Office Space in Vector One via Deed of Assignment from FAI (Company as Lessor)	₱13.4
Filinvest Alabang Inc.	Contract of Lease for office space in Axis Tower 1 (Company as Lessor)	₱1.0
Corporate Technologies, Inc.	Contract of Lease for office space in Filinvest Three (Company as Lessor)	₱10.6
Filinvest Hospitality Corporation	Contract of Lease for office space in Vector Two (Company as Lessor)	₱3.6

Chroma Hospitality Inc.	Contract of Lease for office space in Vector Two (Company as Lessor)	₱3.6
Festival Supermall Inc.	Contract of Lease for office space in Vector Two (Company as Lessor)	₱1.8
Filinvest Cyberparks, Inc.	Contract of Lease for office space in Plaza B Building (Company as Lessor)	₱3.9
Ourspace Solutions, Inc. (OSSSI)	Contract of Lease for office space in Axis Tower 1 Building (Company as Lessor)	₱6.7
Filinvest Cyberparks, Inc.	Contract of Lease for office space in Axis Tower One (Company as Lessor)	₱0.3
ProOffice Work Services Inc.	Contract of Lease for office space in Plaza B Building (Company as Lessor)	₱0.4
Boracay Seascapes, Inc	Land lease agreement over the land where the Properties are located (Company as Lessor)	₱13.6
FDC Retail Electricity Sales, Corporation (“FDC RES”)	Service agreement for electricity requirements of its facilities	₱17.2
Filinvest Land, Inc.	Land lease agreement over the land where the Properties are located (Company as Lessee)	₱18.7
Filinvest Alabang, Inc.	Service agreement for general management services provided by Filinvest Alabang, Inc. to the Company	₱5.2
Philippine DCS Development Corporation (“PDDC”)	Build-operate-transfer agreement between the Company and PDDC with respect to the district cooling system for Northgate Cyberzone	₱29.5
Corporate Technologies, Inc.	Service agreement for IT services provided to the Company.	₱0.0
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.	₱7.4
ProOffice Work Services, Inc.	Service agreement for property management	₱4.3
Filinvest Cyberparks Inc.	Service agreement for accounting, tax compliance & budget works	₱0
FREIT Fund Manager, Inc.	Service agreement for the fund management	₱23.4

Significant related party transactions are as follows.

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

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

Related Party	Lease period
FLI (parent company) Entities under common control Filinvest Alabang Inc. (FAI)	December 6, 2021, to December 5, 2031 September 2, 2019, to September 1, 2029
Chroma Hospitality Inc.	April 1, 2021, to March 31, 2031
Festival Supermall, Inc.	May 2, 2017, to June 1, 2027
Corporate Technologies Inc. (CTI)	May 2, 2017, to June 1, 2027
Sharepro Inc.	May 15, 2018, to November 14, 2028
Filinvest Cyberparks Inc. (FCI)	July 1, 2022, to March 31, 2031
	August 1, 2022, to January 31, 2033
	July 1, 2021, to June 30, 2026
ProOffice Works Services Inc.	October 15, 2022, to January 14, 2028
Filinvest Hospitality Corp.	May 2, 2017, to June 1, 2027
Filinvest Development Corp.	April 1, 2024, to April 30, 2027
Freit Fund Managers Inc.	March 1, 2024, to February 28, 2025
OurSpace Solution, Inc (OSSSI)	June 15, 2022, to September 14, 2032
	August 1, 2023, to September 14, 2032
Boracay	January 1, 2023, to December 31, 2062

- c) Lease agreements with related parties - Company as lessee

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

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

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

In 2021, the Company's lease agreement was amended as follows:

