



M·REIT
A MEGAWORLD COMPANY

Investor presentation



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Section 1

Business update

About MREIT

Megaworld-sponsored flagship REIT that is primarily focused on office and commercial leasing to a diversified tenant base

- ✓ **Listed in the Philippine Stock Exchange** on October 2021
- ✓ Included in the **PSE Property Index**, effective February 2023
- ✓ Aspires to be one of the **largest office REITs in Southeast Asia**



Investment highlights

- 1 Prime, Grade A, PEZA-Accredited** office, hotel, retail and other assets located in integrated **“live-work-play” township** pioneered by the Sponsor
- 2 Diversified tenant base** anchored by **reputable MNCs and leading BPOs** with favorable lease covenants that provide stability
- 3 Sponsored by Megaworld** – the largest office developer in the Philippines with proven track record and strong brand equity
- 4 Solid growth roadmap, underpinned by defined acquisition pipeline**
- 5 Target total return of at least 10% p.a. over the next 3 years**

P5.3bn property-for-share swap

MREIT has secured the approval from the SEC to acquire four prime, Grade A PEZA-accredited office properties for a total of P5.3 billion on 27 March 2023¹

44,567 sqm
additional GLA

98%
Blended occupancy

P5.3bn
Value for transfer

Prime, Grade A PEZA-accredited office properties



Festive Walk 1B, Iloilo Business Park, Iloilo City

14,703 sqm GLA
100% stake
93% occupancy
P1.5bn valuation



One West Campus, McKinley West, Taguig City

9,704 sqm GLA
80% stake
100% occupancy
P1.7bn valuation²



Two Global Center, Iloilo Business Park, Iloilo City

9,903 sqm GLA
100% stake
100% occupancy
P1.0bn valuation



Five West Campus, McKinley West, Taguig City

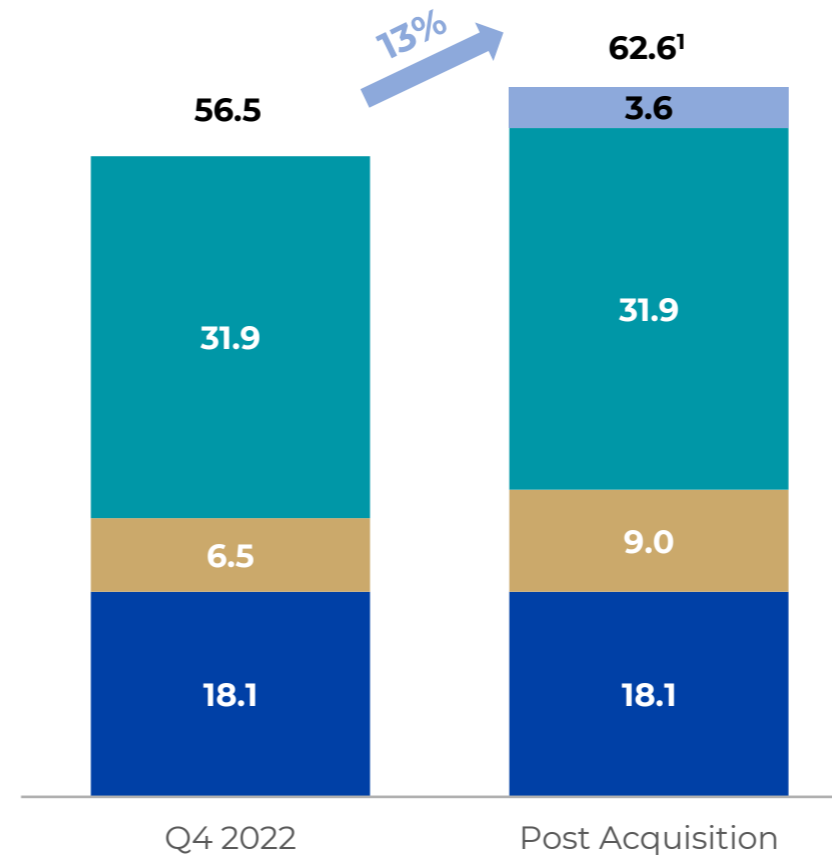
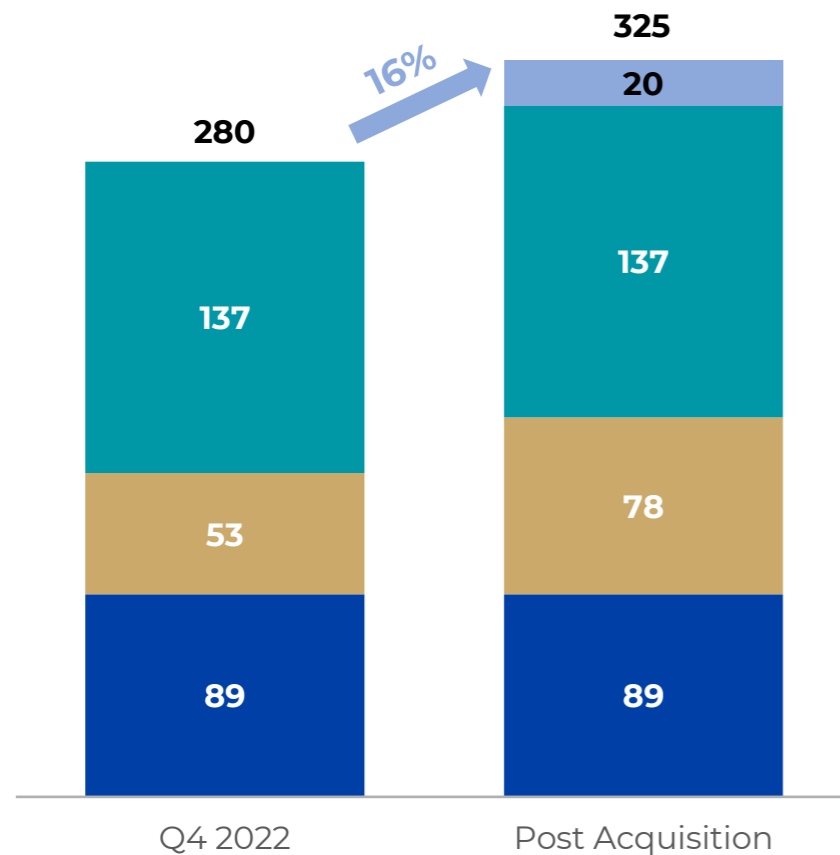
10,257 sqm GLA
80% stake
100% occupancy
P1.9bn valuation²

P5.3bn property-for-share swap (cont'd)

The addition of the assets in McKinley West further solidifies MREIT's position as the sole REIT in the market with a noteworthy presence in Fort Bonifacio

