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S.E.C. Registration Number

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(Company's Full Name)

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

c/o Atty. Sharon P. Pagaling-Refuerzo

Contact Person

7918-8188

Company Telephone Number

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Month

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Day

Fiscal Year

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FORM TYPE

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Month

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Day

Annual Meeting

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Secondary License Type; If Applicable

C	F	D
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Dept. Requiring this Doc.

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Amended Articles Number / Section

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Total No. of Stockholders

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

Cashier

<p>STAMPS</p>

Remarks = Pls. use black ink for scanning purposes

[EXT] Material Information/Transactions

Philippine Stock Exchange <no-reply@pse.com.ph>

Fri 12/31/2021 12:37 PM

To: Honeyann Rivera <honeyann.rivera@filinvestland.com>; Jennifer C. Lee <jennifer.lee@filinvestland.com>; Sharon Refuerzo <sharon.refuerzo@filinvestland.com>; disclosure@pse.com.ph <disclosure@pse.com.ph>

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Dear Sir/Madam:

Your disclosure was approved as Company Announcement. Details are as follows:

Company Name: Filinvest REIT Corp.
Reference Number: 0042292-2021
Date and Time: Friday, December 31, 2021 12:36 PM
Template Name: Material Information/Transactions
Report Number: C08748-2021

Best Regards,
PSE EDGE

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The Philippine Stock Exchange, Inc., 6th to 10th Floors, PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City, Philippines 1634

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. December 29, 2021
Date of Report (Date of earliest event reported)
2. SEC Identification Number A2000-00652 3. BIR Tax Identification No. 204-863-416
4. FILINVEST REIT CORP.
Exact name of issuer as specified in its charter
5. Philippines Province, country or other jurisdiction of
incorporation
6. (SEC Use Only)
Industry Classification Code:
7. 5th-7th Floors, Vector One Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City 1781
Address of principal office Postal Code
8. (632) 7918-8188 local 6124
Issuer's telephone number, including area code
9. Not applicable
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class

Number of Shares of
Stock Outstanding

Common

4,892,777,994

11. Indicate the item numbers reported herein: Item 9

Please see attached copy of the Three-year Investment Strategy of Filinvest REIT Corp.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FILINVEST REIT CORP.

Issuer

Date: December 29, 2021



SHARON P. PAGALING-REFUERZO
Corporate Secretary

28 December 2021

This 3-Year Investment Plan was prepared by FREIT Fund Managers, Inc. (“FFMI”) for Filinvest REIT Corp (“FILRT” or the “Company”) in compliance with the reportorial requirements of the REIT Implementing Rules & Regulations under Republic Act No. 9856.

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I. Overview

A. About Filinvest REIT Corp. (FILRT)

Filinvest REIT Corp. (FILRT or the Company), formerly Cyberzone Properties, Inc., was registered with the Securities and Exchange Commission (SEC) on January 14, 2000. Its primary purpose then was to acquire by purchase, lease, donate and/or to own, use, improve, develop, subdivide, sell, mortgage, exchange, hold for investment and deal with real estate of all kinds. On July 2, 2021, the SEC approved its application and issued to the Company its certificate of filing of amended articles of incorporation to change its primary purpose to engage in the business of a real estate investment trust (REIT).

FILRT had a successful Initial Public Offering and was listed at the Philippine Stock Exchange on August 12, 2021 as the third REIT in the country, and the first sustainability-themed REIT. As of December 23, 2021, 36.74% of the Company's shares are owned by the public, while 63.26% is retained by its Sponsor, Filinvest Land Inc. (FLI). FILRT is envisioned to be the commercial REIT platform of the Filinvest Group.

II. Current Asset Portfolio Profile

A. Asset Size in Gross Leasable Area (GLA)

FILRT's property portfolio at present consists of 17 world-class, Grade A office buildings, of which (i) 16 office towers (one with a retail component) are located in Northgate Cyberzone, Alabang, contributing 93.16% of total GLA with an estimated valuation of P45.48B and (ii) one office tower with a retail component in Cebu City contributing 6.84% of total GLA with an estimated valuation of P3.12B. Below is a summary of key information about the Company's properties and its respective sizes in gross leasable area (GLA).