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

d) Service agreements with related parties

- The Company entered into a service agreement with FAI whereby the Company shall pay service fees for certain services rendered by the latter for the operations of the Company. FAI is also the provider of water services within the Filinvest City where majority of the buildings of the Company are located
- The Company entered into a service agreement with FCI, whereby the Company shall lease out a portion of its office space and perform accounting and administrative services to the latter for a fee
- The Company entered into a service agreement with FDC Retail Electricity Sales, Corporation (FDC RES), an entity under common control, whereby the Company shall engage and pay the services rendered by the latter to provide the electricity requirements of its facilities.
- The Company entered into a service agreement with ProOffice, whereby the Company shall engage and pay the services rendered by the latter to operate maintain, manage, and market each Property, subject to the overall management and directions of the Fund Manager.
- The Company entered into a service agreement with FREIT Fund Manager, Inc. (FFMI), an affiliate, whereby the Company shall engage and pay for the services rendered by the latter to execute and implement the investment strategies for the Company.
- The Company entered into a facilities management agreement with Professional Operations and Maintenance Experts Incorporated (PROMEI), an affiliate, whereby the Company shall engage and pay the services rendered by the latter to operate and maintain its equipment and premise.
- The Company entered into a service agreement with CTI, whereby the Company shall engage and pay for varied information and technology services. Services shall include application development, apps support and system maintenance, system application, software licensing and administration, internet bandwidth allocation, network, database and server management plus desktop and telecom support.

e) BOT Agreement

On September 16, 2015, the Company entered into a BOT agreement with PDDC. The BOT agreement relates to the construction and operation by PDDC of the DCS facilities for 20 years, during which PDDC will supply chilled water for the provision of cooling energy to the properties of the Company within Northgate Cyberzone, Muntinlupa City.

In accordance with the terms of the BOT agreement between the Company and PDDC, the Company paid prepaid DCS connection charges to PDDC to be consumed by existing and future buildings within Northgate Cyberzone in Muntinlupa City over the service period of 20 years.

f) Asset Acquisition

On December 12, 2022, the Company purchased 3 parcels of land located in Barangay Yapak, Boracay with an aggregate area of 29,086 sqm from FDC. The parties agreed to a total purchase price of 1,047.1 million, 314.1 million, representing 30% of purchase price, payable upon signing of the agreement and the remaining 70% amounting to P=732.9 million payable in equal quarterly installment up to December 2024. The land and related liability were carried at present value of future cash flow amounting to 1,021.8 million and 683.3 million, respectively.

Key Management Personnel

The key management functions of the Company are handled by FCI.

14. Leases

Company as lessee

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

mutual agreement of the parties. The remaining lease term of the ROU assets ranges from 16 to 39 years.

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

On March 1, 2021, the Company and FLI amended their existing lease contract. The pertinent amended provisions include removal of the requirement to pay minimum lease and that rental rates shall be solely variable (i.e., 10% or 15% of gross lease income depending on the floor to area ratio). In case of redevelopment, FLI and the Company shall mutually agree on the minimum monthly rent during the construction period.

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

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

As of December 31, 2021, the Company derecognized a portion of lease liability and right of use asset with a carrying value of 267.5 million and 261.7 million, respectively, attributable to property dividends declared.

As of September 30, 2024 and 2023 the right-of-use is recognized as part of intangible assets.

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

	September 30, 2024	September 30, 2023
	Unaudited	Unaudited
Interest expense on lease liabilities (included in interest and other finance charges)	1,841,902	1,809,215
Rental expense (variable land lease payments)	169,888,097	174,698,767
	171,729,999	176,507,982

The rollforward analysis of lease liabilities follows:

	September 30, 2024	December 31, 2023
	Unaudited	Audited
At January 1	28,745,304	23,319,765
Interest expense	1,841,902	2,414,540
Payments	(1,553,604)	(1,989,001)
As at September 30	29,033,602	28,745,304
Less current portion	2,166,131	2,088,451
Lease liabilities – net of current portion	26,867,470	26,656,853

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

Maturity	September 30, 2024	December 31, 2023
	Unaudited	Audited
1 year	2,166,131	2,088,451
more than 1 years to 2 years	2,274,438	2,192,874
more than 2 years to 3 years	2,388,160	2,302,518
more than 3 years to 4 years	2,507,568	2,417,643
more than 5 years	56,589,944	57,352,083

Company as lessor

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

	September 30, 2024	December 31, 2023
	Unaudited	Audited
Within one year	2,012,907,003	1,810,938,134
After one year but not more than five years	5,455,298,467	4,299,499,139
After five years	374,272,039	580,840,851
	7,842,477,509	6,691,278,124

The Company entered into lease agreements with third parties covering real estate properties. These leases generally provide for either (a) fixed monthly rent; or (b) minimum rent or a certain percentage of gross revenue, whichever is higher. Most

lease terms on commercial malls are renewable within one year, except for anchor tenants with leases ranging from 5 to 15 years.

