



Three-Year Investment Strategy

December 29, 2021

Prepared by: MREIT Fund Managers, Inc.

Section 1: Use of this document

On the basis of the Investment Strategy submitted by MREIT Inc. (“MREIT” or the “Company”), this document was prepared by MREIT Fund Managers, Inc. (“MFMI” or the “Fund Manager”) in compliance with the reportorial requirements of the REIT Implementing Rules and Regulations under Republic Act No. 9856, and is being submitted to the Securities and Exchange Commission (“SEC”) and the Philippine Stock Exchange (“PSE”).

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Section 2: Disclaimer

This document contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- known and unknown risks;
- uncertainties and other factors that may cause the Company’s actual results, performance or achievements to be materially different from expected future results;
- performance or achievements expressed or implied by forward-looking statements;
- the Company’s overall future business, financial condition, and results of operations, including, but not limited to, financial position or cash flow;
- the Company’s goals for or estimates of future operational performance or results; and
- changes in the regulatory environment including, but not limited to, policies, decisions, and determinations of governmental or regulatory authorities.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause some or all of the assumptions not to occur or cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other things:

- risks relating to the Company’s business and operations, including those relating to the Company’s limited operating history as a REIT and the Company’s ability to obtain and retain tenants in its properties;
- the Fund Manager’s ability to successfully implement the Company’s current and future business strategies and to manage our expansion and growth;
- increases in maintenance and operational costs;
- changes in the Philippine real estate market and the demand for the office, BPO and other commercial property spaces and developments;
- any material adverse change in the quality of the tenants in the Company’s properties;
- risks (including political, social and economic conditions) relating to the Philippines;
- the condition and changes in the Philippine, Asian or global economies and future political instability in the Philippines;
- the Company’s ability to obtain financing or raise debt, changes in interest rates, inflation rates and the value of the Philippine Peso against the U.S. dollar and other currencies;
- changes in Government laws and regulations, including changes in REIT Regulations, tax laws, or licensing in the Philippines;
- competition in the commercial real estate market in the Philippines;
- material changes to any planned capital expenditures for the Company’s properties as a result of market demands, financial conditions, and legal requirements, among others;
- any other matters not yet known to the Fund Manager or not currently considered material by the Fund Manager.

These forward-looking statements speak only as of the date of this Investment Strategy.

MREIT expressly disclaims any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any statement is based.

This Investment Strategy includes statements regarding the Company's expectations and projections for future operating performance and business prospects. The words "believe," "plan," "expect," "anticipate," "estimate," "project," "intend," "seek," "target," "aim," "may," "might," "will," "would," "can," "could," and similar words identify forward-looking statements. Statements that describe our objectives, plans or goals are forward-looking statements.

In addition, all statements other than statements of historical facts included in this Investment Strategy are forward-looking statements. In view of the risks and uncertainties associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances discussed in this Investment Strategy might not occur.

In particular, in light of the ongoing COVID-19 pandemic and associated uncertainties in the global financial markets and their contagion effect on the real economy, any forward-looking statements and forward-looking financial information contained in this Investment Strategy must be considered with caution and reservation. Actual results could differ materially from those contemplated in the relevant forward-looking statement and the Company gives no assurance that such forward-looking statements will prove to be correct or that such intentions will not change. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on behalf of the Company are expressly qualified in their entirety by the above cautionary statements.

Section 3: Overview

MREIT was registered with the SEC on October 2, 2020 originally as Megaworld Holdings, Inc. primarily to engage in investment activities as an investment holding company. On May 19, 2021, the SEC approved the change in name to the present one as well as the change in primary purpose to that of a real estate investment trust. On October 1, 2021, MREIT successfully completed its P15.3 billion initial public offering (IPO) through secondary sale of shares held by its Sponsor, Megaworld Corporation ("Megaworld" or the "Sponsor") – debuting with an initial portfolio of ten (10) properties with a total gross leasable area of 224,430.8 square meters.

The principal investment mandate and strategy of MREIT is to invest in income-generating real estate that meets a select set of criteria, such as location, property grade and type, and tenant profile. Through the Company's Fund Manager, the Company intends to maximize investment returns by growing the Gross Revenue as well as the Net Operating Income from the existing Properties over time, through active management of present and future property portfolio in order to secure income growth and provide a Competitive Investment Return to our investors.

