



Amended Performance Report for the Period Ending December of 2021

April 8, 2022

Prepared by: MREIT Fund Managers, Inc.

Use of this document

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A. Statement of Comprehensive Income for the Six Months Ended December 31, 2021 (in Php, millions)

	Total	Breakdown per Property													
		1TP	RMT	ECOM	1800 EA	1880 EA	1WS	2WS	3WS	8/10 UM	18/20 UM	1GC	2TP	3TP	WFP
Rental Income	1,197.5	29.3	55.8	87.4	185.2	122.4	190.9	133.9	129.2	131.4	109.5	2.9	3.4	2.9	13.3
Income from dues - net	263.2	10.0	6.2	16.8	54.3	47.5	30.2	26.8	28.7	20.9	15.7	0.8	0.8	0.8	1.7
Revenue	1,460.7	39.2	62.1	104.2	239.5	169.9	221.0	162.6	157.9	152.3	125.2	3.7	4.3	3.6	15.0
Real property tax	8.2	0.2	3.4	-	-	-	1.1	2.5	0.6	0.5	0.1	-	-	-	-
Fund management fees (3.5%)	40.6	0.9	1.6	2.7	6.7	4.8	6.3	4.5	4.3	4.4	3.5	0.1	0.1	0.1	0.5
Property management fees (2%)	23.2	0.5	0.9	1.5	3.8	2.7	3.6	2.6	2.5	2.5	2.0	0.1	0.1	0.1	0.3
Outside Services	80.0	5.4	3.8	8.3	9.7	8.5	11.9	7.3	7.3	8.7	6.7	0.4	0.6	0.5	0.8
Utilities	54.4	0.6	0.3	0.7	15.3	13.3	1.0	10.9	10.8	0.8	0.6	-	-	-	-
Repairs & Maintenance	2.5	0.1	0.2	0.8	0.5	0.4	0.1	0.0	0.0	0.2	0.1	0.0	0.0	0.0	0.0
Taxes, Licenses and Fees	3.2	0.2	0.1	0.2	0.4	0.3	0.4	0.4	0.4	0.4	0.3	0.0	0.0	0.0	-
Others	10.9	0.6	0.3	1.4	1.7	1.3	1.3	1.3	1.3	0.9	0.7	0.0	0.0	0.0	0.0
Cost and expenses	223.0	8.6	10.6	15.5	38.2	31.4	25.7	29.5	27.2	18.5	14.1	0.7	0.9	0.7	1.6
Gross Profit	1,237.7	30.6	51.5	88.6	201.4	138.6	195.4	133.1	130.7	133.9	111.1	3.1	3.4	2.9	13.4
General and Administrative Expenses	9.6														
Operating Profit	1,228.1														
Fair value gains on investment property	702.0														
Interest income	8.4														
Interest expense	(23.8)														
Other income (charges) - net	686.5														
Profit before tax	1,914.6														
Tax Income/(Expenses)	99.6														
Net Profit	2,014.2														
Other comprehensive income	-														
Total comprehensive income	2,014.2														
Basic/Diluted earnings per share	0.8														

Note: Net profit before fair value gain is at Php1,312.2 million

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B. Income from Related Parties for the Six Months Ended December 31, 2021 (in Php, millions)

Related Parties	Total		Breakdown per Property				
	%	Amount	RMT	1880 EA	1WS	2WS	3WS
Megaworld Corporation	6.2%	74.2	28.2	-	-	34.5	11.5
Empire East Land Holdings, Inc.	0.0%	-	-	-	-	-	-
Suntrust Properties, Inc.	2.3%	27.5	-	-	27.5	-	-
Emperador Inc.	2.1%	25.4	-	25.4	-	-	-
Asia Affinity Property Management Inc.	0.3%	4.2	-	-	4.2	-	-
Anglo Watsons Glass, Inc.	0.2%	2.3	-	2.3	-	-	-
Integrated Town Management Corp	0.2%	2.2	-	-	-	2.2	-
Total rental income from related parties	11.3%	135.8	28.2	27.7	31.7	36.7	11.5

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C. Statement of Cash Flows for the Six Months Ended December 31, 2021 (in Php, millions)

CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before tax	1,914.6
Adjustment for:	
Fair value gains on investment properties	(702.0)
Interest expense	23.8
Interest income	(8.4)
Operating profit before working capital changes	1,228.1
Increase in trade and other receivables	(122.9)
Increase in other current assets	(70.1)
Decrease in other non-current assets	0.9
Increase in accounts and other payables	100.3
Increase in deposits and other liabilities	410.4
Cash generated from operations	1,546.7
Interest received	7.9
Income tax paid	(1.6)
Net cash From Operating Activities	1,553.0
CASH FLOW FROM AN INVESTING ACTIVITY	
Acquisition of investment properties	(9,116.0)
CASH FLOW FROM A FINANCING ACTIVITY	
Proceeds from availment of loan, net of transaction costs	7,195.6
Dividends paid	(607.7)
Net Cash From Financing Activities	6,587.9
NET DECREASE IN CASH AND CASH EQUIVALENTS	(975.1)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,308.9
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,333.8

