

COVER SHEET

SEC Registration Number

C S 2 0 2 0 5 2 2 9 4

Company Name

M R E I T , I N C .

Principal Office (No./Street/Barangay/City/Town/Province)

1 8 / F , A L L I A N C E G L O B A L T O W E R ,
3 6 T H S T . , C O R . 1 1 T H A V E . ,
U P T O W N B O N I F A C I O , T A G U I G C I T Y

KRIZELLE MARIE F. POBLACION

Contact Person

(632) 8894-6300/6400

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

0 6

Month

2 6

Day

Annual Meeting

S E C F O R M 2 0 - I S (D E F I N I T I V E

Form Type

I N F O . S T A T E M E N T)

M S R D

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel Concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remaks = Pls. use black ink for scanning purposes

PSE Security Code _____
SEC Number CS202052294
File Number _____

MREIT, INC.

(Company's Full Name)

**18TH FLOOR ALLIANCE GLOBAL TOWER, 36TH STREET CORNER
11TH AVENUE, UPTOWN BONIFACIO, TAGUIG CITY 1634,
METRO MANILA, PHILIPPINES**

(Company's Address)

(02) 88946400

(Company's Telephone Number)

DECEMBER 31

(Fiscal Year Ending)
(Month & Day)

**SEC FORM 20-IS (DEFINITIVE INFORMATION SHEET)
2024 ANNUAL STOCKHOLDERS' MEETING**

(Form Type)

(Amendment Designation, if Applicable)

Period Ended Date

(Secondary License Type, if any)

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

Preliminary Information Statement
 Definitive Information Statement

2. Name of Registrant as specified in its charter:

MREIT, Inc.

3. **Metro Manila, Philippines**

Province, country or other jurisdiction of incorporation or organization

4. **CS202052294**

SEC Identification Number

5. **502-228-971**

BIR Tax Identification Code

6. **18th Floor, Alliance Global Tower, 36th Street cor.
11th Avenue, Uptown Bonifacio, Taguig City 1634**

Address of principal office

7. **(02) 88946400**

Registrant's telephone number, including area code

8. **26 June 2024, 2:00 p.m.
by livestream access via <https://mreit.com.ph/asm2024>**

Date, time and place of the meeting of security holders

9. **31 May 2024**

Approximate date on which the Information Statement is first to be sent or given to security holders

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA

Title of Each Class

Number of Shares of Stock Outstanding

Common

2,795,821,381¹

11. Are any or all of registrant's securities listed on the Philippine Stock Exchange?

Yes

No

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Philippine Stock Exchange

Common Shares

¹ As of 31 March 2024, MREIT, Inc. has a total of 2,795,821,381 common shares issued and outstanding. 2,532,121,381 common shares are listed in the Philippine Stock Exchange. **Meanwhile, the Company awaits approval of the listing of 263,700,000 common shares issued in March 2023.**



18th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City, Philippines, 1634

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To all stockholders of
MREIT, INC.

NOTICE IS HEREBY GIVEN that the 2024 Annual Meeting of Stockholders (the "Annual Meeting") of MREIT, Inc. (the "Company") will be held on **26 June 2024 at 2:00 p.m.** to be conducted virtually, through the link <https://mreit.com.ph/asm2024> that can be accessed through the Company's website, with the following agenda:

1. Call to Order
2. Proof of Notice and Determination of Quorum
3. Approval of the Minutes of the Previous Stockholders' Meeting held on 02 June 2023
4. Annual Report of Management
5. Approval of Issuance of 926,162,000 Common Shares in Exchange for Six (6) Grade A Buildings
6. Appointment of External Auditors
7. Ratification of Acts and Resolutions of the Board of Directors, Board Committees and Management
8. Election of Directors
9. Other Matters
10. Adjournment

Stockholders of record as of 29 May 2024 will be entitled to notice of, and to vote at, the Annual Meeting. Pursuant to Article 2, Sections 5 and 7 of the Company's Amended By-Laws and Sections 57 and 23 of the Revised Corporation Code, the Company decided to hold the Annual Meeting via remote communication, and allow the stockholders to cast their votes by remote communication or in absentia, or by proxy.

To participate in the Annual Meeting, stockholders must register from 9:00 AM of 04 June 2024 until 5:00 PM of 17 June 2024. The procedure for participation via remote communication and in absentia are contained in the Information Statement.

Stockholders who wish to appoint proxies may submit proxy instruments until 5:00 PM of 17 June 2024, to the Office of the Corporate Secretary at the 30th Floor, Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City or by email to compliance@mreit.com.ph. Validation of proxies shall be held on 19 June 2024. A sample proxy form will be enclosed in the Information Statement for your convenience.

Copies of the Information Statement, the Management Report, SEC Form 17-A (Annual Report), and other relevant reports and disclosures shall be made available in the Company's Website (<https://mreit.com.ph/>) and in PSE Edge.

Taguig City, Philippines, 15 May 2024.

MARIA CARLA T. UYKIM
Corporate Secretary

*** The Notice of Meeting was distributed through alternative modes of distribution as follows:**

- a. Published in the print and online publications of Manila Times on May 20 and 21, 2024;**
- b. Published in the print and online publications of Daily Tribune on May 20 and 21, 2024;**
- c. Uploaded in PSE Edge – https://edge.pse.com.ph/openDiscViewer.do?edge_no=95993904f55a9d75abca0fa0c5b4e4d0**
- d. Uploaded in the Company's website – <https://mreit.com.ph/assets/Uploads/2024-0515-MREIT-Inc.-Notice-of-Annual-Meeting-of-Stockholders.pdf>**

EXPLANATION OF AGENDA ITEMS

1. Call to Order

The meeting will be formally opened at approximately 2:00 o'clock in the afternoon.

2. Certification of Notice and Quorum

The Corporate Secretary will certify that the written notice for the meeting was duly sent to stockholders of record, including the date of publication and the newspapers where the notice was published. The Corporate Secretary will also certify that a quorum exists, and the Stockholders representing at least a majority of the outstanding capital stock, present in person or by proxy, shall constitute a quorum for the transaction of business.

Pursuant to Article 2, Sections 5 and 7 of the Company's Amended By-Laws and Sections 57 and 23 of the Revised Corporation Code, which allow voting through remote communication or *in absentia* by the stockholders, Stockholders may register by submitting requirements via email at compliance@mreit.com.ph and vote through remote communication or *in absentia* on the matters for resolution at the meeting. A stockholder who votes in absentia as well as a stockholder participating by remote communication shall be deemed present for purposes of quorum.

Please refer to **Annex "A"** on the Procedures and Requirements for Voting and Participation in the 2024 Annual Meeting for complete information on remote participation or voting in absentia, as well as on how to join the livestream for the 2024 Annual Meeting.

3. Approval of Minutes of the Previous Annual Meeting

The minutes of the annual meeting held on 02 June 2023 is available at the Company's website through this link <https://mreit.com.ph/disclosures/minutes-of-stockholders-meetings/>.

4. Annual Report of Management

The performance of the Company in 2023 will be reported.

5. Approval of Issuance of 926,162,000 Common Shares in Exchange for Six (6) Grade A Buildings

Approval of the stockholders will be sought for the issuance of 926,162,000 primary common shares to Megaworld Corporation at an issue price of ₱14.20 per share, set at a 10.1% premium over the thirty (30)-day Volume-Weighted Average Price (VWAP) of ₱12.90 per share over a period of thirty (30) trading days prior to the Related Party Transaction Committee meeting on 07 May 2024, in exchange for six (6) Grade A buildings located in PEZA-registered zones, namely: 100% ownership of One Fintech Place and Two Fintech Place, which are located in Iloilo Business Park, 100% ownership of Davao Finance Center located in Davao Park District, and 80% pro indiviso ownership of Two West Campus, Ten West Campus and One Le Grand, which are located in McKinley West, Fort Bonifacio, Taguig. A resolution on this agenda item will be presented to the stockholders for approval by the vote of the stockholders representing at least a majority of the outstanding capital stock.

6. Appointment of External Auditors

The election of the external auditor for the ensuing year will be endorsed to the stockholders for approval. The external auditor conducts an independent verification of the Company's financial statements and provides an objective assurance on the accuracy of its financial statements.

7. Ratification of Acts and Resolutions of the Board of Directors, Board Committees and Management

The actions of the Board and its committees for ratification are those taken since the annual stockholders' meeting on 02 June 2023 until 25 June 2024. They include the approval of agreements, projects, investments and acquisitions, treasury-related matters, matters covered by disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange, and other similar activities of the Company. The acts of the officers were those taken to implement the resolutions of the Board or its committees or made in the general conduct of business.

8. Election of Directors

Nominees for election of seven (7) members of the Board of Directors, including three (3) independent directors, will be submitted for election by the stockholders. The profiles of the nominees to the Board of Directors are provided in the Information Statement.

9. Other Matters

Other concerns or matters raised by stockholders will be discussed.

10. Adjournment

Upon determination that there are no other matters to be considered, the meeting shall be adjourned.

SAMPLE ONLY

**PROXY
MREIT, INC.
2024 STOCKHOLDERS' MEETING**

I/We hereby name and appoint _____, or in his absence, the Chairman of the meeting, as my/our proxy at the annual stockholders' meeting of **MREIT, INC.** ("MREIT") to be held on 26 June 2024 and/or at any postponement or adjournment thereof, and/or any annual stockholders' meeting of MREIT, which appointment shall not exceed five (5) years from date hereof.