Rental income recognized based on a percentage of the gross revenue of retail spaces included in “Rental revenue” account in the statement of comprehensive income amounted to 12.0 million and 11.0 million in September 30, 2024 and September 30, 2023 respectively.

15. Other Income

This account consists of:

	September 30, 2024 Unaudited	September 30, 2023 Unaudited
Tenant dues	484,176,191	499,475,240
Service fee income	-	-
Miscellaneous	2,656,294	6,779,110
	486,841,170	506,254,350

16. Interest Income

This account consists of:

	September 30, 2024 Unaudited	September 30, 2023 Unaudited
Interest income on:		
Cash and cash equivalents	33,113,191	34,178,781
Others	7,029,495	4,471,113
	40,142,686	38,649,893

17. Earnings Per Share

	September 30, 2024 Unaudited	September 30, 2023 Unaudited
Net Income	893,730,391	1,058,731,477
Number of outstanding common shares	4,892,777,994	4,892,777,994
	0.183	0.216

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

18. Segment Reporting

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

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

19. Fair Value Measurement

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

2024		2023	
Carrying value	Fair Value Significant unobservable inputs (Level 3)	Carrying value	Fair Value Significant unobservable inputs (Level 3)

Nonfinancial asset carried at fair values				
Investment properties	45,160,684,927	45,160,684,927	45,094,555,000	45,094,555,000
Intangible assets	2,792,066,670	2,792,066,670	2,789,180,000	2,789,180,000
	47,952,751,598	47,952,751,598	47,883,735,000	47,883,735,000
Financial liabilities for which fair values are disclosed				
Financial liabilities at amortized cost				
Loans payable	5,996,612,192	5,996,612,192	5,985,415,836	5,985,415,836
Bonds payable			-	-
Security and other deposits	766,158,214	766,158,214	758,760,348	758,760,348
Lease liabilities	29,033,602	29,033,602	28,745,304	28,745,304
	6,791,804,008	6,791,804,008	6,772,921,488	6,772,921,488

As of September 30, 2024, and December 31, 2023, the Company has no financial instrument measured at fair value. In 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

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

- Investment properties and intangible assets.* The fair value of investment properties and intangible assets is based on a valuation performed in 2023 and 2022 by an accredited third-party appraisal. The fair value of the investment properties is computed based on the income approach using discounted cash flow method. Under the Income Approach, all expected cash flows from the use of the assets were projected and discounted using the appropriate discount rate reflective of the market expectations. The valuation of investment property is categorized as Level 3 in the fair value hierarchy since valuation is based on unobservable inputs. The significant unobservable inputs used in the valuation pertain to lease income growth rate of 3.75% and discount rate of 9.56% and 9.67% in 2023 and 2022, respectively. Significant increases (decreases) in discount rate would result in a significantly lower (higher) fair value measurement while a change in the assumption used for the lease income growth rate is accompanied by a directionally similar change in the fair value of the Company's investment properties. In 2022, the fair value of the land classified under investment properties is equal to its acquisition cost determined based on market approach. The Market Approach provides an indication of the value by comparing the subject asset with identical or similar assets for which price information is available. This approach was used for land as it is commonly used in the property market since input and data for this approach are available. For market approach, the higher the price per square meter (sqm), the higher the fair value. The significant unobservable input to the valuation of the land is the price per sqm ranging from 35,000 to 40,000. In 2023, the Company changed the approach for the land from market approach to income approach as the land lease became effective January 2023.
- Security and other deposits.* The discount rates used ranges 2.45% to 5.88% as of December 31, 2023. Fair value is computed based on the expected future cash outflows. Significant increases (decreases) in discount rate would result in a significantly lower (higher) fair value measurement.
- Loans payable, lease liabilities and bonds payable.* Liabilities with fixed interest and not subjected to quarterly repricing is based on the discounted value of future cash flows using the applicable interest rates for similar types of loans as of reporting date. The discount rates used range from 5.87% to 5.94% as of December 31, 2023. Significant increases (decreases) in discount rate would result in a significantly lower (higher) fair value measurement.