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D. Operating Statistics for the Six Months Ended December 31, 2021 (in Php, millions)

	Overall					Office	
	Gross leasable area (GLA)	Leased area	Occupancy rate	Total Rent*	% of Total Rent	Occupied GLA	Average rent
	in sqm	in sqm		in mPhp		in sqm	Php/sqm/month
1800 Eastwood Avenue	34,738	34,704	100%	179.4	16%	32,478	882
1880 Eastwood Avenue	33,744	29,751	88%	119.6	11%	28,038	686
E-Commerce Plaza	20,940	16,636	79%	83.1	7%	16,636	832
One World Square	30,482	30,224	99%	172.0	15%	29,130	950
Two World Square	21,286	20,630	97%	119.5	11%	20,225	914
Three World Square	21,217	21,144	100%	119.8	11%	20,734	924
8/10 Upper McKinley	19,938	19,938	100%	124.2	11%	19,297	1,028
18/20 Upper McKinley	19,414	19,413	100%	102.3	9%	18,948	837
World Finance Plaza**	25,067	25,006	100%	12.4	1%	24,718	963
Richmonde Tower	13,124	13,124	100%	53.8	5%	5,855	710
One Techno Place	9,549	9,041	95%	28.8	3%	8,953	533
Two Techno Place**	10,809	10,653	99%	3.2	0%	10,653	596
Three Techno Place**	9,568	9,305	97%	2.8	0%	8,726	579
One Global Center**	10,301	10,043	97%	1.9	0%	9,337	369
Total	280,175	269,610	96%	1,122.7		253,727	

*Excludes income from straight-line method of recognizing rental income and amortization of deferred credits

**Assets injected last December 2021

**Excluding the contract that is still enjoying a rent-free period in the computation of Average Rent for One Global, the average rent for the property stands at Php535 per sqm per month. Note that One Global was acquired December 20, 2021. Rent-free period for said contract covers a period from December 16, 2021 to January 15, 2022.

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E. Office Industry Benchmark

	Average Occupancy		Average Office Lease Rate (per sqm)	
	Industry	MREIT	Industry	MREIT
Metro Manila				
McKinley Hill	90%	99%	Php900 to 1,400	933
Quezon City	80%	91%	Php650 to 900	800
Outside Metro Manila				
Iloilo	93%	98%	Php450 to 600	591

Source: CBRE Report - Office Market, Metro Manila Q4 2021, Colliers Philippines Quarterly Report – Vis-Min Property Market Briefing, Q4 2021

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F. Adjusted Funds from Operations and Dividend Declaration (in Php millions)

	Jun-21 ⁽¹⁾	Sep-21	Dec-21
	6M	3M	3M
Net income after tax	325.5	469.4	1,544.8
Retained Earnings Deficit	(10.3)	-	-
Fair Value Gain on Investment Properties	(240.6)	-	(702.0)
Deferred Taxes	101.2	121.9	(223.1)
Loan Transaction Costs	-	-	(54.2)
Other Accounting Adjustments	(12.6)	(32.9)	(25.8)
Distributable Income	163.2	558.4	539.8
Total Dividends ⁽²⁾	139.0	468.7	607.6
Dividends per Share	0.0549	0.1851	0.2399
Declaration Date	Oct 25, 2021	Oct 25, 2021	Mar 04, 2022

(1) AFFO for the period ending in June 2021 covers only one month of operations.

(2) MREIT is compliant with Section 4 of the Implementing Rules and Regulations of the Real Estate Investment Trust (REIT) Act of 2009 (R.A. No. 9856), which requires that a minimum of 90% of its distributable income be distributed as dividends to its shareholders not later than the last working day of the fifth (5th) month from the end of its fiscal year. As of the date of this report, MREIT has distributed 98% of its distributable income for the six months ending in December 31, 2021.

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G. Investment Return

	Year Ending December 31, 2021
MREIT Returns	
Dividends per share	Php0.4799 per share
Price per Share as of closing of December 31, 2021	Php19.70 per share
IPO Price	Php16.10 per share
Total Return since IPO (unannualized)	25.3%
Benchmark Returns	
FTSE Asia Pacific ex Japan ex China – Mid Cap and Large Cap – Total Returns per Annum (5Y)	9.7%
FTSE Asia Pacific ex Japan ex China All Cap – Total Returns per Annum (5Y)	9.6%

Source: FTSE Russell Factsheet: FTSE Asia Pacific ex Japan ex China Indexes (February 28, 2022)

H. Current Valuation of the MREIT Properties

MREIT's properties and their corresponding valuations are listed below. The fair values of the MREIT's properties are determined on the basis of the appraisals performed by Santos Knight Frank, Inc., an independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.