In particular, I/we hereby direct my/our said proxy to vote all my/our shares on the agenda items set forth below as I/we have expressly indicated by marking the same with an "X".

Items No.	Subject	Action		
		For	Against	Abstain
3.	Approval of Minutes of the Previous Annual Meeting held on 02 June 2023			
5.	Approval of Issuance of 926,162,000 Common Shares in Exchange for Six (6) Grade A Buildings			
6.	Appointment of External Auditors			
7.	Ratification of Acts and Resolutions of the Board of Directors, Board Committees and Management			
8.	Election of Directors			
	i. Francisco C. Canuto			
	ii. Kevin Andrew L. Tan			
	iii. Katherine L. Tan			
	iv. Lourdes T. Gutierrez-Alfonso			
	v. Antonio E. Llantada, Jr.			
	vi. Jesus B. Varela			
	vii. Sergio R. Ortiz-Luis, Jr.			
FULL DISCRETION				

PRINTED NAME OF STOCKHOLDER

AUTHORIZED SIGNATORY

THIS PROXY SHOULD BE SUBMITTED UNTIL 5:00 PM OF 17 JUNE 2024, TO THE OFFICE OF THE CORPORATE SECRETARY AT 30TH FLOOR, ALLIANCE GLOBAL TOWER, 36TH STREET CORNER 11TH AVENUE, UPTOWN BONIFACIO, TAGUIG CITY OR BY EMAIL TO COMPLIANCE@MREIT.COM.PH.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER ATTENDS THE MEETING IN PERSON AND EXPRESSED HIS INTENTION TO VOTE IN PERSON.

THIS PROXY DOES NOT NEED TO BE NOTARIZED.

(Partnerships, Corporations and Associations must attach certified resolutions designating their proxies/representatives and authorized signatories.)



INFORMATION STATEMENT

GENERAL INFORMATION

Date, Time and Place of Meeting of Security Holders

Date of Meeting	:	26 June 2024
Time of Meeting	:	2:00 p.m.
Place of Meeting	:	To be called and presided by the Presiding Officer in Taguig City and to be conducted virtually by remote communication
Approximate Distribution of this Statement	:	31 May 2024 ²
Complete Mailing Address of the Principal Office of the Registrant	:	18th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City 1634

The Company is not soliciting proxies. We are not asking you for a proxy. Neither are you required to send us a proxy.

Dissenters' Right of Appraisal

There is no proposed corporate action in the agenda for the annual meeting of stockholders that will grant appraisal rights pursuant to the Revised Corporation Code of the Philippines to dissenting stockholders.

Any stockholder of the Company shall have the right to dissent and demand payment of the fair value of his shares in the following instances: 1) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; 2) in case the corporation decides to invest its funds in another corporation or business or for any purpose outside of the primary purpose for which it was organized; 3) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; and 4) in case of merger or consolidation.

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the Company within thirty (30) days after the date on which the vote was taken, for payment of the fair value of his shares. **A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right.** Failure to make the demand within the 30-day period shall be deemed a waiver of the appraisal right. From the time of the demand until either the abandonment of the corporate action in question or the purchase of the dissenting shares by the Company, all rights accruing to the dissenting shares shall be suspended, except the stockholder's right to receive payment of the fair value thereof. If the proposed corporate action is implemented or effected, the Company shall pay to such stockholder, upon surrender of the

² Pursuant to SEC Notice dated 20 April 2020, digital copies of the Information Statement, Management Report, Annual Report, and other relevant documents will be made available at the Company's website: <https://mreit.com.ph/> and through the PSE Edge.

stock certificate(s) representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If the fair value is not determined, within sixty (60) days from the date the corporate action was approved by the stockholders, it will be determined by three (3) disinterested persons (one chosen by the Company, another chosen by the dissenting stockholder and the third to be chosen jointly by the Company and the stockholder). The findings of the majority of the appraisers shall be final, and their award shall be paid by the Company within thirty (30) days after such award is made. Upon payment by the Company of the awarded price, the dissenting stockholder shall forthwith transfer his shares to the Company.

No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings.

Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No director or officer of the Company, or any nominee for election as a director of the Company, or any associate thereof, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon, other than election to office.

No director of the Company has informed it in writing that he intends to oppose any action to be taken by the Company at the annual meeting of stockholders.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

(a) Number of Shares Outstanding

As of 31 March 2024, the Company had outstanding shares of 2,795,821,381 common stock. Each common share is entitled to one (1) vote.

(b) Record Date of Meeting

All stockholders on record as of 29 May 2024 will be entitled to notice of, and to vote at, the annual meeting of stockholders.

(c) Manner of Voting

Pursuant to Article 2, Sections 5 and 7 of the Company's Amended By-Laws, Sections 23 and 57 of the Revised Corporation Code, and SEC Memorandum Circular No. 06, Series of 2020 allowing voting through remote communication or in absentia, stockholders may now participate in the 2024 Annual Meeting by remote communication and cast their votes in absentia. A stockholder may cast his/her votes by remote communication or *in absentia* until 5:00 pm of 17 June 2024. A stockholder voting remotely or *in absentia* shall be deemed present for purposes of quorum. Please refer to **Annex "A"** on the Procedures and Requirements for Voting and Participation in the 2024 Annual Meeting for complete information on voting via remote participation or voting in absentia, as well as on how to join the livestream for the 2024 Annual Meeting.

(d) Cumulative Voting Rights

Each stockholder shall be entitled to one (1) vote with respect to all matters to be taken up during the annual meeting of stockholders. With respect to the election of the members of the board of directors of the Company, each stockholder shall have cumulative voting rights. Cumulative voting entitles each stockholder to cumulate his shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or distribute them on the same principle among as many nominees as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

(e) Security Ownership of Certain Record and Beneficial Owners and Management

(i) Security Ownership of Record and Beneficial Owners of more than 5% of the Company's Voting Stock as of 31 March 2024

Title of Class	Name, address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent of Class
Common	Megaworld Corporation 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City 1634 Parent/Sponsor	Megaworld Corporation ³	Filipino	1,555,332,881	55.63% ⁴
Common	PCD Nominee Corp. (Filipino) G/F MKSE Bldg., 6767 Ayala Ave., Makati	Participants of the PCD composed of custodian banks and brokers. ⁵	Filipino	1,210,347,261	43.29%

Other than the persons identified above, there are no other beneficial owners of more than 5% of the Company's voting stock known to the Company.

(ii) Security Ownership of Management as of 31 March 2024

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership*	Citizenship	Percent of Class
Directors/Nominees				
Common	Francisco C. Canuto ⁶	1,000 (Indirect)	Filipino	0.0000%
Common	Kevin Andrew L. Tan ⁷	9,995,000 (Indirect)	Filipino	0.3600%
Common	Katherine L. Tan	1,000 (Direct)	Filipino	0.0000%

³ The Board of Directors of Megaworld Corporation ("Megaworld") has voting and investment power over shares of stock held by Megaworld in the Company.

⁴ On 22 April 2024, Megaworld Corporation disclosed a Statement of Changes in Beneficial Ownership in relation to the sale of 40.65-million common shares in the Company through a block sale transaction dated 18 April 2024. This resulted in Megaworld Corporation's percentage ownership to 54.18%.

⁵ Among the PCD participants, Government Service Insurance System owns 274,349,100 representing 9.81% of the Company's outstanding capital stock and BANCO DE ORO - Trust Banking Group owns 174,903,100 representing 6.25% of the Company's outstanding capital stock.

⁶ Shares are lodged with PCD Nominee Corporation.

⁷ Shares are lodged with PCD Nominee Corporation.

Title of Class Name of Beneficial Owner		Amount and Nature of Beneficial Ownership*	Citizenship	Percent of Class
Common	Lourdes T. Gutierrez-Alfonso ⁸	1,000 (Indirect)	Filipino	0.0000%
Common	Antonio E. Llantada, Jr.	1,000 (Direct)	Filipino	0.0000%
Common	Jesus B. Varela	1,000 (Direct)	Filipino	0.0000%
Common	Sergio R. Ortiz-Luis, Jr.	1,000 (Direct)	Filipino	0.0000%
CEO and Most Highly Compensated Officers				
Common	Kevin Andrew L. Tan	Same as above		
Common	Giovanni C. Ng	0	Filipino	n/a
Common	Maria Carla T. Uykim	0	Filipino	n/a
Common	Englebert G. Teh	0	Chinese	n/a
Common	Andy Willing Dela Cruz, Jr.	0	Filipino	n/a
Other Executive Officers				
Common	Andy Willing Dela Cruz, Jr.	0	Filipino	n/a
Common	Krizelle Marie F. Poblacion	0	Filipino	n/a

(iii) Voting Trust Holders of 5% or More

The Company is not aware of the existence of persons holding more than five percent (5%) of the Company's common shares under a voting trust or similar agreement.

(iv) Changes in Control

On 1 February 2021, Megaworld obtained control over the Company by subscribing to 12,400,000 shares of the Company's authorized capital stock with par value of P100 per share or a total of P1,240,000,000. Accordingly, Megaworld acquired 99.20% direct ownership of the Company's total issued and outstanding capital stock.