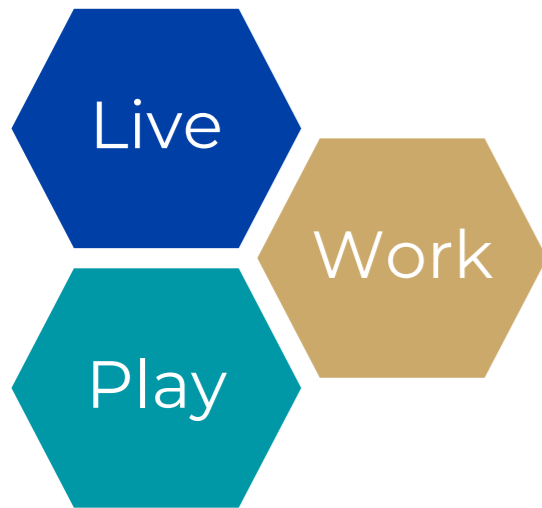
Total GLA (k sqm)

Total appraised value (P bn)



Latest portfolio overview

MREIT's prime, Grade-A Buildings, are located in integrated "live-work-play" townships which have transformed into new CBDs and growth areas of the country



- ✓ Walkable communities form a captive ecosystem
- ✓ Well-planned, modern infrastructure
- ✓ Appreciated by key 20–40-year-old demographic who make up majority of BPO workforce
- ✓ Pandemic affirmed the benefits of living within walking distance of office

EASTWOOD CITY	Eastwood City	ILOILO BUSINESS PARK	Iloilo Business Park	MCKINLEY HILL	McKinley Hill	MCKINLEY WEST	McKinley West
	<ul style="list-style-type: none"> ✓ Sponsor's first township development that showcases the signature "live-work-play" concept ✓ Country's first "cyberpark", after being the pioneer recipient of the PEZA-accreditation in the late '90s, which gave birth to the Philippine BPO industry ✓ Strategic location along Circumferential Road No. 5, popularly known as C-5 		<ul style="list-style-type: none"> ✓ Integrated urban township in the district of Mandurriao, Iloilo City ✓ Around 54 hectares of the entire township are PEZA-registered as a special economic zone ✓ Iloilo City also serves as a gateway to the rest of Panay Island and other nearby islands, and a regional center for various government agencies and offices 		<ul style="list-style-type: none"> ✓ Italian-themed sustainable community that integrates residential, office, commercial and retail, sports and recreation and institutional components into a mini-city ✓ Campus-type office buildings that are all PEZA-accredited special economic zones for information technology ✓ Directly connected to C-5 Road and is easily accessible to other Metro Manila main road arteries 		<ul style="list-style-type: none"> ✓ Ultra-high-end township in Fort Bonifacio beside Forbes Park and Manila Polo Club ✓ Posh residential enclave and gated village supplemented by a modern business district with premium-grade office buildings, Asia Town and mixed-use commercial centres
	<p style="text-align: center;">3 assets</p> <p style="text-align: center;">89,422 sqm GLA</p> <p style="text-align: center;">P18.1bn valuation</p>		<p style="text-align: center;">7 assets</p> <p style="text-align: center;">77,957 sqm GLA</p> <p style="text-align: center;">P9.0bn valuation</p>		<p style="text-align: center;">6 assets</p> <p style="text-align: center;">137,403 sqm GLA</p> <p style="text-align: center;">P31.9bn valuation</p>		<p style="text-align: center;">2 assets</p> <p style="text-align: center;">19,961 sqm GLA</p> <p style="text-align: center;">P3.6bn valuation</p>

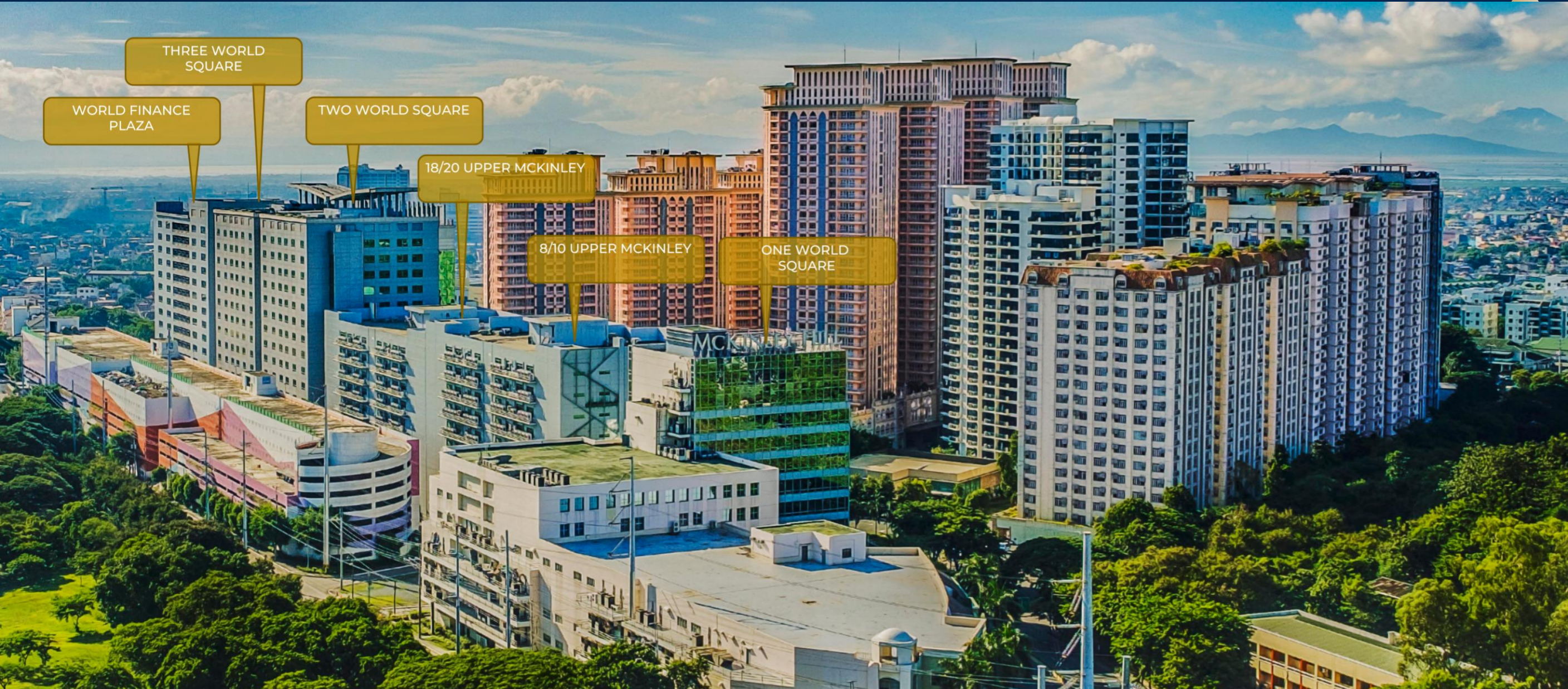
Overview of Eastwood City



Overview of Iloilo Business Park



Overview of McKinley Hill





Overview of McKinley West



Latest operating metrics

Diversified blue-chip tenants comprised mostly of sticky tenants such as BPOs and traditional office, which contributes towards steady recurring rental income