Fair value as determined by independent appraisers are based on the Income Approach. Under Income Approach, the fair value of an asset is measured by calculating the present value of its economic benefits by discounting expected cash flows at a rate of return that compensates the risks associated with the particular investment. The most common approach in valuing future economic benefits of a projected income stream is the discounted cash flows model. This valuation process of this model consists of the following: (a) estimation of the revenues generated; (b) estimation of the costs expenses related to the operations of the development; (c) estimation of an appropriate discount rate; and (d) discounting process using an appropriate discount rate to arrive at an indicative fair value.



Township	Building	Year Completed	GLA	Appraisal
			Sqm	mPhp
Eastwood City	1800 Eastwood Avenue	2006	34,738.2	7,706.0
	1880 Eastwood Avenue	2007	33,743.8	6,790.0
	E-Commerce Plaza	2008	20,940.2	4,279.0
McKinley Hill	One World Square	2007	30,481.7	8,018.0
	Two World Square	2009	21,286.4	5,501.0
	Three World Square	2010	21,216.6	5,190.0
	8/10 Upper McKinley Building	2009	19,937.5	4,660.0
	18/20 Upper McKinley Building	2009	19,413.8	4,337.0
	World Finance Plaza	2010	25,066.5	5,265.0
Iloilo Business Park	One Techno Place Iloilo	2017	9,548.7	1,170.0
	Richmonde			
	Richmonde Tower	2016	6,354.8	866.0
	Richmonde Hotel Iloilo	2016	6,769.1	799.0
	Two Techno Place	2019	10,808.9	1,498.0
	Three Techno Place	2017	9,567.9	1,244.0
	One Global Center	2015	10,301.0	1,274.0
Total			280,175.1	58,597.0

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I. Performance Indicators as of 31 December 2021

Ratio	Formula	December 31, 2021
Current ratio	Current assets / Current liabilities	3.43
Debt-to-equity ratio	Total debt / Total stockholders' equity (Total debt includes interest bearing loans and borrowings and bonds and notes payable)	0.14
Interest rate coverage ratio	EBIT / Total Interest (Total interest includes interest expense and capitalized interest)	81.34
Return on equity	Net profit / Average total stockholders' equity	3.91%
Return on assets	Net profit / Average total assets	3.57%
Net profit margin	Net profit / Total revenues	92.8%
Market-to-book ratio	Market capitalization / Book value	0.96

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J. Closing of Acquisition of Four (4) Prime Grade A Buildings

Following the approval by the Board of Directors of MREIT on December 15, 2021 of the acquisition of P9.1 billion worth of four prime Grade A buildings located in PEZA-registered zones, MREIT and Megaworld Corporation executed a Deed of Absolute Sale for the transaction on December 20, 2021. The properties included in said transaction are listed below:

Township	Building	Year Completed	GLA	Occupancy	Appraisal
			Sqm		mPhp
McKinley Hill	World Finance Plaza	2010	25,067	99.8%	5,265
Iloilo Business Park	Two Techno Place	2017	10,809	98.6%	1,498
	Three Techno Place	2019	9,568	98.2%	1,244
	One Global Center	2015	10,301	97.5%	1,274
Total			55,744	98.8%	9,281

K. Capital Raising

To fund the above acquisition, MREIT's Board also approved the closing of a 10-year term loan facility amounting to P7.25 billion with a local bank. The facility has a fixed interest rate structure, subject to repricing on the 3rd anniversary from the initial drawdown date and another repricing on the 6th or 7th anniversary from the initial drawdown date.

Breakdown of the sources and uses of funding for the acquisition are detailed below:

	Amount
Sources	mPhp
Term Loan Facility	7,250
Cash and cash equivalents	1,920
Total	9,170
Uses	
Acquisition	9,116
Documentary Stamp Tax (DST)	54
Total	9,170

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CERTIFICATION

This Performance Report was prepared and assembled under my supervision in accordance with existing rules of the Securities and Exchange Commission. The information and data provided are complete, true, and correct to the best of my knowledge and/or based on authentic records.

By:

MREIT Fund Managers, Inc. (MFMI)



Joey I. Villafuerte
Treasurer

SUBSCRIBED AND SWORN to before me this 8th day of April 2022 at **TAGUIG CITY**, with the affiant/s exhibiting to me the following identification document/s:

Name	Competent Evidence of Identity	Date and Place of Issue
MREIT Fund Managers, Inc. By: Joey I. Villafuerte		

Doc No. 343 :
Page No. 90 :
Book No. 45 :
Series of 2022.

NOTARY PUBLIC


ATTY. EDUARDO P. BAROT
Notary Public for Taguig Roll No. 36248
Commission No. 3 until December 31, 2022
PTR No. 4863627 / 01.03.2022 / Mandaluyong City
IBP Lifetime No. 013895 / 06.02.15 / RSM
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