Due to the short-term nature of the transactions, the carrying values of cash and cash equivalents, receivables and current portion of accounts payable and accrued expenses approximate their fair market values.

The fair value of noncurrent deposits is estimated using the discounted cash flow methodology based on the discounted value of future cash flows using the applicable risk-free rates for similar types of assets. As of September 30, 2024, and December 31, 2023, the difference between the fair value and carrying value of deposits is not significant.

20. Financial Risk Exposures Management Objectives and Policies

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

The main objectives of the financial risk management are as follows:

- To identify and monitor such risks on an ongoing basis.
- To minimize and mitigate such risks; and,
- To provide a degree of certainty about costs.

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

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements; hence, they should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2023. There have been no significant changes in the risk management structure or in any risk management policies since the previous annual period.

With respect to credit risk arising from cash and cash equivalents, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The table below shows the Company's credit quality as of September 30, 2024, and December 31, 2023:

2024					
Neither Past Due nor Impaired					
	High Grade	Standard Grade	Past Due but not Impaired	Past Due and Impaired	Total
Cash and cash equivalents*	959,094,868				959,094,868
Receivables	37,234,655		55,137,077	14,217,760	106,589,492
Deposits	58,065,828				58,065,828
	1,028,570,177		55,457,246	14,217,760	1,098,245,183

2023					
Neither Past Due nor Impaired					
	High Grade	Standard Grade	Past Due but not Impaired	Past Due and Impaired	Total
Cash and cash equivalents*	1,300,703,941		-	-	1,300,703,941
Receivables	24,358,874	-	122,182,253	14,217,760	160,758,887
Deposits	53,805,246	-	-	-	53,806,246
	1,378,869,061	-	122,182,253	14,217,760	1,515,269,074

The Company's high-grade receivables and deposits pertain to receivables and deposits from related parties and third parties which, based on experience, are highly collectible or collectible on demand, and of which exposure to expected credit loss is not significant.

The analysis of trade receivables which are past due but not impaired follow:

	Past Due but not Impaired					Total
	<30 days	30-60 days	61-90 days	91-120 days	>120 days	
September 30, 2024	37,234,655	15,465,678	10,392,184	1,255,028	32,815,566	97,163,112
December 31, 2023	55,034,894	34,858,854	7,487,949	15,482,928	48,853,128	161,717,751

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

	September 30, 2024					Total
	On demand	Up to a year total	> 1 – 3 years	> 3 – 5 Years	Over 5 years	
Loans Payable		6,000,000				6,000,000
Lease liabilities		2,166	4,663	5,140	53,957	66,926
Interest on loans*		412,057				412,057
Accounts payable and accrued expenses	1,082,222	513,970				1,596,120
Security and other deposits	199,173	48,730	250,424	175,869	91,963	755,158
	1,281,395	6,976,850	255,086	181,009	145,920	8,840,261

*Includes future interest payable.

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

21. Notes to Statement of Cash Flows

Investing Activities

The Company's noncash investing activities are as follows:

- Outstanding liabilities pertaining to investment properties purchased on account are recorded in the statements of financial position under "Accounts payable and accrued expenses" account, amounting to ₱66.1 million and ₱366.5 million as of September 30, 2024, and December 31, 2023, respectively.
- The Company derecognized the right of use of assets under "Investment properties" as a result of the amendment of lease contract with FLI in 2021.
- The Company derecognized Prepaid DCS connection charge under "Other noncurrent assets" as a result of the derecognition of related assets of property dividends amounting to 132.4 million as of December 31, 2021 (nil as of December 31, 2023, and 2022). This was offset against "Due to related parties" under accounts payable and accrued expenses.