On 7 April 2021, the Company approved the amendment of its Articles of Incorporation to change the par value of common shares from P100 to P1, resulting in an increase in the number of common shares from 50,000,000 to 5,000,000,000.

On 7 April 2021, the Company also approved the Property-for-Share Swap transaction with Megaworld in which Megaworld transferred, assigned and conveyed absolutely in favor of the Company all of its rights, title and interests in certain real properties, in exchange for 1,282,120,381 common shares with a par value of P1 per share and additional paid-in capital (APIC) of P47,920,287,239.00. The SEC certified the approval of the valuation of the Property-for-Share Swap on June 1, 2021; hence, the issuance of additional common shares to Megaworld was consummated. Accordingly, Megaworld's direct ownership interest increased to 99.61% of the total issued and outstanding capital stock of the Company.

On 1 October 2021, upon the Company's listing in the PSE, Megaworld sold 949,837,500 of its shares in the Company to the public. As a result, Megaworld became the 62.09% owner of the Company, while

⁸ Shares are lodged with PCD Nominee Corporation.

37.51% of the Company's shares are held by the public. The remaining shares are held by the Company's directors.

On 1 April 2022, the Company approved the Property-for-Share Swap transaction with Megaworld pursuant to which Megaworld transferred, assigned and conveyed absolutely in favor of the Company all of its rights, title and interests in four (4) Grade A buildings located in PEZA-registered Zones, namely: 100% ownership of Two Global Center and of Festive Walk 1B, which are located in Iloilo Business Park, and 80% pro indiviso ownership of One West Campus and of Five West Campus, which are located in McKinley Hill in Fort Bonifacio, Taguig, in exchange for 263,700,000 common shares of the Company, with a par value of P1 per share and APIC of P5,010,300,000.00, or for a total subscription price of P5,274,000,000.00. On 23 March 2023, the SEC approved the valuation of the Property-for-Share Swap, which resulted in the transfer of the four properties to the Company and the issuance of 263,700,000 common shares to Megaworld, resulting to Megaworld's direct ownership interest in the Company of 65.67%.

The Company disclosed on 21 July 2023 that Megaworld approved the sale of 279.4 million common shares in the Company through an overnight placement transaction. Additionally, on 18 April 2024, Megaworld approved the sale of another 40.65-million common shares in the Company through a block sale transaction. Accordingly, as of 18 April 2024, Megaworld's direct ownership interest in the Company is 54.18%.

On 10 May 2024, the Company approved the Property-for-Share Swap transaction with Megaworld pursuant to which Megaworld transferred, assigned and conveyed absolutely in favor of the Company all of its rights, title and interests in six (6) Grade A buildings located in PEZA-registered Zones, namely: 100% ownership of One Fintech Place and Two Fintech Place, which are located in Iloilo Business Park, 100% ownership of Davao Finance Center, which is located at Davao Park District, and 80% pro indiviso ownership of Two West Campus, Ten West Campus and One Le Grand, which are located in McKinley Hill in Fort Bonifacio, Taguig, in exchange for 926,162,000 common shares of the Company, with a par value of P1 per share and APIC of PhP12,225,338,400.00, or for a total subscription price of PhP13,151,500,400.00. The Company is in the process of securing the relevant regulatory approvals in relation to this transaction.

(f) Foreign ownership level as of 31 March 2024

As of 31 March 2024, a total of 28,742,939 common shares are held by foreigners, amounting to approximately 1.03% of the total outstanding capital stock of the Company.

Board of Directors and Senior Management

(a) Background of Directors and Executive Officers

The overall management and supervision of the Company is undertaken by the Board of Directors ("Board"). Currently, the Board consists of seven (7) members, of which three (3) are independent directors. All of the directors were elected at the Company's annual stockholders meeting on 02 June 2023, and will hold office until their successors have been duly elected and qualified.

Information concerning the background of the directors and executive officers of the Company is provided in the Company's Management Report.

(b) Procedure for Nomination and Election of Independent Directors

Pursuant to Article III, Section 2 of the Company's Amended By-Laws, the nomination and election of independent directors shall be conducted in accordance with the procedures for nomination and election prescribed by laws and regulations.

SRC Rule 38 provides that the nomination and election of independent directors shall be conducted in accordance with the following rules:

1. Nomination of independent directors shall be conducted by the Corporate Governance Committee prior to a stockholders' meeting. All recommendations shall be signed by nominating stockholders and shall bear the conformity of the nominees.
2. The Corporate Governance Committee shall pre-screen the nominees and prepare a final list of candidates.
3. The final list of candidates shall contain the business and/or professional experience of the nominees for independent directors, which list shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Company is required to submit to the Commission. The name of the person or group of persons who recommended the nominees for independent directors shall be identified in such a report including any relationship to the nominees.
4. Only nominees whose names appear in the final list of candidates shall be eligible for election as independent directors. No other nominations shall be entertained after the final list of candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.
5. The conduct of the election of independent directors shall be made in accordance with the standard election procedures of the Company in its by-laws, subject to pertinent laws, rules and regulations of the Commission.
6. It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure those independent directors are elected during the stockholders' meeting.
7. In case of failure of election for independent directors, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.

(c) Nominees

Directors are elected annually by the stockholders at the annual stockholders' meeting to serve until the election and qualification of their successors. The Corporate Governance Committee composed of Sergio R. Ortiz-Luis, Jr. as Chairman, Jesus B. Varela and Antonio E. Llantada, Jr. as members, accepts nominees to the Board of Directors, including nominees for independent director. The Committee is responsible for screening and qualifying the list of nominees. The following is the complete and final list of nominees and candidates for members of the Board of Directors:

1. Francisco C. Canuto
2. Kevin Andrew L. Tan
3. Katherine L. Tan
4. Lourdes T. Gutierrez-Alfonso
5. Antonio E. Llantada, Jr. – Independent Director
6. Jesus B. Varela – Independent Director
7. Sergio R. Ortiz-Luis, Jr. – Independent Director

(d) Independent Directors

This year's nominees for directors include three (3) persons who qualify as independent directors. Francisco C. Canuto nominated Antonio E. Llantada, Jr. as independent director, while Kevin Andrew L. Tan nominated Jesus B. Varela and Sergio R. Ortiz-Luis, Jr. as the two other independent directors. The nominators are not related by consanguinity or affinity up to the fourth civil degree to the nominees.

(e) Significant Employees

While the Company values its workforce, the business of the Company is not highly dependent on the services of personnel outside of Senior Management. Nevertheless, the entire workforce is considered significant, and is expected to work together to achieve the Company's goals and objectives.

(f) Family Relationships

President and Chief Executive Officer Kevin Andrew L. Tan is the son of Andrew L. Tan, the Chairman and President of Megaworld Corporation (the Company's Parent and Sponsor), and of Katherine L.

Tan, Director of the Company and of Megaworld Corporation. Kevin Andrew L. Tan is also the Executive Vice President and Chief Strategy Officer of Megaworld Corporation.

(g) Involvement in Certain Legal Proceedings

The Company is not aware of the occurrence, as of the date hereof and during the past five (5) years preceding this date, of any of the following events which it believes to be material to the evaluation of the ability or integrity of any of its directors, nominees for election as director, or executive officers:

1. Any bankruptcy petition filed by or against any business of a director, nominee for election as director, or executive officer who was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
2. Any director, nominee for election as director, or executive officer being convicted by final judgment in a criminal proceeding, domestic or foreign, or being subject in his personal capacity to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
3. Any director, nominee for election as director, or executive officer being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
4. Any director, nominee for election as director, or executive officer being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

(h) Related Party Transactions

The Company, in the ordinary course of business, engages in transactions with its Parent and affiliates. On 25 June 2021, the Company adopted a Related Party Transaction Policy to ensure that related party transactions are entered into terms comparable to those available to unrelated third parties in similar transactions. The Company has also established a Related Party Transaction Committee composed of three members of the board, two of whom are independent, including the Chairman.

Transactions with related parties include asset acquisitions from, and land leases with, Megaworld Corporation (the Company’s Parent and Sponsor), and fund and property management agreements with affiliates. The table below sets out the principal transactions of the Company with related parties as of 25 June 2024:

Year	Related Parties	Nature of the Transaction	Value of the Transaction
2024	Megaworld Corporation	Acquisition of six buildings owned by Megaworld in exchange for shares of stock in the Company	Subject to the required regulatory approvals, the six (6) properties, which were valued by an independent property valuer, are to be transferred to the Company in exchange for 926,162,000 common shares for a total subscription price of Php13,151,500,400.00, at par value additional paid-in capital of Php12,225,338,400.00.

Please refer to the previous discussions in *Authorization or Issuance of Securities Other than for Exchange and Related Transactions* of this report.