95%
Occupancy rate

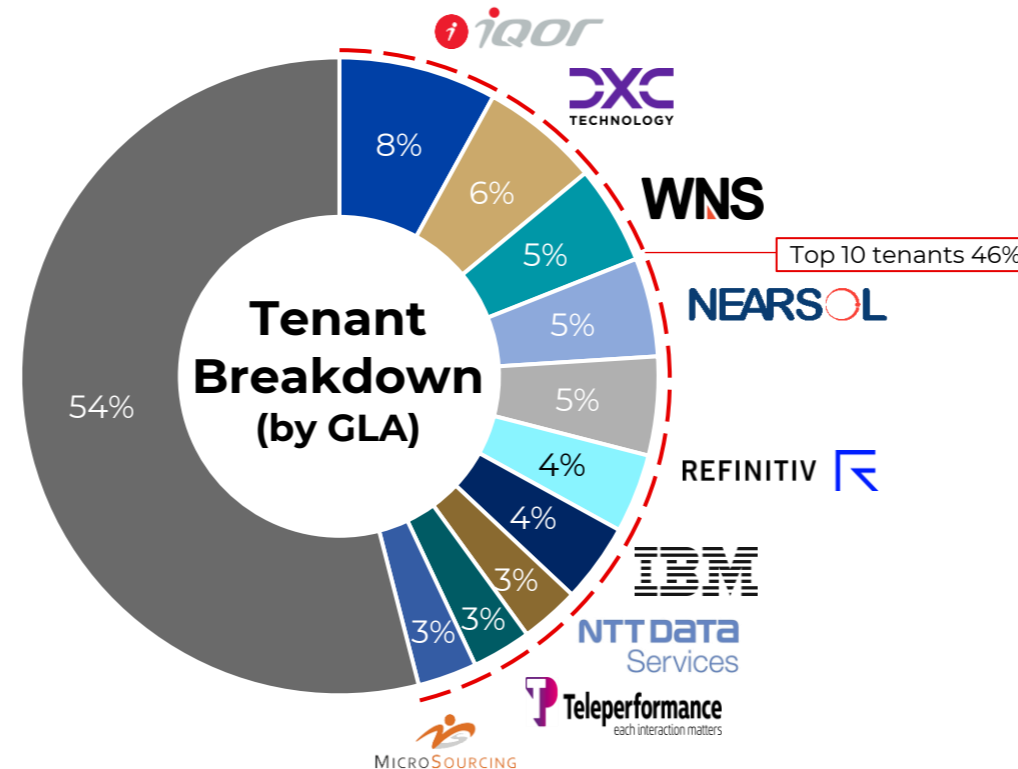

2.9 years
Weighted average lease expiry (WALE)


23,000 sqm
Closed transactions

Tenant information

Tenant mix (by GLA)

-  BPO **77%**
-  Traditional **17%**
-  Retail **4%**
-  Hotel **2%**



Latest leasing progress

- ✓ As of 31 May 2023, there are **no non-renewals yet for Q2 2023** and we have closed **4,100 sqm of new leases** (~1% increase in occupancy)

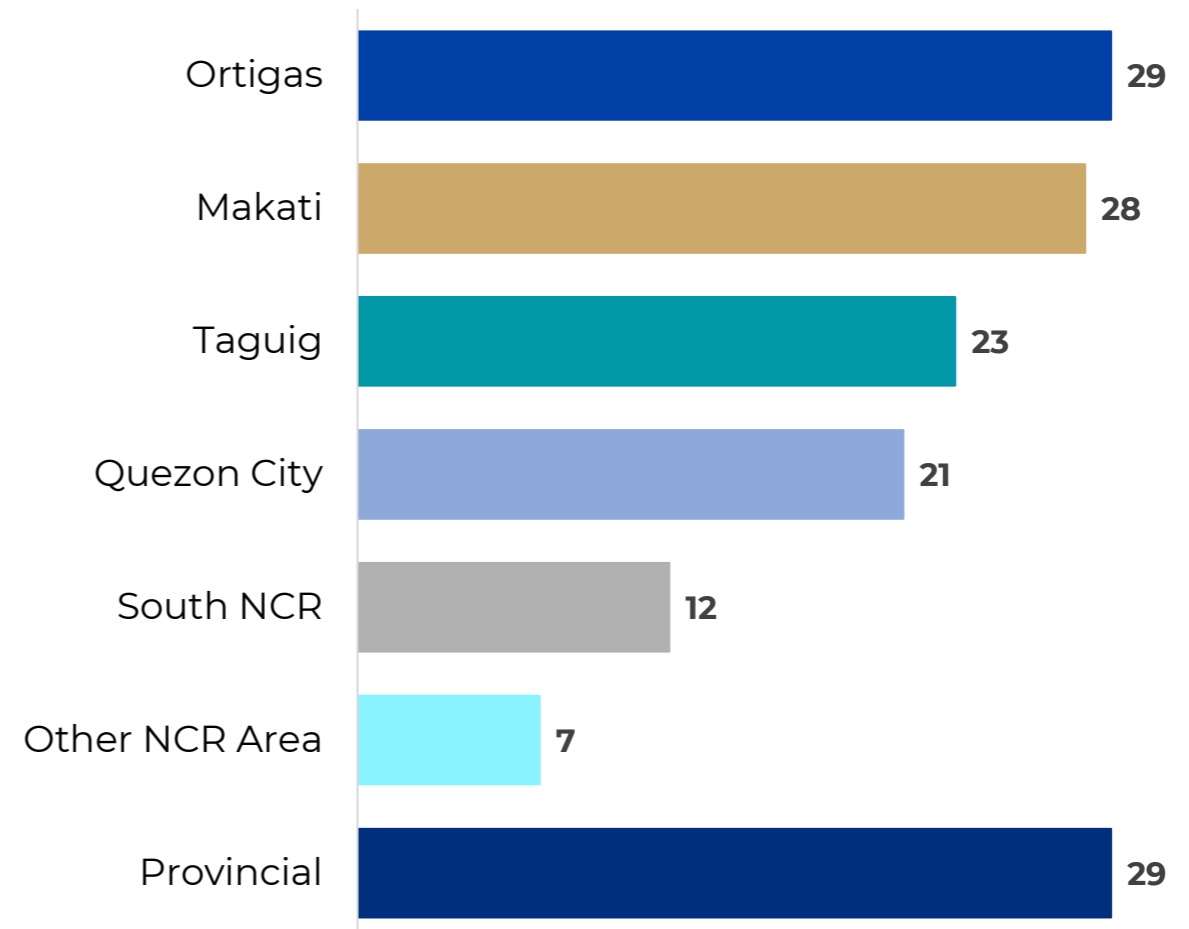
Industry update

Sustained demand post pandemic in the office segment to support MREIT's high levels of occupancy and rental rate escalation