Financing Activities

Changes in liabilities arising from financing activities for the year ended September 30, 2024, and December 31, 2023, follows (amounts in thousands):

	January 1, 2024	Availment/ Addition	Payments	Noncash Movement	September 30, 2024
Loans payable	5,985,416	-	-	11,196	5,996,612
Bonds payable	-	-	-	-	-
Lease liabilities	28,745	-	(1,554)	1,842	29,034
Accrued interest	135,102	-	(308,696)	306,895	133,301
Dividend payable	-	934,521	(934,521)	-	-
	6,149,263	631,168	(834,770)	216,406	6,161,067

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

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

22. Subsequent Event

On October 2, 2024, FILRT filed Material Information/Transaction References (SEC Form 17-C) principal stockholder, Filinvest Land, Inc. ("FLI") has disclosed via PSE Edge that it has submitted its Tender Offer Report (SEC Form 19-1) with the Securities and Exchange Commission, to acquire up to One Billion Eight Hundred Sixty-Six Million (1,866,000,000) common shares of FLI through a Capped Voluntary Tender Offer ("VTO") to all shareholders of FLI. The consideration for the Tender Offer will be paid in shares owned by FLI in FILRT at an exchange ratio of 0.32 FILRT shares for every 1.00 FLI share tendered and accepted for payment.

The Tender Offer will not have any material adverse effect on the business, operations, assets, liabilities, or condition, financial or otherwise, of the Company.

Declaration of Cash Dividend

On November 6, 2024, the Company declared quarterly cash dividends in the amount of 0.062 per share to all stockholders of record as of November 20, 2024 and with payment date of December 6, 2024.

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

Results of operations for the nine months ended September 30, 2024, compared to six months ended September 30, 2023

Revenues

The Company's total revenues and income decreased by ₱156.7 million or 6.8% from ₱2,292.9 million in September 30, 2023 to ₱2,136.2 million in September 30, 2024. The decline was attributable to lower rental income and dues from tenants driven by lower occupancy. Although slightly offset by lease renewal rental escalations.

Cost and Expenses

The Company's consolidated costs and expenses decreased by ₱28.8 million or 2.90% from ₱982.8 million last September 30, 2023 to ₱953.9 million as of September 30, 2024. The decrease was primarily due to the lower business permit fees which is based on prior year lower gross receipts, lower manpower cost and timing difference of other operating expenses.

Other Income (Charges)

Interest income has increased by ₱1.7 million or 5.4%, ₱33.5 million as of September 30, 2024 compared to ₱31.8 million as of September 30, 2023. The increase was mainly due to higher the interest earned from short term investments and bank deposits.

The Company's interest expense and other financing charges increased by ₱38.1 million, or 13.7%, to ₱322.1 million in September 30, 2024 compared to ₱283.2 million in September 30, 2023. The increase in interest expense was due to the higher interest rates from the bank loans availed last January 2023.

Financial Condition as of September 30, 2024, compared to as of December 31, 2023

Causes for any material changes (+/- 5% or more) in the financial statements

The Company's assets as of September 30, 2024 amounts to ₱49,705.7 million, a decrease of ₱240.6 million, or 0.48%, from assets of ₱49,946.2 million as of December 31, 2023.

Cash and cash equivalents

The Company's cash and cash equivalents is ₱ 959.1 million as of September 30, 2024 a decrease of ₱ 341.9 million, or 26.3%, from ₱1,301.0 million as of December 31, 2023. This was mainly due to the payment of dividend in March, June and August 2024.

Receivables

The Company's receivables amounted to ₱124.9 million as of September 30, 2024 an decrease of ₱ 21.6 million, or 14.%, from receivables of ₱146.5 million as of December 31, 2023 primarily caused by collection of past dues accounts.

Other current assets

The Company's other current assets is ₱357. million as of September 30, 2024 an increase of ₱59.8 million, or 20.1%, from other current assets of ₱297.3 million as of December 31, 2023. This increase was due to the recording of prepaid taxes, Input VAT net of Output Vat and unclaimed creditable withholding taxes generated during the period.

Other noncurrent assets

The Company's other noncurrent assets is ₱311.7 million as of September 30, 2024, a decrease of ₱ 5.9 million, or 1.8%, from other noncurrent assets of ₱317.6 million as of December 31, 2023. This decrease was due to amortization of connection charges and liquidation of advance from contractor/supplier.