In less than three (3) months since the Company's market debut, the Company's portfolio has grown to fourteen (14) buildings (the "Properties"). Details of the Properties are listed below;

Township	Building	Year Completed	GLA Sqm	Appraisal 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

The Properties were selected in accordance with MREIT's investment criteria. All of the Properties are prime Grade A buildings which are either PEZA-registered buildings or located in PEZA-registered zones. As of September 30, 2021, 95% of the leased area of all fourteen (14) properties are either BPO or traditional office tenants ensuring stability in the Company's rental income.

The Properties are owned by the Company and stand on land leased from the Sponsor, Megaworld, for an aggregate period of 50 years. As consideration for the land lease, the Company will pay Megaworld, commencing July 1, 2023 and until June 30, 2025, rent equivalent to 2.5% of gross rental income for office properties, 2.5% of gross retail revenues for retail and other properties, and 1.5% of hotel rental/revenues for hotel properties; and, commencing July 1, 2025 onward, rent equivalent to 5.0% of gross rental income for office properties, 5.0% of gross retail revenues for retail and other properties, and 3.0% of hotel rental/revenues for hotel properties.

Section 4: Three Year Investment Strategy

Investment Objectives

MFMI and the Company re-affirms its commitment to secure income growth and provide a Competitive Investment Return to its shareholders and have crafted the following set of objectives to guide its investment activities in the next three (3) years;

- 1. Reach 500,000 sqm in portfolio GLA by end of 2024.** During the initial public offering, MREIT has communicated its plan to add at least 100,000 sqm by end of 2022 and double its portfolio GLA to approximately 449,000 sqm. In less than three (3) months since the listing of MREIT, 55,744 sqm has already been added, a 24.8% increase in portfolio GLA. With this, MFMI has decided to step up its target, which is now to reach 500,000 sqm in portfolio GLA by the end of 2024.

2. Diversify MREIT's portfolio by investing in other townships and other real estate properties.

As opportunity arises, the Company may choose to diversify to other high-growth geographic areas like Cebu, Bacolod, and Pampanga, and other growth areas in the country where the Sponsor's townships are located. Diversification plans include investment in other types of real estate properties, to include industrial, logistics, warehouse, other real property sectors that meet the Company's investment criteria for Grade A, centrally-located, stably occupied, and income producing properties.

3. Achieve an annual total shareholder return of at least 10% through organic growth and new acquisitions.

Investment Criteria

The Company plans to achieve portfolio growth through the acquisition of quality income-producing properties that fit within the Company's investment strategy to enhance total return for Shareholders and increase potential opportunities for future income and capital growth.

In line with our REIT Plan, the following key criteria will be considered in making an investment decision and selecting assets for future investments to expand our portfolio:

- **Location:** The potential property should be located in a prime location in either Metro Manila, key provinces in the Philippines or other attractive locations, as opportunities arise;
- **Property Grade and Type:** The potential property should be primarily (but not exclusively) focused on Grade A office and retail properties, but may be related to other types of real estate properties, including residential, hospitality, industrial, etc., available in the market; and,
- **Tenant Profile:** The potential property should have stable occupancy, tenancy and income operations. Target tenants would be reputable captive BPOs with track record of operations.

The Company will continue to pursue transactions that are dividend yield accretive. The first wave of property infusion involving four (4) buildings, which was concluded with the execution of Deed of Sale on December 20, 2021, is estimated to increase the Company's projected dividends in calendar year 2022 from Php0.95/share to Php1.00/share, an increase of 5.3%. The Company will ensure that subsequent transactions will likewise result in an increase in the projected dividend per share.

Section 5: Asset Acquisition and Financing

All properties for identified for acquisition will be disclosed in accordance with PSE rules and other relevant rules and procedures. Properties to be acquired will primarily be Megaworld assets but may also include assets owned by third parties.

Acquisitions will be funded either through debt or equity or a combination thereof. The Company currently carries minimal debt at 12.4% of deposited properties, well below the aggregate leverage limit of 35% which may be further increased to 70% for REIT companies that have a publicly disclosed investment grade credit rating by a duly accredited or internationally recognized rating agency.

SIGNATURE

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

MREIT, Inc.

By:

A handwritten signature in black ink, appearing to read 'Rolando J. Tiongson', is written over the printed name.

Rolando J. Tiongson

President and CEO

MREIT Fund Managers, Inc.

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