Recent industry highlights

- Colliers reported new leases in 1Q2023 sustained at **147,000 sqm** across the Philippines
- Megaworld Premier Offices captured up to **13%** of the reported **new leases** in the market at **19,000 sqm**
- **Long-term prospects still favorable** buoyed by IT-BPM and Healthcare BPOs
- First quarter market vacancy **stabilized at 18.7%** compared to the previous quarter

1Q2023 New leases (in '000 sqm)



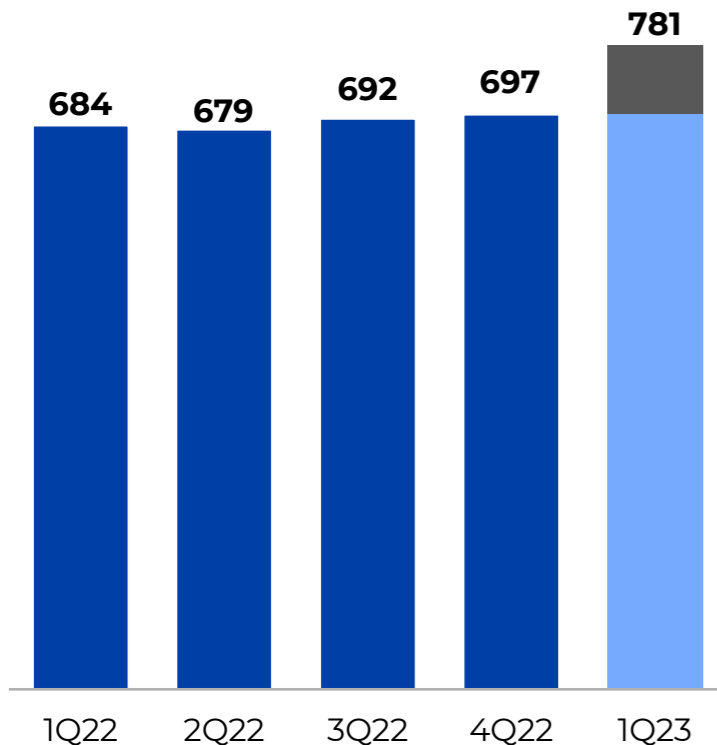
Section 2

Latest financials

Financial highlights

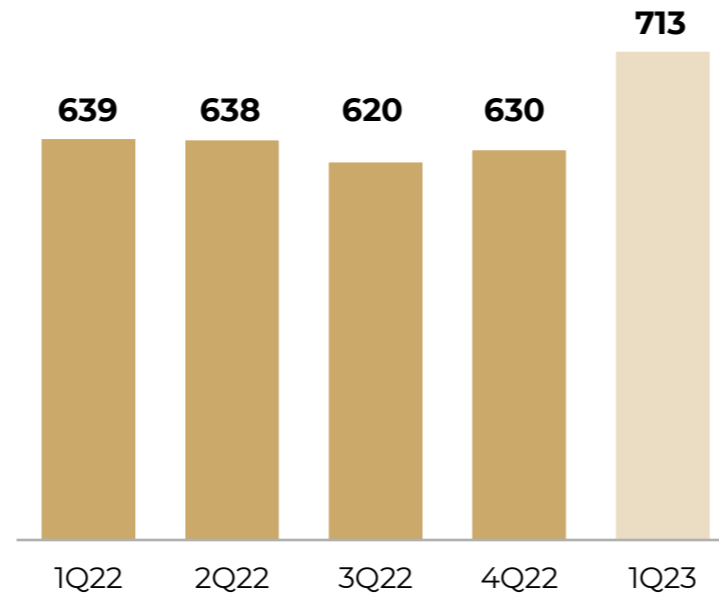
12% growth in distributable income in 1Q23 when compared against 1Q22, boosted by the successful acquisition and consolidation of the new assets

Rental income – billings (P m)



■ Existing Portfolio ■ Additional Infusion

Distributable income (P m)



Key takeaways

- ✓ Performance of existing portfolio remains strong with high occupancy level and continued rent escalations
- ✓ Improvement in topline and bottom-line performance driven by full quarter recognition of income from the additional assets infused

Financial performance

Office industry remains resilient, with strong results posted for 1Q23

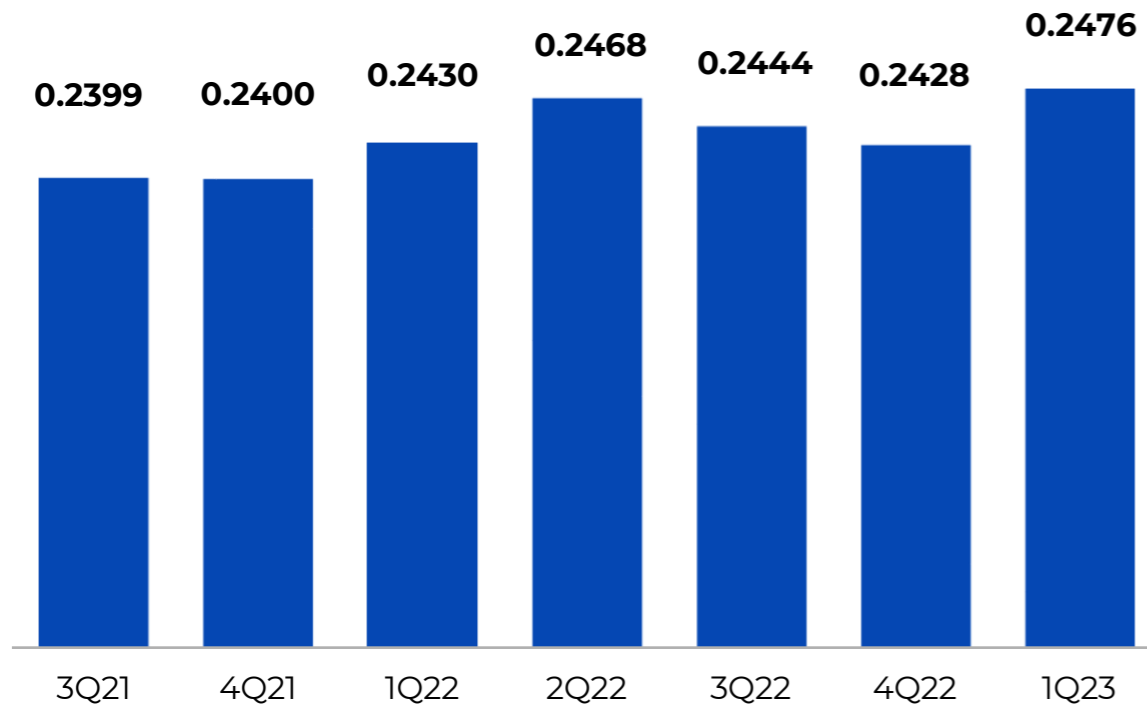
(In P m)	4Q22	1Q23	QoQ (%)
Revenues	937.3	1,035.9	11%
Direct Operating Costs	-207.0	-217.3	5%
Gen. & Admin. Expense	-9.6	-20.2	110%
Net Operating Income	720.6	798.4	11%
Interest & Other Income	11.2	9.0	-20%
Interest Expenses	-77.6	-75.2	-3%
Fair value gains (losses)	-2,822.0	0	-100%
Pre-Tax Income	-2,167.8	732.1	-134%
Tax Income (Expense)	-2.1	-1.7	-18%
Net Income	-2,169.9	730.4	-134%
FV Loss	2,822.0	0	-100%
Straight-line and rental adjustment	-33.7	-27.1	-20%
Other accounting adjustments	11.2	9.6	-14%
Distributable Income	629.7	712.9	13%