Office GLA (Sq.m.)	299,158
Retail GLA (Sq.m.)	2,204
TOTAL GLA (Sq.m.)	301,362
Weighted Average Lease Expiries (WALE) (Number of Years)	3.9
Valuation of Properties (as of 1Q 21)	P48.6B

Particulars	Location	Office GLA	Retail GLA	Total GLA	% GLA	Valuation (as of March 2021) in PHP Bn	% Valuation	% Occupancy (end of 2021F)
Plaz@ A	Alabang	10,860	-	10,860	3.6%	1.66	3.4%	100.0%
Plaz@ B	Alabang	6,488	-	6,488	2.2%	0.89	1.8%	65.1%
Plaz@ C	Alabang	6,540	-	6,540	2.2%	1.03	2.1%	100.0%
Plaz@ D	Alabang	10,860	-	10,860	3.6%	1.48	3.1%	83.2%
Plaz@ E	Alabang	14,859	-	14,859	4.9%	2.42	5.0%	100.0%
iHub 1	Alabang	9,480	-	9,480	3.1%	1.45	3.0%	59.6%
iHub 2	Alabang	14,181	-	14,181	4.7%	2.34	4.8%	100.0%
5132 Building	Alabang	9,409	-	9,409	3.1%	1.44	3.0%	100.0%
Capital One Building	Alabang	18,000	-	18,000	6.0%	3.00	6.2%	100.0%
Vector One	Alabang	17,764	-	17,764	5.9%	2.77	5.7%	92.0%
Vector Two	Alabang	17,889	-	17,889	5.9%	3.13	6.5%	100.0%
Vector Three	Alabang	36,345	-	36,345	12.1%	6.05	12.5%	68.3%
Filinvest One	Alabang	19,637	-	19,637	6.5%	3.42	7.1%	100.0%
Filinvest Two	Alabang	23,784	-	23,784	7.9%	4.18	8.6%	100.0%
Filinvest Three	Alabang	23,784	-	23,784	7.9%	3.72	7.7%	44.7%
Filinvest Axis Tower One	Alabang	39,340	1,529	40,869	13.6%	6.44	13.3%	98.8%
Filinvest Cyberzone Cebu Tower One	Cebu	19,937	675	20,612	6.8%	3.12	6.4%	99.1%
TOTAL		299,158	2,204	301,363	100.0%	48.55	100.0%	88.5%

B. Key Features

FILRT, formerly Cyberzone Properties, Inc. has established itself as a trusted real estate brand since 2000, with a good track record particularly focused on office leasing. It has cultivated strong and mutually beneficial business relationships with multinational brokers and tenants. It has constantly improved its product offerings over time by utilizing innovative building designs, automating processes and operations, and integrating sustainable building features.

Location and accessibility within Smart Cities. Northgate Cyberzone within Filinvest City in Alabang, where 16 of the buildings are located, offers a cohesive live-work-play-and-learn environment. It is highly accessible to transportation hubs and major thoroughfares like the Skyway, South Luzon Expressway, and Alabang-Zapote Road. In addition, there is abundance of walkable and pedestrian-friendly affordable lodging options within the vicinity.

Filinvest Cyberzone Cebu Tower One is located at the corner of two major thoroughfares: Salinas Drive and W. Geonzon Road which are traversed by 24/7 public transport systems like jeepneys, taxis, and tricycles. It is also one of the gateways to the Cebu IT Park.

Up-to-date building facilities and amenities. Newer buildings have integrated turnstile access control security system, elevator destination control system which improves efficiency of moving people up and down the building and face scanning visitor management systems. The buildings are supported by an advanced infrastructure with 1400 KVA truck-mounted mobile generator as emergency secondary backup power to the building generators.

Sustainable and environment friendly. Filinvest City, where Northgate Cyberzone is located, is a Leadership in Energy and Environmental Design (LEED) v4 Gold Certified for Neighborhood Development, which is the first CBD in the Philippines to earn such recognition. LEED is one of the most widely used international green building rating systems in the world that Business Process

Outsourcing (BPOs) are looking for making FILRT's assets very marketable. Filinvest City also integrates the use of renewable energy and environment-friendly internal transport system through the use of Eco-Loop, the first electric-powered 24/7 public transport system in the country.

Flexible expansion options. Unlike other REITs that may only have standalone buildings, the tenants of FILRT have the option to expand within the campus-type vicinity since FILRT has a pipeline of Grade A buildings ready for occupancy. In addition, there are some semi-fitted spaces that are available for lease for tenants with immediate operational requirements.

Pro-active property management service. A key pillar in the successful and efficient 24/7 operation of its buildings is the establishment and tie up with a strong property management group, ProOffice Work Services, Inc. (PWSI). PWSI has established and adopted the best practices learned through years of experience and by benchmarking against the world's best in the use of reliable operational and maintenance systems. It employs focused management service with centralized tenant feedback system, proactive repairs and maintenance monitoring, business continuity and resiliency planning.

C. Tenant Mix

The portfolio is leased primarily to BPO office tenants which contribute 90.7% of occupied GLA as of September 30, 2021. Traditional office tenants take up another 7.8%, and the small remainder is leased to POGO and retail tenants. The tenant mix is one of the primary reasons why FILRT's occupancy rate has remained stable as the more established BPOs with longer term leases continued to occupy new available spaces and renewed their leased premises.