The Company's liabilities amount to ₱ 8,387.9 million as of September 30, 2024, a decrease of ₱199.8 million, or 2.33%, from liabilities of ₱ 8,587.7 million as of December 31, 2023.

Accounts payable and accrued expenses

The Company's accounts payable and other current liabilities have amounted to ₱1,596.1 million as of September 30, 2024, a decrease of ₱ 218.7 million, or 12.0%, from ₱ 1,814,8 billion as of December 31, 2023, mainly due to settlement of outstanding payables during the period.

Security Deposit

The Company's security deposit– current portion is ₱ 216.7 million as of September 30, 2024 an increase of ₱ 24.8 million, or 12.9%, from ₱ 191.9 million as of December 31, 2023, primarily due to reclassification of tenant deposit for expiring contracts in the next year. Hence, security deposit – net of current portion amounting to ₱ 549.4 million as of September 30, 2024 from ₱

566.8 million as of September 30, 2023 decreased by ₱ 17.4 million or 3.0%, net of additional tenant deposits collection from new leases and renewals.

Loans payable

The Company's loans payable – current portion is ₱ 5,996.6 million as of September 30, 2024, an increase of ₱ 5,996.6 million, or 100%, from ₱ 0.0 million as of December 31, 2023 primarily due to reclassification of loans payable due next year.

Capital stock and additional paid-in capital

The Company's Capital stock and additional paid-in capital were ₱4,964.7 million as of September 30, 2024, and December 31, 2023.

Performance Indicators

Financial Ratios	Particulars	Period ended September 30, 2024	Period ended December 31, 2023
Earnings per Share <i>*annualized</i>	<u>Net Income</u> Weighted Ave. number of outstanding shares	0.24	0.36
Current Ratio	<u>Current Asset</u> Current Liabilities	0.18	0.87
Debt Ratio	<u>Total liabilities</u> Total assets	0.17	0.17
Debt to Equity Ratio	<u>Debt (Loans Payable + Bonds Payable)</u> Total Stockholder's Equity	0.15	0.15
Income before income tax, interest and other financing charges, depreciation, and amortization (IBITDA) to total interest paid	<u>IBITDA</u> Total interest paid	4.05	7.76
Quick Asset Ratio	<u>Current assets – Inventories</u> Current liabilities	0.14	0.72
Solvency ratio <i>*annualized</i>	<u>Net Income + Depreciation</u> Total liabilities	0.15	0.15
Interest coverage ratio <i>*annualized</i>	<u>Income before income tax (IBIT) + interest and other financing charges</u> Total Interest Paid	3.93	5.13
Net profit margin	<u>Net Income</u> Revenue	0.56	0.58
Return on equity <i>*annualized</i>	<u>Net Income/Equity</u>	3%	4%

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

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

As of September 30, 2023, the fair value of the deposited properties amounted to ₱49,705.7 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 41,317.7 million as of September 30, 2024. NAV per share is 8.44. The NAV per share as of December 31, 2023, is 8.53.

PART II - OTHER INFORMATION

Item 3. FILRT Portfolio

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 BPOs, government agencies and other traditional markets (religious groups, clinics, school, etc.).

As of September 30, 2024, the Company has seventeen (17) fully operational office buildings with stable income streams that have been identified to remain in the company, that has been transformed to be a REIT. Last December 2022, FILRT acquired a prime beach front property in Boracay, Aklan which makes the total number of income generating assets to be eighteen (18). This acquisition also increased the total GLA of FILRT by 9.65% or by 29,086 sqm. bringing the total GLA of FILRT to 330,448 sqm.