- **1Q23 Gen. & Admin Expense includes a one-time expense arising from the SEC assessment for the property-for-share Swap transaction amounting to P10.7 million**
- **Excluding the one-time expense, Net Operating Income Margin improved from 77% to 78%**

Maximizing shareholder value

1Q23 cash dividends brings MREIT's annualized dividend yield to 7.2%

Dividend per share (PHP)



Source: Company information

Dividend declaration

Dividend per Share

P0.2476
per share

Payment Date

JUN 19
2023

Annualized Yield

7.2%

based on the closing price on 31 May 2023

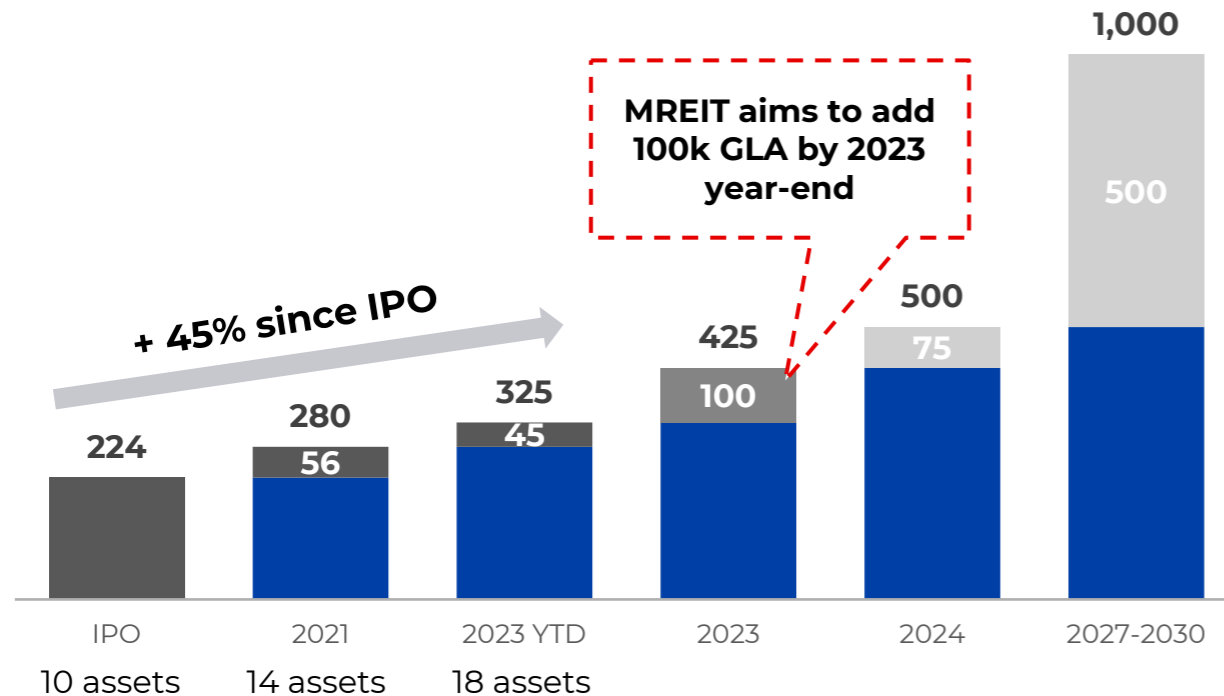
Section 3

Growth strategy

Runway for growth

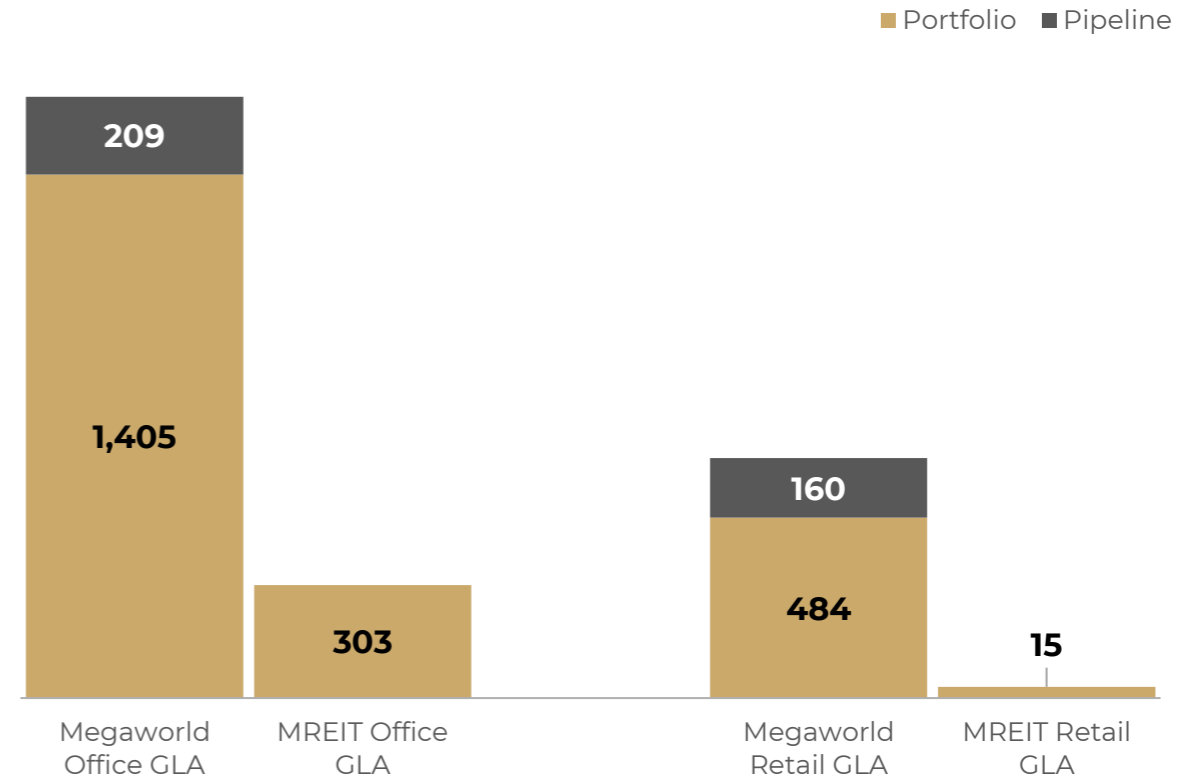
MREIT aims to add 100k sqm gross leasable area within the year, and is committed to double its portfolio GLA from its IPO to 500k sqm by 2024