III. Three (3)-Year Investment Strategy

In line with the REIT Plan, FILRT's investment strategy is to invest in income-generating real estate assets that meet a target set of criteria. The key objective of FILRT and FFMI is to constantly endeavor in expanding the portfolio and provide a stable and competitive return to investors, with focus on dividend yield protection.

To meet the Company's investment criteria, a potential new property should have the following:

A. Investment Objectives

1. Drive organic growth through proactive asset management and enhancement

Organic or internal growth strategy involves active asset management in the form of enhancement initiatives to propel stable yearly escalation of rental rates and sustain high occupancy for the Properties. The Company believes that the Fund Manager will be able to achieve the foregoing through its coordination with the Property Manager in undertaking the following:

- a. Formulate or rationalize the capital expenditure policy which aims to protect and improve the asset quality of the Properties to be able to command the desired rental rates.
 - b. Pro-actively manage lease renewals in advance of expiries, actively pursue prospective tenants to improve occupancy and average rental rates and reconfigure or expand spaces to respond to the needs of the Company's tenants.
 - c. Propose to the Company' management the addition of office assets with stable tenant mix, primarily composed of BPOs and traditional office tenants with at least 3 years term of lease
 - d. Maintain tenant loyalty through pro-active property management and improving customer experience.
2. Leverage on economies of scale and sustainability features of properties to drive profitability

The Filinvest Group tends to develop commercial properties into campus like or business district type, with more than one building in a location, with well thought integration of sustainability and efficiency features such as (a) enrollment to Retail Electricity Suppliers (RES) with fully renewable energy generation supplier and (b) connection to an efficient chilled-water generation plant through a piping network similar with the District Cooling System (DCS) in Northgate Alabang. Other sustainable programs that may be implemented include rain harvesting.

3. Pursue inorganic growth through well-planned and timed asset infusion through redevelopment of existing assets and new acquisitions

Growth through the redevelopment, to the extent allowable by the REIT Law, and in accordance with the Company's plans, of existing assets with low floor-to-area ratio ("FAR") into taller buildings with higher FAR, which will help maximize land use, increase GLA and consequently, increase property valuation.

In addition, FILRT will consider the acquisition of high-quality commercial properties that are dividend yield accretive to the Company's portfolio. The Company will consider assets for acquisition from the Filinvest Group's wide array of income-producing commercial assets, as well as commercial assets from third parties.

The Company may acquire new properties through direct acquisition, or through tax-free-exchanges, depending on the most beneficial structure for the Company at such time. The Company believes that the identification and targeting of such new properties and additional locations will further enhance future income and valuation growth.

4. Prudent and focused management of capital and risk

To closely monitor and manage the Company's balance sheet, and resources to optimize overall returns for Shareholders balanced against preserving the long-term financial health of the Company. The Fund Manager may use management tools such as accessing the capital markets for debt, equity, hybrid or other forms of capital as appropriate, and utilizing hedging instruments in order to manage the Company's financial risk exposures. The Company has successfully accessed the retail bond market in the past and is expected to continue to use leverage in growing its leasing portfolio.

B. Investment Criteria

In compliance with the REIT Law, the asset allowed for infusion should be an income-generating real estate for at least three years. A core tenet of FILRT's investment policy is to invest in properties that meet a selected set of criteria designed to provide a competitive investment return to investors. In addition, to meet the Company's investment criteria, potential new properties should meet the following conditions:

1. Located in key CBDs in Metro Manila and major regional hubs or key cities in the Philippines
2. Be primarily Grade A commercial properties and asset, but may be related to other type of real estate properties, including retail, residential, leisure and industrial
3. For the office tenant mix profile, target an asset occupied primarily by Business Process Outsourcing, regional office headquarters, and other traditional locators with stable occupancy
4. Has potential for asset enhancement and has sustainability features and certifications from widely used international green building rating systems in the world such as, but not limited to, LEED, WELL or EDGE and
5. Long term lease agreements with stable income of at least 3 years for office assets and corresponding industry standard term for non-office assets.

IV. Potential Asset for Infusion or Acquisition

Actual asset acquisition will be identified and disclosed in the future after the submission of this Investment Strategy and upon approval of the Board of Directors of the Company. FILRT is not limited to the acquisition of assets owned by FLI and is open to acquire from third parties as long as it meets the investment criteria. It is worth mentioning though that the Sponsor, Filinvest Land, Inc. (FLI), has an extensive list of properties within the Philippines that have good potential for qualification for future infusion.