2024	Megaworld Corporation (and Davao Park District Holdings, Inc. in respect of a certain property)	Lease of various lands where the buildings acquired from Megaworld are located ⁹	<p>Commencing on the start of the quarter when the SEC's confirmation of valuation is obtained up to 30 June 2025, rent equivalent to, as applicable:</p> <ul style="list-style-type: none"> a. 2.5% of the Company's gross rental income for office and retail properties; and b. 1.5% of the Company's hotel rental/revenues for hotel properties. <p>From 01 July 2025 onwards, rent equivalent to, as applicable:</p> <ul style="list-style-type: none"> a. 5% of the Company's gross rental income for office and retail properties; and b. 3% of the Company's hotel rental/revenues for hotel properties.
2022	Megaworld Corporation	Acquisition of four buildings owned by Megaworld in exchange for shares of stock in the Company ¹⁰	<p>The four properties, which were valued by an independent property valuer, were transferred to the Company in exchange for 263,700,000 common shares for a total subscription price of Php5,274,000,000.00, at par value and additional paid-in capital of Php5,010,300,000.00</p>
2021	Megaworld Corporation (and Empire East Land Holdings,	Acquisition of ten buildings owned by	<p>The ten properties, which were valued by an</p>

⁹ These leases pertain to the various parcels of land where the buildings to be acquired from Megaworld are located in relation to the 2024 property-for-share swap transactions described above.

¹⁰ This transaction was consummated in 2023 upon the SEC's approval of the valuation of the properties transferred to the Company.

	Inc. in respect of certain properties)	Megaworld in exchange for shares of stock in the Company	independent property, were transferred to the Company in exchange for 1,282,120,381 common shares for a total subscription price of Php49,202,407,620.00, at par value and additional paid-in capital of Php47,920,287,239.00
2021	Megaworld Corporation	Acquisition of four buildings owned by Megaworld for cash	The four properties were acquired by the Company for cash in the amount of Php9,116,000,000.00
2021 and 2022	Megaworld Corporation (and Empire East Land Holdings, Inc. in respect of certain properties)	Lease of various lands where the buildings acquired from Megaworld are located ¹¹	<p>From 01 July 2023, rent equivalent to, as applicable:</p> <ul style="list-style-type: none"> a. 2.5% of the Company's gross rental income for office and retail properties; and b. 1.5% of the Company's hotel rental/revenues for hotel properties. <p>From 01 July 2025 onwards, rent equivalent to, as applicable:</p> <ul style="list-style-type: none"> a. 5% of the Company's gross rental income for office and retail properties; and b. 3% of the Company's hotel rental/revenues for hotel properties.
2021	MREIT Fund Managers, Inc.	Fund management agreement for the management of the Company's funds and assets	Fund management fee equivalent to 3.5% of the Company's gross revenues, payable annually, not to exceed 1% of the net asset value of the properties under management

¹¹ These leases pertain to the various parcels of land where the buildings acquired from Megaworld in the property-for-share swap transactions and cash acquisition transactions are located.

2021	MREIT Property Managers, Inc.	Property management agreement for the operation and management of the Company's properties and facilities	Property management fee equivalent to 2% of the Company's gross revenues, payable monthly, not to exceed 1% of the net asset value of the properties under management
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Other than the foregoing and those disclosed in the Company's Financial Statements, the Company has not entered into any other related party transactions. (*Please see: Audited Financial Statements for 2023, Note 6 – Investment Properties and Note 15 – Related Party Transactions*)

Reinvestment of Proceeds

On 11 March 2022, Megaworld, the Company's Parent and Sponsor, amended its Reinvestment Plans in connection with the Initial Public Offering of the Company (October 2021) and the sale to the Company of four (4) Prime, Grade A buildings, located in PEZA-registered Zones (December 2021).

On 27 July 2023, Megaworld disclosed its Reinvestment Plan in connection with the block sale of 279,400,000 common shares of the Company. On 22 April 2024, Megaworld disclosed its Reinvestment Plan in connection with the block sale of 40,650,000 common shares of the Company.

Copies of the amended Reinvestment Plans, as well as the latest Reinvestment Plan Progress Reports, can be viewed in the Company's website (<https://mreit.com.ph/disclosures/sec-pse-disclosures/>).

As of date, the status of the Reinvestment Plans are as follows:

Relevant Transaction	Date of Reinvestment Plan	Date of Compliance
Secondary Offer by Megaworld Corporation of 844,300,000 Common Shares of MREIT, Inc. on 1 October 2021	9 September 2021; Amended as of 9 March 2022	30 September 2022
Sale by Megaworld Corporation to MREIT, Inc. of Four Prime, Grade A buildings located in PEZA-registered Zones for Php9.116 billion on 20 December 2021	17 December 2021; Amended as of 9 March 2022	19 December 2022
Block Sale by Megaworld Corporation of 279,400,000 Common Shares of MREIT, Inc. on 27 July 2023	27 July 2023	Q2 2024
Block Sale by Megaworld Corporation of 40,650,000 Common Shares of MREIT, Inc. on 18 April 2024	22 April 2024	Q1 2025

A copy of the Sponsor’s undertaking to comply with the reinvestment requirements of the REIT Law and the relevant listing rules is attached herewith as Annex “D”.

(i) Resignation/Disagreement

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of stockholders because of a disagreement with the Company on any matter relating to the Company’s operations, policies or practices.

Compensation of Directors and Executive Officers

(a) Summary of Compensation Table

Aggregate compensation paid to the Company’s Chief Executive Officer and the four (4) most highly compensated executive officers as a group for the last two fiscal years and the estimate for the ensuing year are as follows:

Name and Principal Position	Year	Salary	Other Variable Pay	Total Annual Compensation
Kevin Andrew L. Tan President and CEO				
Giovanni C. Ng Treasurer				
Maria Carla T. Uykim Corporate Secretary				
Englebert G. Teh Chief Financial Officer				
Andy Willing Dela Cruz, Jr. Investor Relations Officer				
President and Four Most Highly Compensated Officers	Actual 2022	Php7.3m	Php1.53m	Php8.96m
	Actual 2023	Php5.26m	Php 1.23m	Php6.49m
	Projected 2024	Php5.79m	Php1.35m	Php7.14m
All Other Officers and Directors as a Group	Actual 2022	Php2.51m	Php0.53m	Php3.04m
	Actual 2023	Php1.29m	Php0.33m	Php1.62m
	Projected 2024	Php1.42m	Php0.36m	Php1.78m

(b) Compensation of Directors

The Company's By-Laws stipulate that the total yearly compensation of all directors and principal officers of the Corporation shall not exceed 10% of the net income before tax of the Corporation for the preceding year. In the last two reporting periods, directors received per diem only from the Company.

For 2024, the Company has allocated Php525,000.00 for Directors' per diems. There are no arrangements pursuant to which any Director of the Company was compensated, or is to be compensated, directly or indirectly, during the year ended 31 December 2023 for any service provided as a Director.

Name of Directors	Year	Salary	Total Annual Director's Per Diem
Francisco C. Canuto		Per diem	
Kevin Andrew L. Tan		Per diem	
Katherine L. Tan		Per diem	
Lourdes T. Gutierrez-Alfonso		Per diem	
Antonio E. Llantada, Jr.		Per diem	
Jesus B. Varela		Per diem	
Sergio R. Ortiz-Luis, Jr.		Per diem	
Total Annual Director's Per Diem	2022		700,000
	2023		500,000
	2024		525,000

(c) Employment Contracts and Termination of Employment and Change-in-Control Arrangement

Executive officers are appointed by the Board to their respective offices. The Company does not enter into employment contracts with its executive officers. Other than benefits available under the Company's applicable retirement plan, there is no compensatory plan or arrangement with respect to an executive officer which results or will result from the resignation, retirement or any other termination of such executive officer's employment with the Company and its subsidiaries, or from a change-in-control of the Company, or a change in an executive officer's responsibilities following a change-in-control of the Company.

(d) Options Outstanding

There are no outstanding warrants or options in connection with the shares of the Company held by any of the directors or executive officers.

ISSUANCE AND EXCHANGE OF SECURITIES

Authorization or Issuance of Securities Other than for Exchange

To be presented for the approval of the stockholders is the subscription by Megaworld to 926,162,000 common shares of the Company to be paid for by way of transfer to the Company of six (6) Grade A Asset Buildings of Megaworld located in PEZA-registered zones, namely: 100% ownership of One Fintech Place and Two Fintech Place, which are located in Iloilo Business Park, 100% ownership of Davao Finance Center, which is located in Davao Park District, and 80% pro indiviso ownership of Two West Campus, Ten West Campus and One Le Grand, which are located in McKinley Hill in Fort Bonifacio, Taguig.

Based on the valuation report and fairness opinion issued by independent consultants of the Company and Megaworld, MREIT Fund Managers, Inc. (“MFMI”) and the Related Party Transaction Committee recommended on 07 May 2024, and the Board of Directors approved on 10 May 2024, the subscription price of Php13,151,500,400.00.¹² The transaction price for the shares subscribed was set at a 10.1% premium over the thirty (30)-day volume weighted average price of Php12.90 per share over a period of thirty (30) trading days prior to the Related Party Transactions Committee meeting as validated by a fairness opinion issued by FTI Consulting Philippines, Inc. Accordingly, the transaction falls within the exceptions to the conduct of a rights or public offering requirement of the Philippine Stock Exchange.