GLA growth trajectory (k sqm)



Portfolio value grew 25% to P63bn since IPO

Potential acquisition opportunities (k sqm)



Extensive portfolio held by MEG, with ongoing retail recovery suggesting an opportunity to diversify MREIT's portfolio

MOU with Megaworld

On June 1, 2023, MREIT announced an MOU with its sponsor Megaworld for the potential acquisition of up to 150,500 sqm of office assets. MREIT targets to execute definitive agreements by Q3 2023¹

Assets included in the MOU for potential acquisition¹

	Two West Campus	Ten West Campus	Science Hub Tower 3	Science Hub Tower 4	One Fintech Place	Two Fintech Place	Davao Finance Center
Location	McKinley West	McKinley West	McKinley Hill	McKinley Hill	Iloilo Business Park	Iloilo Business Park	Davao Park District
GLA (k sqm)	9.5	36.4	20.5	20.7	18.2	18.1	27.1

Potential uplift and strategic benefits for MREIT¹

- ✓ **Up to 46% increase in GLA²**
- ✓ **Potential c. P1.2bn in incremental rental income³**
- ✓ **Stable and quality tenants**, with MOU assets boasting a high average occupancy rate of 94%
- ✓ **Expansion into Davao Park District**, Davao City's newest business central district and a major center for information technology and business process outsourcing in Mindanao

Source: Company information

Note:

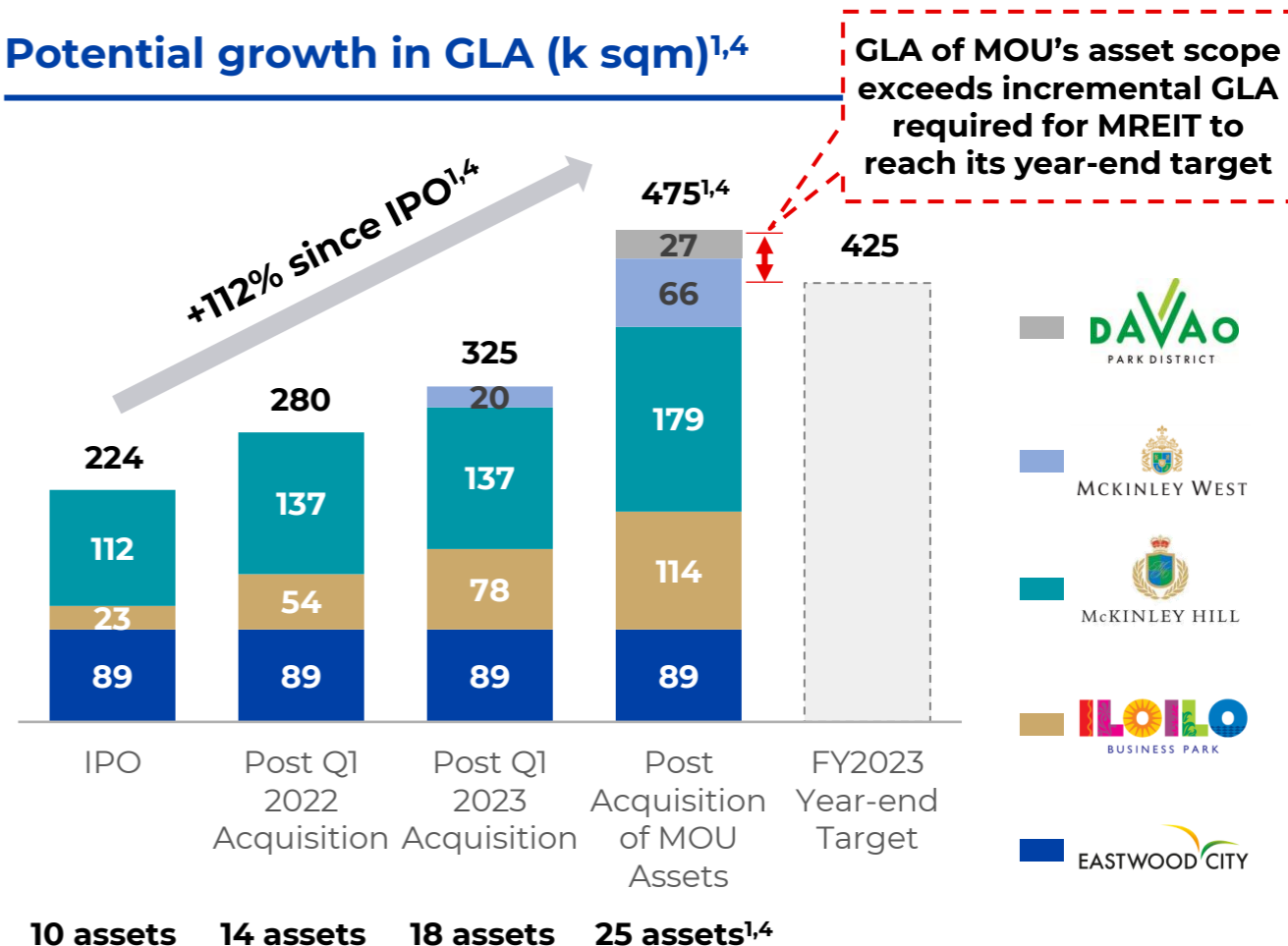
¹ Acquisition will be subject to financial, legal, and technical due diligence, as well as required regulatory approval

