

# FILINVEST LAND, INC.

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## **SECURITIES AND EXCHANGE COMMISSION**

Ground Floor, North Wing Hall  
Secretariat Building, PICC Complex  
Vicente Sotto Street, Pasay City

Attention: **MR. VICENTE GRACIANO P. FELIZMENIO, JR.**  
Director, Markets and Securities Regulation Department

Attention: **ATTY. RACHEL ESTHER J. GUMTANG-REMALANTE**  
OIC, Corporate Governance and Finance Department

## **THE PHILIPPINE STOCK EXCHANGE**

6th to 10th Floors, PSE Tower  
5th Avenue corner 28th Street, Bonifacio Global City  
Taguig City

Attention: **MS. JANET A. ENCARNACION**  
Head, Disclosure Department

## **PHILIPPINE DEALING & EXCHANGE CORP.**

29/F, BDO Equitable Tower,  
8751 Paseo de Roxas, Makati City

Attention: **ATTY. MARIE ROSE M. MAGALLEN-LIRIO**  
Head - Issuer Compliance and Disclosure Department (ICDD)

### **Gentlemen/Ladies:**

We are pleased to inform you and the investing public that Philippine Rating Services Corporation (PhilRatings) has maintained the Issue Credit Rating of **PRS Aaa**, with a **Stable Outlook**, for Cyberzone Properties, Inc.'s ("CPI") outstanding bond issue of P6.0 billion. CPI is a wholly-owned subsidiary of Filinvest Land, Inc. ("FLI").

Please see attached Press Release issued by PhilRatings. Thank you.

Very truly yours,



**SHARON P. PAGALING-REFUERZO**

*Corporate Secretary and Corporate Information Officer*

## **Cyberzone Properties, Inc.'s P6 Billion Bonds Maintained at Highest Credit Rating**

The Issue Credit Rating of Cyberzone Properties, Inc.'s (CPI) outstanding bond issue amounting to P6.0 billion was maintained at **PRS Aaa**, with a **Stable Outlook**, by Philippine Rating Services Corporation (PhilRatings). The maturity date of the bonds is on January 7, 2023.

The proceeds of the bonds were used to partially finance the capital expenditure requirements of the company's existing buildings and buildings under construction. Completed projects as of end-June 2020 that were partially financed by the bonds' proceeds include: Vector Three, Filinvest Axis Towers 1 and 2 and Phase 1 of Axis Parking. CPI's buildings under construction that are partially financed by the bonds' proceeds include: Filinvest Axis Tower 3 and Cebu Cyberzone Towers 3 and 4.

Obligations rated **PRS Aaa** are of the highest quality with minimal credit risk. The obligor's capacity to meet its financial commitment on the obligation is extremely strong. **PRS Aaa** is the highest rating assigned by PhilRatings. A **Stable Outlook** means that the rating assigned is likely to remain unchanged in the next 12 months.

In assigning the rating and Outlook, PhilRatings took into account the following key considerations: (1) highly competitive and focused office portfolio, complemented by an established brand name and a highly-experienced management team; (2) resilient industry amid the ongoing COVID-19 pandemic; (3) sustained profitability with good growth prospects in the medium term despite delays in the completion of pipeline buildings; and (4) manageable liquidity and capitalization levels.

PhilRatings' ratings are based on available information and projections at the time that the rating process was ongoing. PhilRatings shall continuously monitor developments relating to CPI and may change the rating at any time, should circumstances warrant a change.

CPI, a wholly-owned subsidiary of Filinvest Land, Inc. (FLI), maintains a highly competitive and attractive portfolio of office buildings which cater mainly to multinational Business Process Outsourcing (BPO) firms. Most of the company's buildings are located in Northgate Cyberzone, a Philippine Economic Zone Authority (PEZA)-registered IT Park in Filinvest City, Alabang. Competitive rental rates and fiscal and non-fiscal incentives arising from its PEZA registration attract BPO companies to lease office space in Northgate Cyberzone. Some of CPI's buildings are also located in Cebu Cyberzone in Lahug, Cebu City, where locators likewise enjoy various fiscal and non-fiscal benefits.

As of end-June 2020, CPI had a total GLA of 383,144 sqm. This is expected to further increase to 602,296 sqm by 2025 as CPI completes the construction of its ongoing and planned projects. Historically, CPI has managed to quickly fully lease out new buildings and consistently maintained high occupancy rates for these buildings.

CPI is led by a highly-experienced management team, with members who concurrently hold key positions in its parent company, FLI. The sharing of top officers ensures that the quality of management and the strategies of CPI are in line with that of FLI, which has over 50 years of expertise in the real estate business. CPI also enjoys a strong brand equity as a member of the Filinvest Group. The Gotianun-led Filinvest Group has been in business for over six decades, surviving the country's economic downturns, financial crises and political turmoil.

Amidst the various forms of lockdowns implemented in response to the COVID-19 pandemic, CPI's office buildings remained fully operational as tenants, particularly BPOs, continued to operate. The favorable circumstances were reflected in the company's financial performance, as net income for the first half of 2020 (1H 2020) reached P975 million, up 31.7% from a year ago. Such was supported by the 23.2% growth in revenues, from P1.4 billion in 1H 2019 to P1.7 billion in 1H 2020.

CPI expects to continue to display solid profitability, supported by continuous growth in its rental revenues as projects in the pipeline are completed. The company's older office buildings are seen to remain fully leased out for the rest of the year despite the pandemic, while newly completed buildings are on track to being fully leased out over the medium term. Despite construction delays due to quarantine restrictions, CPI targets to complete the construction of Filinvest Axis Towers Three and Four next year. Such would add 78,680 sqm to its total GLA and would provide the company with additional sources of revenue.

CPI also continued to generate positive operating cashflows, with cash from operations amounting to P765 million in 1H 2020. Furthermore, the company ended the first half with a cash balance of P620 million. As of end June 2020, current ratio settled at an ample level of 1.1x. The company's liquidity is seen to remain satisfactory moving forward.

In relation to its capital structure, CPI maintained manageable capitalization levels, with its debt to equity ratio further improving from 1.3x in 2019 to 1.2x as of end June 2020. The improvement was supported by the sustained increase in retained earnings. CPI expects to maintain manageable leverage levels in the future.