Summary Information for Axis Tower 1, Filinvest One, Filinvest Two, Filinvest Three, Vector One, Vector Two, and Vector Three (As of end of September 30, 2024)

	Axis Tower 1	Filinvest One	Filinvest Two	Filinvest Three	Vector One	Vector Two	Vector Three
Year Completed	Mar-18	Jun-13	Sep-15	Jan-15	May-11	Sep-14	Jan-17
Description	Grade A, LEED Gold and PEZA-accredited, office building	Grade A, Advanced EDGE and Zero Carbon-certified, PEZA-accredited, office building	Grade A, EDGE-certified, PEZA-accredited, office building	Grade A, EDGE-certified, PEZA-accredited, office building	Grade A, EDGE-certified, PEZA-accredited, office building	Grade A, EDGE-certified, 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 2024	87%	35%	53%	31%	100%	100%	74%
Rental Income -Office & Retail GLA (in millions)	187.1	42.1	83.7	41.1	119.7	123.6	178.
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, 2024)	71.3	71.3	71.3	71.3	71.3	71.3	71.3
Valuation (₱ millions) (based on Asian Appraisal's valuation report as of December 31, 2023)	6,304	3,311	3,728	3,761	2,787	2,918	5,754

Notes:

- (1) The land lease agreement for Northgate Cyberzone Properties has an initial term of 50 years, commencing on February 11, 2021, and expiring on February 10, 2071. The lease is renewable for another 25 years, with the same terms and

conditions, except for the rental rate and other commercial terms which shall be subject to negotiation and mutual agreement between the Company and FLI. The figure presented is calculated using the sum of the initial term and the term of the renewal period of the land lease.

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

Summary Information for Plaza A, Plaza B, Plaza C, Plaza D and Plaza E (As of end of September 30, 2024)

	Plaza A	Plaza B	Plaza C	Plaza D	Plaza E
Year Completed	Oct-07	Mar-01	Mar-01	Jun-07	Feb-14
Description	Grade A, EDGE-certified, PEZA-accredited, office building	Grade A, PEZA-accredited, office building	Grade A, PEZA-accredited, office building	Grade A, EDGE-certified, 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 2024	85%	67% ¹	100%	66%	100%
Rental Income -Office & Retail GLA (in millions)	69.8	28.0	37.0	52.4	98.9
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, 2024) ²	71.3	71.3	71.3	71.3	71.3
Valuation (₱ millions) (based on Asian Appraisal's valuation report as of December 31, 2023)	1,697	1,015	971	1,412	2,603

Notes:

- (1) Includes areas leased by telecommunication carriers for their cell towers. Office GLA is inclusive of executed lease agreements valid as of September 30, 2023.
- (2) The land lease agreement for Northgate Cyberzone Properties has an initial term of 50 years, commencing on February 11, 2021, and expiring on February 10, 2071. The lease is renewable for another 25 years, with the same terms and conditions, except for the rental rate and other commercial terms which shall be subject to negotiation and mutual agreement between the Company and FLI. The figure presented is calculated using the sum of the initial term and the term of the renewal period of the land lease.
- (3) The Company has held the rights over all properties since the completion of the buildings.

Summary Information for iHub1, iHub2, 5132 Building, Capital One and Cebu Tower 1 (As of end of September 30, 2024)

	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 2024	85%	89%	100%	100%	100%	100%
Rental Income -Office & Retail GLA (in millions)	40.9	80.1	60.6	138.1	124.3	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, 2024) ¹	71.3	71.3	71.3	71.3	19.2	
Valuation (₱ millions) (based on Asian Appraisal's valuation report as of December 31, 2023)	1,315	1,953	1,465	3,022	2,789	1,078

Notes:

- (1) The land lease agreement for the Northgate Cyberzone Properties has an initial term of 50 years, commencing on February 11, 2021, and expiring on February 10, 2071. The lease is renewable for another 25 years, with the same terms and conditions, except for the rental rate and other commercial terms which shall be subject to negotiation and mutual agreement between the Company and FLI. The figure presented is calculated using the sum of the initial term and the term of the renewal period of the land lease.
- (2) The Cebu Provincial Government owns the land on which Cebu Tower 1 is situated under the BTO arrangement between the Cebu Provincial Government and the Company. The BTO arrangement has an initial term of 25 years which was extended by five years through a subsequent memorandum of agreement (“MOA”), renewable for another 25 years. The initial term of the BTO arrangement (as extended by the MOA) commenced in 2013 and will expire in 2043. There are 19.5 years remaining in the initial term of the BTO arrangement as of September 30, 2024.
- (3) The Company has held the rights over all properties since the completion of the buildings.