² Assuming MREIT acquires 150.5k sqm in GLA of assets from the MOU, with reference to MREIT's year-end GLA target and the potential assets available through the MOU

³ Illustrative figures based on rental income recorded by the assets in FY2022. Historical financials may not be representative of future performance and income contribution, and potential rental income contribution for MREIT post-acquisition will be subject to the final scope of acquired assets and the performance of the assets in the future

⁴ For illustrative purposes only assuming all MOU assets are acquired. MREIT does not have the obligation to acquire the entire asset pack, and pro-forma figures may change if the asset acquisition scope is different than the list of assets included in the MOU

Potential growth in GLA (k sqm)^{1,4}



Section 4





Appendix









MREIT's portfolio








Total GLA of 324,742 sqm as of 31 March 2023

324,742 sqm
portfolio gross leasable area

P63 billion
latest appraisal value

 EASTWOOD CITY GLA: 89,422 sqm % to Total: 28%	1880 Eastwood Ave	1800 Eastwood Ave	eCommerce Place
			
	33,744 sqm	34,738 sqm	20,940 sqm

 ILOILO BUSINESS PARK GLA: 77,957 sqm % to Total: 24%	One Techno Place	Richmonde Tower	Two Techno Place	Three Techno Place	One Global Centre	Festival Walk 1B	Two Global Center
							
	9,549 sqm	13,124 sqm	10,809 sqm	9,568 sqm	10,301 sqm	14,703 sqm	9,903 sqm

 McKINLEY HILL GLA: 137,403 sqm % to Total: 42%	One World Square	Two World Square	Three World Square	8/10 Upper McKinley	18/20 Upper McKinley	World Finance Plaza
						