As of date, and prior to the SEC’s approval of the valuation of the property for share exchange, the capital structure of the Company and total issued and outstanding common shares is 2,795,821,381 with par value of P1.00 per share, broken down as follows:

Shareholder	Subscribed Shares	Percentage of Ownership
Megaworld Corporation	1,514,682,881 (including 99,350,000 indirect shares)	54.18%
PCD Nominee Corp. (Filipino)	1,252,892,698 (excluding Megaworld Corporation’s indirect shares)	44.81%
PCD Nominee Corp. (Non-Filipino)	26,847,502	0.01%
AIM Scientific Research Foundation, Inc.	1,250,000	0.00%
James Esteves Takano	124,000	0.00%
Myra P. Villanueva	10,000	0.00%
Milagros P. Villanueva	4,000	0.00%
Myrna P. Villanueva	4,000	0.00%
Juan Carlos V. Cabreza	1,000	0.00%
Marietta V. Cabreza	1,000	0.00%
Antonio E. Llantada, Jr.	1,000	0.00%
Sergio R. Ortiz-Luis, Jr.	1,000	0.00%

¹² Copies of the fairness opinion and valuation reports can be viewed in the Company’s website through this link: <https://mreit.com.ph/disclosures/financial-reports/>.

Katherine L. Tan	1,000	0.00%
Jesus B. Varela	1,000	0.00%
Jennifer T. Ramos	100	0.00%
Jennifer T. Ramos	100	0.00%
Francis J. Ricamora	100	0.00%
TOTAL	2,795,821,381	100.00%

Megaworld shall subscribe to 926,162,000 common shares of MREIT, Inc. for a total subscription price of Php13,151,500,400.00, consisting of par value of Php1.00 per share or Php926,162,000.00 and Additional Paid In Capital (APIC) of Php12,225,338,400.00. Upon the SEC's confirmation of the valuation the properties and the issuance of the 926,162,000 common shares to Megaworld Corporation, the capital structure of the Company will be as follows:

Shareholder	Subscribed Shares	Percentage of Ownership
Megaworld Corporation	2,440,844,881	65.58%
PCD Nominee Corp. (Filipino)	1,252,892,698	33.66%
PCD Nominee Corp. (Non-Filipino)	26,847,502	0.72%
AIM Scientific Research Foundation, Inc.	1,250,000	0.03%
James Esteves Takano	124,000	0.00%
Myra P. Villanueva	10,000	0.00%
Milagros P. Villanueva	4,000	0.00%
Myrna P. Villanueva	4,000	0.00%
Juan Carlos V. Cabreza	1,000	0.00%
Marietta V. Cabreza	1,000	0.00%
Antonio E. Llantada, Jr.	1,000	0.00%
Sergio R. Ortiz-Luis, Jr.	1,000	0.00%
Katherine L. Tan	1,000	0.00%
Jesus B. Varela	1,000	0.00%
Jennifer T. Ramos	100	0.00%
Jennifer T. Ramos	100	0.00%
Francis J. Ricamora	100	0.00%
TOTAL	3,721,983,381	100.00%

The Company shall obtain the Securities and Exchange Commission's confirmation of the valuation of the properties and will apply for the listing of the 926,162,000 additional shares issued to Megaworld Corporation. The issuance of shares will be submitted for approval of the stockholders.

Acquisition of Properties

Please refer to the previous discussions in *Authorization or Issuance of Securities Other than for Exchange and Related Transactions* of this report.

Independent Public Accountants

The Board of Directors of the Company, in consultation with the Audit Committee composed of Antonio E. Llantada, Jr. as Chairman, and Kevin Andrew L. Tan and Sergio R. Ortiz-Luis, Jr. as members, will recommend to the stockholders the engagement of Punongbayan & Araullo as external auditors of the Company for 2024.

Mr. Endel S. Mata of Punongbayan and Araullo was designated as handling partner for the audit of the financial statements of the Company starting the year ending 31 December 2023. Punongbayan & Araullo was also the auditor of the Company for the year ended 31 December 2022, and the 6-month period from 1 July 2021 to 31 December 2021.

There are no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Company and its subsidiaries.

Representatives of Punongbayan & Araullo are expected to be present at the Annual Meeting of stockholders. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Financial Information

Financial Statements of the Company and its subsidiaries as of 31 December 2023, 31 December 2022, 31 December 2021 and 30 June 2021, and the Management's Discussion and Analysis of Results of Operations and Financial Condition for the corresponding periods are contained in the Company's Annual Report to Stockholders and are incorporated herein by reference.

Action with Respect to Reports

The minutes of the annual meeting of stockholders held on 02 June 2023 will be submitted to the Company's stockholders for approval. The minutes will refer to the adoption of stockholders' resolutions pertaining to, among others, the following matters:

1. Ratification of Corporate Acts and Resolutions of the Board of Directors and Officers
2. Election of Directors
3. Appointment of External Auditors

The approval or disapproval of the Minutes will constitute merely an approval or disapproval of the correctness of the Minutes but will not constitute an approval or disapproval of the matters referred to in the Minutes.

The minutes of the 2023 Annual Stockholders Meeting has been uploaded to the Company's website and may be viewed through the following link: <https://mreit.com.ph/disclosures/minutes-of-stockholders-meetings/>.

As of the date of this report, the Company has 2,795,821,381 common shares issued and outstanding, 2,532,121,381 of which are listed in the Philippine Stock Exchange. 54.18% of the issued and outstanding shares is held by the Sponsor, Megaworld Corporation, while the remaining shares are held by the public and minority shareholders. Each common share is entitled to one (1) vote with respect to all matters to be taken up during the annual meeting of stockholders.

Other Proposed Action

The stockholders will be asked to ratify all resolutions of the Board of Directors and the Board Committees and acts of Senior Management adopted during the period covering 02 June 2023 through 25 June 2024. These include, among others, the following matters:

1. Acquisition of Assets through a Tax-Free Exchange
2. Election and Appointment of Officers
3. Approval of the Audited Financial Statements as of 31 December 2023
4. Appointment of Contract Signatories
5. Application for, or Renewal of, Permits, Licenses, Clearances and Accreditations
6. Declaration of Cash Dividends
7. Holding of 2024 Annual Meeting of Stockholders

These also include the approval of agreements, projects, investments, treasury-related matters, and other matters covered by disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange, and other similar activities of the Company. The acts of the officers were those taken to implement the resolutions of the Board or its committees or made in the general conduct of business.

Voting Procedures

(a) Vote Required

In the election of directors, the seven (7) nominees garnering the highest number of votes will be elected as members of the board of directors, provided that there shall be elected at least one-third (1/3) or at least two (2), whichever is higher, independent directors in the Company's board of directors.

(b) Method of Counting of Votes

Each common share entitles the person in whose name it is registered in the books of the Company to one vote with respect to all matters to be taken up during the annual meeting of stockholders. In the election of directors, each holder of common share may vote such number of shares for as many persons as there are directors to be elected or may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many nominees as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

There will be seven (7) persons to be elected to the Company's board of directors, including at least three (3) independent directors. In the event that the number of nominees to the board of directors should exceed the number of board seats, voting shall be done by ballot. However, if the number of nominees to the board of directors will not exceed the number of board seats, voting may be done by ballot or a show of hands. Election inspectors duly appointed for the meeting shall be responsible for counting the number of votes, subject to validation by representatives of Punongbayan & Araullo, the Company's external auditors.

(c) Participation of Shareholders by Remote Communication

Stockholders may cast their votes by remote communication or in *absentia*, or by proxy. A stockholder who votes in *absentia* as well as a stockholder participating by remote communication shall be deemed present for purposes of quorum. Please refer to **Annex "A"** on the Procedures and Requirements for Voting and Participation in the 2024 Annual Meeting for complete information on voting via remote participation or voting in *absentia*, as well as on how to join the livestream for the 2024 Annual Meeting.


The Company shall provide, without charge, to each stockholder a copy of its annual report on SEC Form 17-A, upon written request addressed to MREIT, Inc., Attention: The Corporate Secretary, 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City 1634.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report was signed in the City of Taguig on

31 MAY 2024

MREIT, INC.

By:


KEVIN ANDREW L. TAN
President & Chief Executive Officer



MANAGEMENT REPORT

I. BUSINESS

Overview

MREIT, Inc. (the Company) is a real estate investment trust (REIT) incorporated under the Philippine Real Estate Investment Trust Law (Republic Act No. 9856) on 02 October 2020. The Company was designated by Megaworld Corporation (Megaworld), its Parent and Sponsor, to operate as its flagship REIT company, the primary focus of which will be office and retail leasing to a diversified tenant base, with a high-quality portfolio of eighteen (18) office, hotel, retail and other assets across the Philippines and an aggregate gross leasable area (GLA) of of 325,424 square meters as of 31 December 2023.

The Company has an authorized capital stock of ₱5,000,000,000.00 divided into 5,000,000,000 common shares with a par value of ₱1.00 per share, with no preferred shares and no shares held in treasury.

On 01 October 2021, the Company conducted an initial public offering and listed its shares in the Philippine Stock Exchange (PSE). MREIT has a total market capitalization of Php34.4 billion based on the closing price of Php12.30 per common share on 29 December 2023, the last trading day of the year. As of the date of this report, the Company has 2,795,821,381 common shares issued and outstanding. 54.18% of the issued and outstanding shares is held by the Sponsor, Megaworld, while 44.43% is held by the public.