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

Philippine Property Market Industry Outlook

The Philippine office property market saw the first negative quarterly net take-up in the 3rd quarter of 2024 since 2021 due to new surrenders from Philippine Offshore Gaming Operators (POGOs) and pre-pandemic leases. Elevated vacancy is expected by year-end still driven by the National Government’s ban on POGOs and the hybrid work setup. 91% of the POGO occupied spaces expected to be vacated will largely impact the Bay City and Makati City areas. Since the second quarter of 2022, FILRT has had zero POGO, therefore FILRT is not affected by the government ban.

Moreover, the property market is getting more investments resulting in office expansions of outsourcing and traditional companies. Strong demand is foreseen in provincial locations. Opportunities are expected to arise from a more favorable business environment.

Source: Q3 2024 Colliers International report

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 34.48%.
- A. There are no new projects or investments as of September 30, 2024.
- B. There are no contracts of merger, consolidation, or joint venture, contract of management, licensing, marketing, distributorship, technical assistance, or similar agreements.
- C. There is no new financing through loans / issuances, repurchases, and repayments of debt and equity securities.
- D. There are no material events subsequent to the interim period that have not been reflected in the financial statements for the interim period.
- E. The Company has no material contingent financial obligations.
- F. Except as disclosed in the Notes to the Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations, there are no unusual items and material changes from period to period affecting assets, liabilities, equity, net income, or cash flows for the interim period.
- G. The Company does not have any contingent liability of borrowings wherein financial assets were pledged to secure payment nor does it have borrowings wherein properties were mortgaged to secure a loan.
- H. The Company has no knowledge of any material off-balance sheet transactions, arrangements, obligations, and other relationships to the Company with unconsolidated entities or other persons created during the reporting period that would address the past and would have material impact on future operations.
- I. Capital expenditures for 2023 are for upkeep, upgrade, and refurbishment of the Company's properties. These will be funded through the Company's cash from operating activities.
- J. The performance of the Company and its industry is interconnected to the performance and state of the Philippine economy as a whole particularly the BPO industry. Being focused on a specific group of clients, the office space leasing segment and the Company are very much affected by the same trends and factors which affect the BPO industry. While the company's intention is to focus on BPOs, it can shift to other business classes such as traditional office and new emerging business trends, when necessary. The company is also not dependent on a single tenant or group of tenants.
- K. On October 18, 2023, the Bureau of Internal Revenue (BIR) issued the letter which granted FILRT the permission to change its accounting method from Cost method to Fair Value method of valuing investment properties for financial reporting purposes effective January 1, 2023, pursuant to the provision of Section 41 Tax Code. With this approval, the Company can maximize the distribution of dividends as the depreciation of investment properties and BTO will no longer be a deduction in the net income hence will form part of the distributable income.
- L. There are no significant elements of income or loss that did not arise from continuing operations.

Part III – 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:

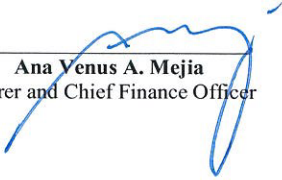
Title:
Date:
ID No.:



Maricel Brion-Lirio
President / CEO

Signature: _____

Title:
Date:
ID No.:



Ana Venus A. Mejia
Treasurer and Chief Finance Officer

NOV 12 2024

SUBSCRIBED AND SWORN BEFORE ME THIS _____
MUNTINLUPA CITY AFFIANT EXHIBITED HIS _____ WITH NO. _____
ISSUED BY _____

Doc. No. 275
Page No. 48
Book No. 317
Series of 2024

PATRICIO L. BONCAYAO, JR.
Notary Public
2nd Floor, KLC Bldg., Rotonda,
Alabang, Muntinlupa City
MCLE Compliance No. VII-0015578
Issued on 04-13-22; Valid until 4-14-2025
IBP Lifetime No. 019651; 11-06-15; Pasay City
PTR No. 10474126; 01-02-24; Muntinlupa City
NC-24-016; Muntinlupa City until 12-31-25
TIN: 137-734-581
Roll No. 33796
Tel. No. 8800-70-16
patricio_boncayao_lawoffice@yahoo.com.ph