	30,482 sqm	21,286 sqm	21,217 sqm	19,938 sqm	19,414 sqm	25,067 sqm

 MCKINLEY WEST GLA: 19,961 sqm % to Total: 6%	One West Campus	Five West Campus
		
	9,704 sqm	10,257 sqm

Eastwood City masterplan

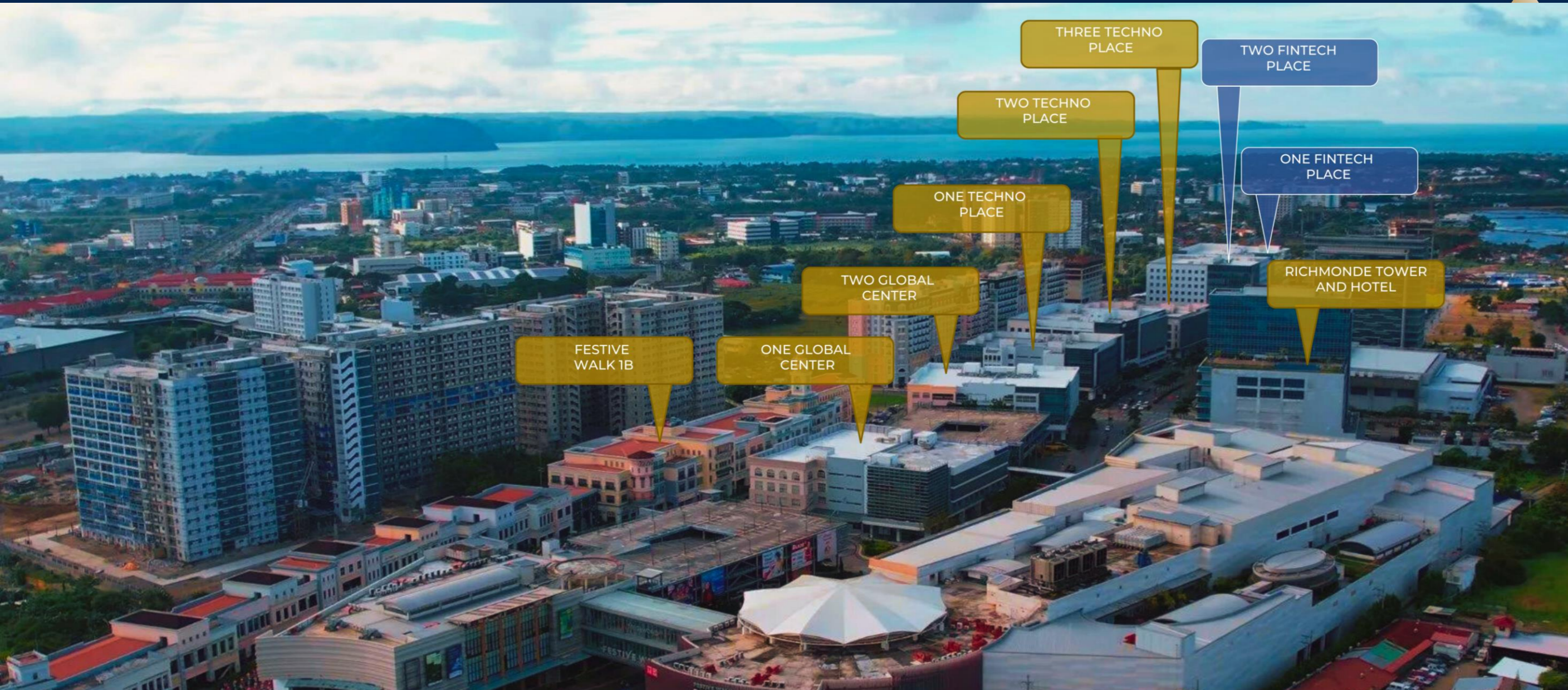


EASTWOOD CITY
MASTER DEVELOPMENT PLAN

Iloilo Business Park masterplan



Overview of Iloilo Business Park post-acquisition

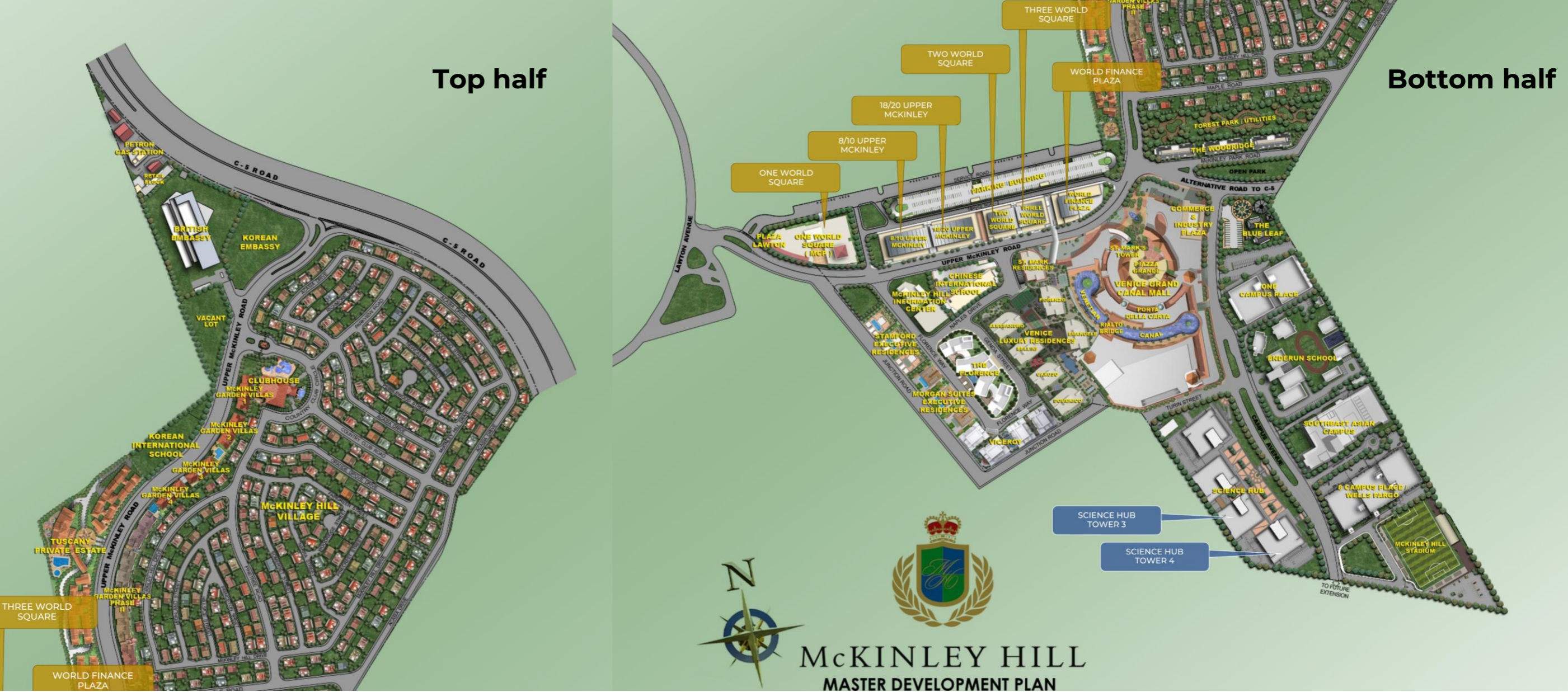


McKinley Hill masterplan

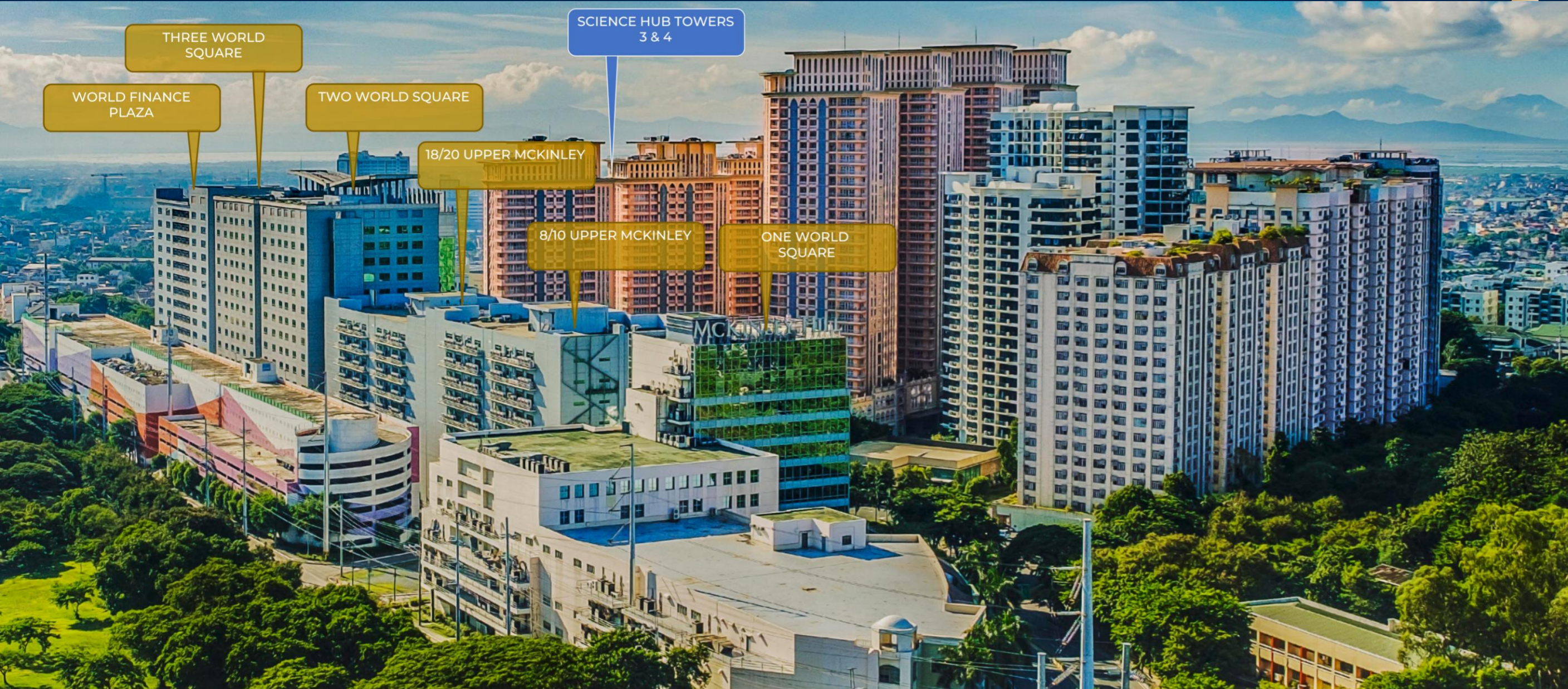


Top half

Bottom half



Overview of McKinley Hill post-acquisition



McKinley West masterplan



MCKINLEY WEST
MASTER DEVELOPMENT
PLAN

Overview of McKinley West post-acquisition



Davao Park District masterplan



Other updates



- ✓ MREIT has been included in the **PSE Property Index**, effective February 6, 2023.
- ✓ This development is expected to enhance the liquidity of its shares, thereby creating greater value for its shareholders.

Details on financing

Details on outstanding 10-year unsecured senior loan drawn down in December 2021



Loan details



P7.25bn

Bank loan



3.64% p.a

Cost of debt¹



97.50%

Bullet on year 10

MREIT's leverage (as of 31 March 2023)



14%

Net debt to equity ratio²

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