Current Asset Portfolio

The Company is a REIT formed primarily to own and invest in an income-producing commercial portfolio of office, retail, and hotel properties in the Philippines, that meets its investment criteria. The principal investment mandate and strategy of the Company 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. As of 2023, the Company owns and operates a total of eighteen (18) mixed-use buildings (the Properties), with a total GLA of 325,424 square meters, namely:

Quezon City

1800 Eastwood Avenue
1880 Eastwood Avenue
E Commerce Building

Taguig City

One World Square
Two World Square
Three World Square
8/10 Upper McKinley
18/20 Upper McKinley
World Finance Plaza
One West Campus
Five West Campus

Iloilo City

Richmonde Hotel Iloilo and Richmonde Iloilo Office Tower
One Techno Place
Two Techno Place
Three Techno Place
One Global Center

Two Global Center
Festive Walk 1B

All eighteen (18) Properties are acquired from Megaworld. In furtherance of the transfer, assignment and conveyance in favor of the Company of all of Megaworld's rights, title and interests in the Properties, Megaworld also assigned in favor of the Company all of its rights and interests in and to the contracts of lease over portions of the Properties leased out to various entities as office, retail and hotel. The Company started earning rental income from 1800 Eastwood Avenue, 1880 Eastwood Avenue, E Commerce Building, One World Square, Two World Square, Three World Square, 8/10 Upper McKinley, 18/20 Upper McKinley, World Finance Plaza, Richmonde Hotel Iloilo and Richmonde Iloilo Office Tower, One Techno Place, Two Techno Place, Three Techno Place and One Global Center in 2021 and from One West Campus, Five West Campus, Two Global Center and Festive Walk 1B in 2023. (For more information, see Exhibit 1 – Audited Financial Statements).

As a commercial REIT, the Company will focus on expanding its office, mall, and hotel properties. However, if the opportunity arises, the Company may also explore other types of real estate properties available in the market. The Company offers shareholders an investment opportunity with a stable yield, opportunities for Gross Revenue and Net Operating Income growth, high-quality properties with strong tenant demand, strong Sponsor support from Megaworld, experienced management with incentive to grow the Company's Gross Revenue and Net Operating Income, and distribution of at least 90% of the Company's Distributable Income.

Through its Fund Manager, the Company intends to maximize investment returns by growing the Gross Revenue as well as the Net Operating Income from the Company's 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 its investors.

The Company derives its revenues through leasing real properties. The eighteen (18) mixed use buildings owned by the Company located in Quezon City, Taguig City and Iloilo City are leased out to various entities as office, retail and hotel. All of the Properties were developed by Megaworld and stand on land leased from Megaworld for an aggregate period of fifty (50) years.

All Properties are PEZA-registered and/or located in PEZA-registered zones. The Company's portfolio has tenants across various sectors which are categorized as follows: (i) Business Process Outsourcing (BPO) and traditional office; (ii) hotel, (iii) retail and others. In prior years, the Company has secured a number of major BPO customers as long-term tenants in the properties. As of 31 December 2023, 83% or 268,458 square meters of the total available GLA of the portfolio was occupied by BPOs and traditional offices, and 4% or 11,621 square meters of the total available GLA of the portfolio was occupied by retail and other tenants including 6,769 square meters pertaining to the hotel GLA.

Most of the commercial office lease agreements for the Company's properties are for tenancy periods of between five (5) to ten (10) years. To ensure the timely payment of rent, arrears management procedures are enforced to ensure timely payment of rent. For office properties, the Company requires three months' deposit and three months' advance rental. For retail properties, the Company requires six months' deposit and one month advance rental. Rentals, as well as common use service area (CUSA) fee of the maintenance and upkeep of the buildings are billed monthly or quarterly and are collected either every fifth of the month or first month of the quarter, as applicable. In addition, under the general terms of the leases, lessees and tenants for office properties are obligated to pay additional security deposit also equivalent to three months' rental upfront.

The Company's current committed leases structurally provide opportunities for growth, and this is primed to continue into the future. The total Gross Revenue from the Properties is expected to increase continuously primarily due to higher rental rates obtained on new leases or on renewals of existing leases and built-in rental escalations. The Properties have contractual fixed lease rental escalations of 5% to 10% per annum, providing for a secure source of organic growth and clear income visibility. Additionally, the Company also has the ability to lease up the assets, raising the overall occupancy of the buildings.

The Company is also not subject to the effects of seasonality or other sales cycles, as its rent terms are fixed and apply uniformly (subject to individually negotiated escalation rates) across the lease terms.

Additionally, tenants of office properties typically pay a security deposit equal to three months' rent and advance rent equal to three months. Meanwhile, tenants of commercial properties usually pay a security deposit equal to six months' rent and advance rent equal to one month. All of these advance rents are forfeited in case the tenant pre-terminates the lease agreement without prior notice or before the expiry of the lease term without cause. Such stable cash flows have allowed, and will continue to allow, the Company flexibility in maintaining and upgrading the Properties to continually satisfy its tenants' needs; in seeking further investment opportunities, whether expansion of the Company's existing Properties or acquisition of additional properties; and in making regular distributions to the Company's shareholders.

Business Strategy

The principal investment mandate and strategy of the Company 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. In determining future investments to expand the REIT portfolio, the key criteria in making an investment decision include:

- **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 Fund Manager and the Property Manager intend to work towards maximizing investment returns by increasing Gross Revenue as well as Net Operating Income over time through active management of the properties. The Fund Manager and the Property Manager aim to promote growth in returns by obtaining better lease terms through proactive lease negotiations, by optimizing the use of the GLA at each of the Properties, and by taking advantage of desirable opportunities for property acquisition. Further, to enhance the value of the Company's portfolio, the Fund Manager, pursuant to the Fund Management Agreement and REIT Law, and in accordance with the Company's plans, will perform dedicated oversight in studying potential pipeline assets for infusion into the portfolio to enhance long-term growth.

The Fund Manager intends to hold the Properties in the Portfolio on a long-term basis. However, where suitable opportunities arise, and subject to applicable laws and regulations, the Fund Manager may also consider divesting Properties or part thereof to realize their optimal market potential and value. In the future, the Fund Manager may also consider divesting mature and non-core properties which have reached a stage that affords limited growth for income in order to free up capital and reinvest proceeds into properties that meet the Company's investment criteria.

II. MARKET PRICE INFORMATION

The common shares of the Company are traded on the PSE under the symbol of MREIT. The Company's common stock was first listed on the PSE on 1 October 2021.

The following table sets out, for the periods indicated, the high and low sales price for the Company's common shares as reported on the PSE as of 31 March 2024:

Year		Q1	Q2	Q3	Q4
2021	High				19.70
	Low				16.70
2022	High	22.50	18.58	16.04	14.48

Year		Q1	Q2	Q3	Q4
	Low	18.50	15.14	13.90	11.28
2023	High	15.36	15.90	14.56	12.80
	Low	13.70	13.76	12.08	11.54
2024	High	14.16			
	Low	12.30			

Market price of the Company Shares as at 31 March 2024 was ₱13.00 per share.

III. HOLDERS

The Company has seventeen (17) shareholders of record. The following table sets forth the largest shareholders of the Company as of the date of this report.

Shareholder	Subscribed Shares	Percentage of Ownership
Megaworld Corporation	1,514,682,881 (including 99,350,000 indirect shares)	54.18%
PCD Nominee Corp. (Filipino)	1,252,892,698 (excluding Megaworld's indirect shares)	44.81%
PCD Nominee Corp. (Non-Filipino)	26,847,502	0.01%
AIM Scientific Research Foundation, Inc.	1,250,000	0.05%
James Esteves Takano	124,000	0.00%
Myra P. Villanueva	10,000	0.00%
Milagros P. Villanueva	4,000	0.00%
Myrna P. Villanueva	4,000	0.00%
Juan Carlos V. Cabreza	1,000	0.00%
Marietta V. Cabreza	1,000	0.00%
Antonio E. Llantada, Jr.	1,000	0.00%
Sergio R. Ortiz-Luis, Jr.	1,000	0.00%
Katherine L. Tan	1,000	0.00%
Jesus B. Varela	1,000	0.00%
Jennifer T. Ramos	100	0.00%
Jennifer T. Ramos	100	0.00%
Francis J. Ricamora	100	0.00%

TOTAL	2,795,821,381	100.00%
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IV. DIVIDENDS AND DIVIDEND POLICY

The Company is required to declare dividends pursuant to the REIT Law. The REIT Law requires a REIT to distribute annually a total of at least 90% of its distributable net income as adjusted for unrealized gains and losses/expenses and impairment losses, and other items in accordance with generally accepted accounting standards (excluding proceeds from the sale of the Company's assets that are reinvested in the Company within one year from the date of the sale) as dividends to its shareholders. Such dividends shall be payable only from the unrestricted retained earnings, and the income distributable as dividends shall be based on the audited financial statements for the most recently completed fiscal year prior to the prescribed distribution. The Company may declare either cash, property, or stock dividends. However, the declaration of stock dividends must be approved by at least a majority of the entire membership of the Company's Board, including the unanimous vote of all its independent Directors, and stockholders representing not less than two-thirds (2/3) of the outstanding capital stock at a regular meeting or special meeting called for that purpose. Any such stock dividend declaration is also subject to the approval of the Philippine SEC within five working days from receipt of the request for approval. If the Philippine SEC does not act on said request within such a period, the declaration shall be deemed approved.

The Company has adopted a dividend policy in accordance with the provisions of the REIT Law, pursuant to which the Company's shareholders may be entitled to receive at least 90% of the Company's annual Distributable Income. The Company intends to declare and pay out dividends on a quarterly basis each year.