As stated in the REIT Plan, the Sponsor has granted the Company a Right of First Refusal (ROFR) over all significant commercial properties of the Sponsor and its wholly owned subsidiaries that could qualify as REIT assets under the REIT Law (excluding land and projects intended for the Sponsor's trading business such as condominium units that are temporarily leased out). The grant of the ROFR will be valid as long as (i) the Company continues to be a REIT under the REIT Law, and (ii) the Company is at least majority-owned by the Filinvest Group.

In order to grow the initial portfolio of FILRT, a pipeline of possible commercial projects has been identified for potential asset infusion as announced by the Sponsor FLI. While the asset infusion has not yet been formally approved by both FLI and FILRT, the following are some of the potential properties for acquisition, which properties are covered by the ROFR:

A. Filinvest Cyberzone Cebu Tower Two

Cebu Tower 2 is a 21-storey Grade A, PEZA-accredited office building located along Salinas Drive, Cebu City with approximately 28,296 sq.m. of office space GLA, 212 parking slots, and 773 sq.m. of retail GLA. Cebu Tower 2 was completed in September 2018, with parking spaces and retail area located on its ground floor.

Cebu Tower 2 and the land on which it is located are owned by the Cebu Provincial Government and operated by the Company under a Build Transfer Operate (BTO) arrangement. The BTO arrangement has an initial term of 25 years which was extended by five years through a subsequent 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.

B. Filinvest Axis Tower Two

Axis Tower 2 is a 25-storey PEZA-accredited office building, has approximately 39,340 sq.m. of office GLA and 1,195 sq.m. of retail GLA located in Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City. Axis Tower 2 is a certified LEED Gold completed in June 2019.

Axis Tower 2 has car parking facilities in its podium levels (second to sixth floors) and level two basement, comprising 460 car parking spaces in total. Axis Tower 2 features amenities and technology for lessees, including advanced broadband infrastructure and an integrated building management system. Axis Tower 2 also has clean and uninterrupted power supply with backup generators and building monitoring and maintenance systems. The building is connected to the District Cooling System- Northgate.

FFMI has identified six (6) other office buildings located in Clark, Pampanga, Makati and Pasay with total GLA of 94,811 sq.m. These assets are intended to be infused into FILRT by 2023-2024. The projected asset infusion of eight (8) buildings with aggregate area of 164,318 sq.m. in GLA for the period 2022-2024 will increase total GLA from the IPO period of 301,362 sq.m. to 465,680 sq.m. in GLA by 2024, or an increase of 55% over a three-year period. The estimated valuation of the eight (8) assets is at the range of P19 billion to P24 billion.

Other potential properties for acquisition whether from FLI or third parties will be identified and disclosed in the future after the submission of this Investment Strategy.

V. Financing Strategy

Asset infusion or acquisition into FILRT is targeted to be funded by an optimal mix of debt and equity. If the infusion is from the Sponsor, the infusion is most likely to be done through an asset-for- shares swap. The current gearing ratio of FILRT, which is the percentage of debt to market value of deposited property is at 11%. This gives the Company sufficient room to optimize the leverage limit of up to 35% of deposited property value, subject to market conditions, as it grows its asset portfolio. With greater opportunities to infuse or acquire assets from FLI or third parties, FILRT can have debt up to 70% of market value of deposited property, provided that the Company obtain rating from an international credit rating agency on its existing debt or bonds. The assessment of funding on every asset infusion or acquisition will consider dividend yield protection and total shareholders return of the investors of FILRT.

VI. Role of Fund Manager in the Investment Strategy

The Fund Manager, FFMI, will support and implement the Investment Strategy with the following approaches:

1. **Portfolio management and improvement.** FFMI will constantly monitor FILRT's portfolio particularly its operations, profitability and occupancy levels, and keep an advisory role in improving or strengthening its tenant relationship and creating eco-systems that will provide the best tenant/locator experience.
2. **Asset infusion.** Through FFMI's advice, assets will be infused into FILRT based on well-thought and dynamic investment criteria with focus on properties in key growth areas within the Philippines. The processes of the asset infusion will also take into consideration an optimal capital structure that will include the assessment of impact on dividend yield protection or accretion and/or enhancement of valuation of the entire FILRT portfolio. Tax-free exchanges may be assessed as a possible method of infusion.
3. **Funding strategy.** FFMI will assist FILRT in accessing debt and capital markets and may opt to combine a mix of funding strategies to include debt and equity offerings and other alternative financing sources.

SIGNATURE

In compliance with the reportorial requirements of the REIT Implementing Rules & Regulations under Republic Act No. 9856, the Issuer has duly caused this report to be signed on its behalf by the undersigned.

Issuer: **Filinvest REIT Corp.**

By: 
Daniel L. Ang Tan Chai
President
FREIT Fund Managers, Inc.

Date: 29 December 2021