In 2023, the Company's distributable income reached P2.8 billion, reflecting a 13% increase from the previous year. Revenue also experienced a 14% year-on-year jump to 4.2 billion. This growth was driven by the four new high-quality office towers and raising rents from current tenants.

Out of the distributable net income for 2023, the Company declared total cash dividends on the Company's common shares amounting to Php2,760,034,867.34 broken down as follows;

Payment Date	Amount	Amount per Share
12 May 2023	Php692,245,373.94	Php0.2476
08 August 2023	Php692,245,373.94	Php0.2476
06 November 2023	Php687,772,059.73	Php0.2460
01 March 2024	Php687,772,059.73	Php0.2460
Total		Php0.9872

The Company has distributed 97% of its distributable income for the period.

V. RECENT SALES OF UNREGISTERED OR EXEMPT SECURITIES

As of the date of this report, the Company has 263,700,000 common shares that are yet to be listed in the Philippine Stock Exchange. These shares were issued on 31 March 2023 pursuant to the Property-for-Shares swap transaction entered into by the Company with Megaworld in April 2022, which was approved by the Securities and Exchange Commission in March 2023. The shares are currently pending listing with the PSE.

On 18 April 2024, the Company was informed of Megaworld’s sale of 40.65-million common shares in the Company through a block sale transaction. The shares were sold at a transaction price of P12.30 per share, resulting in a total transaction value of around P500-million. The reinvestment plan was filed on 22 April 2024 with a reinvestment period of Q2 2024 to Q1 2025.

On 10 May 2024, Megaworld and the Company entered into a property-for-share swap transaction covering 926,162,000 shares in the Company, for a total subscription price of Php13.15 billion, to be paid by way of transfer of six (6) Grade A buildings located in PEZA-registered zones, namely: 100% ownership of One Fintech Place and Two Fintech Place, which are located in Iloilo Business Park, 100% ownership of Davao Finance Center located in Davao Park District, and 80% pro indiviso ownership of Two West Campus, Ten West Campus and One Le Grand, which are located in McKinley West in Fort Bonifacio, Taguig.

The foregoing transaction is an exempt transaction pursuant to Section 10.1(k) of the Securities Regulation Code, which exempts from registration the sale of securities by an issuer to fewer than twenty (20) persons in the Philippines during any twelve-month period. Other than the Property-for-Shares swap transactions mentioned herein, the Company does not have any other sale of securities within the past twelve-month period.

VI. BOARD OF DIRECTORS AND SENIOR MANAGEMENT

There are seven (7) members of the Company’s Board of Directors, three (3) of whom are independent directors. An independent director is a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as director [SRC Rule 38]. All directors were elected during the annual meeting of stockholders held on 02 June 2023, and will hold office until their successors have been duly elected and qualified. All the incumbent directors have been nominated for election to the Board of Directors of the Company for the ensuing calendar year.

Information concerning the background of the directors/nominees for directors and executive officers of the Company indicating their principal occupation or employment and their business experience for the past five (5) years is provided below.

The Certification regarding the connection of the directors/officers with any government agencies or its instrumentalities is attached hereto as Annex “C”.

The table sets forth each member of the Company’s Board as of 31 March 2024.

Name	Age	Citizenship	Position	Period of Service
Francisco C. Canuto	66	Filipino	Director and Chairman	3 years and 6 months
Kevin Andrew L. Tan	44	Filipino	Director, President and CEO	3 years and 6 months
Katherine L. Tan	72	Filipino	Director	2 years and 10 months
Lourdes T. Gutierrez-Alfonso	60	Filipino	Director and COO	3 years and 6 months
Antonio E. Llantada, Jr.	68	Filipino	Independent Director	2 years and 10 months
Jesus B. Varela	67	Filipino	Independent Director	2 years and 11 months

Sergio R. Ortiz-Luis, Jr.	80	Filipino	Independent Director	2 years and 11 months
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The table below sets forth the Company's executive officers in addition to its executive directors listed above as of 31 March 2024.

Name	Age	Citizenship	Position	Period of Service
Giovanni C. Ng	49	Filipino	Treasurer	2 years and 6 months
Englebert G. Teh	32	Chinese	Chief Financial Officer	2 years and 6 months
Maria Carla T. Uykim	47	Filipino	Corporate Secretary	2 year and 10 months
Krizelle Marie F. Poblacion	37	Filipino	Compliance Officer	8 months
Andy Willing Dela Cruz, Jr.	29	Filipino	Investor Relations Officer	1 year and 2 months

Francisco C. Canuto
Chairman of the Board

Mr. Canuto joined the Company as a Director in 2020 and is currently the Chairman of the Board of Directors. He is a Certified Public Accountant holds a bachelor's degree in Commerce major in Accounting and a Master's Degree in Business Administration. He is concurrently Senior Vice President, Chief Finance Officer, Treasurer, Compliance Officer, Corporate Information Officer and Chief Audit Executive and Senior Assistant to the Chairman of Megaworld Corporation (publicly-listed). He is concurrently a Director of Megaworld Global-Estate, Inc., Gilmore Property Marketing Associates, Inc. and Eastwood Property Holdings, Inc., Director and Corporate Secretary of Megaworld Central Properties, Inc., and Director and Treasurer of Megaworld Cebu Properties, Inc., Twin Lakes Corporation, Megaworld Oceantown Properties, Inc., Megaworld Resort Estates, Inc., Megaworld Land, Inc., Megaworld-Daewoo Corporation and Eastwood Cyber One Corporation. He serves as Chairman and President of Prestige Hotels & Resorts, Inc. Arcovia Properties, Inc., Lucky Chinatown Cinemas, Inc., Festive Walk Cinemas, Inc., Southwoods Cinemas, Inc., McKinley Cinemas, Inc., Uptown Cinemas, Inc. He is also the President of Megaworld Foundation, Inc. Before joining the Megaworld Group, he worked as Audit Manager of SGV & Company and Controller of Federal Express Corporation.

Kevin Andrew L. Tan
Director, President and Chief Executive Officer

Mr. Tan is a Director since 2020 and the President and Chief Executive Officer of the Company. He obtained his bachelor's degree in Business Administration major in Management from the University of Asia and the Pacific. He is concurrently Executive Vice President and Chief Strategy Officer of Megaworld Corporation. He previously held the position of Senior Vice President of Megaworld Corporation for Commercial Division which markets and operates the Megaworld Lifestyle Malls including Eastwood Mall and The Clubhouse at Corinthian Hills in Quezon City, Venice Piazza at McKinley Hill and Burgos Circle at Forbestown Center, both in Fort Bonifacio, California Garden Square in Mandaluyong City, Newport Mall at Newport World Resorts Manila in Pasay City, Lucky Chinatown Mall in Binondo, Manila and Uptown Mall in Bonifacio Global City. He is the Chief Executive Officer and Vice Chairman of Alliance Global Group, Inc (public-listed). He is also concurrently a Director of Empire East Land Holdings, Inc., Emperador Inc. and Global-Estate Resorts, Inc. (all publicly-listed companies) and of Eastwood Cyber One Corporation, Uptown Cinemas, Inc.,

Megaworld Central Properties Inc., Twin Lakes Corporation, Megaworld Land, Inc., Townsquare Development, Inc., Emperador Distillers, Inc., Alliance Global Brands, Inc., Anglo Watsons Glass, Inc., Yorkshire Holdings, Inc., The Bar Beverage, Inc., Emperador Brandy, Inc., and New Town Land Partners, Inc. He is also Chairman of Megaworld Foundation, Inc.

Katherine L. Tan

Director

Ms. Tan is a Director of the Company since 2021. She is concurrently a Director of Megaworld Corporation (publicly-listed) and a Director and Treasurer of Alliance Global Group, Inc. and Emperador Inc. (both publicly-listed). She has extensive experience in the food and beverage industry and is currently Director and Corporate Secretary of The Bar Beverage, Inc. and Director and President of Andresons Global, Inc., Raffles & Company, Inc., The Andresons Group, Inc. and Choice Gourmet Banquet, Inc. She is also a Director and Treasurer of Alliance Global Brands, Inc. and Emperador Distillers, Inc. Ms. Tan graduated from St. Scholastica's College, Manila, with the degree in Bachelor of Arts in Nutrition on March 9, 1974.

Lourdes T. Gutierrez-Alfonso

Director

Ms. Alfonso is a Director of the Company since 2020. Ms. Gutierrez has extensive experience in real estate and a strong background in finance and marketing. A certified public accountant by profession, she is concurrently the Chief Operating Officer of Megaworld Corporation, where she also previously held the position of Senior Executive Vice President for Finance and Administration. Ms. Alfonso is also the Chairman of the property management company, First Oceanic Property Management, Inc. She serves as Director in numerous affiliate companies including Global-Estate Resorts, Inc. (publicly-listed), and Suntrust Properties, Inc., Twin Lakes Corporation, Southwoods Mall, Inc., Mactan Oceanview Properties and Holdings, Inc., Megaworld Resort Estates, Inc., Megaworld Cebu Properties, Inc., Megaworld Oceantown Properties, Inc., Megaworld Bacolod Properties, Inc., Eastwood Cyber One Corporation, Davao Park District Holdings, Inc., and Prestige Hotels & Resorts, Inc. She is currently the Chairman of Belmont Newport Luxury Hotels, Inc., Megaworld Global-Estate, Inc., and Savoy Hotel Manila, Inc. She is also a trustee and a Corporate Secretary of Megaworld Foundation, Inc. Ms. Alfonso graduated Cum Laude from the Far Eastern University with the degree of Bachelor of Science major in Accounting in 1984.

Jesus B. Varela

Independent Director

Mr. Varela is an Independent Director of the Company and has served as such since April 2021. He concurrently serves as independent director in the boards of Megaworld Corporation (publicly-listed), Global-Estate Resorts, Inc. (publicly-listed), Travellers International Hotel Group, Inc. and Suntrust Resorts Holdings. He is also Director General of the International Chamber of Commerce Philippines, a Board Regent of Unibersidad de Manila and a columnist at the Philippine Daily Tribune and President of the Erehwon Art Foundation. Mr. Varela has more than twenty years of experience in the fields of marketing, human resources, international labor affairs, agriculture, and commerce, among others. He has done executive work with the Department of Agriculture, National Food Authority Council, Philippine Genetics, Inc., National Irrigation Administration, Philippine Planters Products, National Agri- Business Corporation, Agriculture Anti-Smuggling Task Force, and Nautical Highway Board. He served as Labor Attaché to Kobe, Japan, to the Commonwealth of Northern Marianas Island, and to Athens. He attended training courses in Labor Administration and Policy Formulation under the International Labor Organization/ARPLA program, the Corporate Planning Course at the Center for Research Communication, Foreign Exchange Training by Metro Bank and Forex Club of the Philippines, Systems Analysis by the Presidential Management Staff, Asian Productivity Seminar and other in-house seminars conducted by the Department of Labor and the Development Academy of the Philippines. He was formerly Chairman & Acting CEO of GS1 Philippines, Director of PCCI and Vice President of the Employers Confederation of the Philippines. Mr. Varela obtained his bachelor's degree in Economics from Ateneo De Manila University in 1979.

Antonio E. Llantada, Jr.

Independent Director

Mr. Llantada is an Independent Director of the Company and has served as such since May 2021. Mr. Llantada is a certified public accountant by profession. He is concurrently a professor of Accounting and Finance in Enderun Colleges and Thames International Business School, and a guest lecturer in the Asian Institute of Management School of Executive Education and Lifelong Learning. He previously served as the Internal Audit Consultant and Chief Audit Executive of Empire East Land Holdings, Inc. (publicly-listed). Mr. Llantada obtained his Bachelor of Science Commerce degree in Accounting and Bachelor of Arts degree in Behavioral Science in De La Salle University Manila, and his Master's Degree in Business Administration in the Ateneo Graduate School of Business.

Sergio R. Ortiz-Luis, Jr.

Lead Independent Director

Mr. Ortiz-Luis is an Independent Director of the Company and has served as such since April 2021. He is concurrently an Independent Director of Alliance Global, Inc. (publicly-listed), and Calapan Ventures, Inc. He is the President of the Philippine Exporters Confederation, Inc. (PHILEXPORT) and Honorary Chairman and Treasurer of the Philippine Chamber of Commerce & Industry. He is also Vice Chairman of the Export Development Council. He is a Director of Waterfront Philippines, Inc., Philippine Estate Corporation, B.A. Securities, Manila Exposition Complex, Inc., and Jollville Holdings. Mr. Ortiz-Luis, Jr. obtained his bachelor's degree in Liberal Arts and Business Administration, and a candidate of Master of Business Administration from De La Salle College. He has a PhD in Humanities from Central Luzon State University, PhD in Business Technology from Eulogio "Amang" Rodriguez Institute of Science and Technology, and PhD in Business Administration from Angeles University Foundation.

Giovanni C. Ng

Treasurer

Mr. Ng, is the Treasurer of the Company. He concurrently serves as Senior Vice President and Finance Director of Megaworld Corporation, the Company's Parent and Sponsor (publicly-listed). He also serves as Director of Eastwood Property Holdings, Inc., Megaworld Oceanview Properties, Inc., Empire East Communities, Inc., Gilmore Property Marketing Associates, Inc., First Centro, Inc., Valle Verde Properties, Inc., Lucky Chinatown Cinemas, Inc., McKinley Cinemas, Inc., Uptown Cinemas, Inc., Mactan Oceanview Properties and Holdings, Inc. and New Town Land Partners, Inc. He also serves as Treasurer of publicly-listed Empire East Land Holdings, Inc., Adams Properties, Inc. and Townsquare Development, Inc. He is also a Director and Corporate Secretary of Megaworld Land, Inc. Previously, he worked as Analyst Associate in Keppel IVI Investments. Mr. Ng obtained his bachelor's degree in Quantitative Economics from the University of Asia and the Pacific, graduating summa cum laude in 1995.

Englebert G. Teh

Chief Financial Officer

Mr. Teh is the Chief Financial Officer of the Company. Mr. Teh also served as the Corporate Planning Officer of MREIT Fund Managers, Inc. and the Assistant Vice President for Business Research and Development under the Office of Corporate Strategy of Megaworld Corporation, the Parent and Sponsor of the Company. His experience includes investment banking in Primeiro Partners, Inc. and business development for San Miguel Holdings Inc. Mr. Teh graduated in Ateneo De Manila University with a degree of BS Management Engineering.

Maria Carla T. Uykim
Corporate Secretary

Atty. Uykim is the Corporate Secretary of the Company. She is concurrently the Head of the Corporate Advisory and Compliance of Megaworld Corporation, the Company's Parent and Sponsor, and a member of its Management Executive Committee. She is concurrently the Corporate Secretary of Megaworld San Vicente Coast, Inc., Northwin Properties, Inc. and Maple Grove Land, Inc. and a Director and Corporate Secretary of Luxury Global Malls, Inc. and Mactan Oceanview Properties and Holdings, Inc. Atty. Uykim was previously an Associate at Andres Marcelo Padernal Guerrero and Paras law offices from August 2005 to April 2007, where she specialized in labor and corporate law, and at ACCRA Law from February 2003 to January 2004, where she practiced immigration law. She also served as Chief of Staff of Congresswoman Remedios L. Petilla from July 2004 until June 2005. Atty. Uykim obtained her Juris Doctor Degree from the Ateneo De Manila School of Law in 2002 and is a graduate of the double degree program of De La Salle University, with a Bachelor of Arts in Psychology and a Bachelor of Science in Marketing Management in 1997.

Krizelle Marie F. Poblacion
Compliance Officer

Atty. Poblacion is the Compliance Officer of the Company and concurrently serves as a Corporate Compliance Lawyer at Megaworld Corporation, the Company's Parent and Sponsor. Prior to joining the Megaworld Group, she was a Partner at the Poblador Bautista & Reyes Law Offices. Atty. Poblacion graduated from the Ateneo de Manila University with a degree in Economics in 2006, and obtained her Juris Doctor degree from the University of the Philippines in 2010. She was admitted to the Philippine Bar in 2011, and has more than twelve years of relevant experience in legal, regulatory and compliance work.

Andy Willing Dela Cruz, Jr.
Investor Relations Officer

Mr. Dela Cruz is the Investor Relations Officer of the Company. Mr. Dela Cruz is concurrently the Investor Relations Head of Megaworld Corporation, the Company's Parent and Sponsor. Prior to joining the Megaworld Group, Mr. Dela Cruz held several roles as an Equity Analyst in Philippine Equity Partners (Bank of America Securities), as Institutional Sales and as Senior Analyst in COL Financial Group. Mr. Dela Cruz graduated from Ateneo de Manila University with a degree in BS Management-Honors.

EXTERNAL AUDIT FEES AND SERVICES

The external auditors of the Company billed the amounts of Php1,292,500.00 for the year ended 31 December 2023 and Php968,000.00 for the year ended 31 December 2022, in fees for professional services rendered for the audit of the Company's annual financial statements and services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for 2023 and 2022. The external auditors also billed the Company the amount of Php440,000.00 for services related to the property-for-shares swap transaction between the Company and Megaworld Corporation in April 2022.

Except as disclosed above, no other services were rendered or fees billed by the external auditors of the Company for the years 2023 and 2022.

The Board of Directors, after consultation with the Audit Committee, recommends to the stockholders the engagement of the external auditors of the Company. The selection of external auditors is made on the basis of credibility, professional reputation, accreditation with the Philippine Securities and Exchange Commission, and affiliation with a reputable foreign partner. The professional fees of the external auditors of the Company are approved by the Company's Audit Committee after approval by the stockholders of the engagement and prior to the commencement of each audit season.

VII. CORPORATE GOVERNANCE

Pursuant to the Company's corporate governance manual, and in compliance with Leading Practices on Corporate Governance, its Board created each of the following committees and appointed Board members thereto.

Audit Committee

The Audit Committee is responsible for ensuring that all financial reports comply with internal financial management and accounting standards, performing oversight financial management functions, pre-approving all audit plans, scope and frequency and performing direct interface functions with internal and external auditors. On 7 July 2021, the Board approved the Audit Committee Charter which provide for the purpose, membership, structure, operations, duties and responsibilities of the Audit Committee. The Company's Audit Committee has three members, two of whom are independent directors. An independent director serves as the head of the committee. The membership of the Audit Committee is as follows: Antonio E. Llantada, Jr. as Chairman, and Kevin Andrew L. Tan and Sergio R. Ortiz-Luis, Jr., members.

Corporate Governance Committee

The Corporate Governance Committee is tasked to assist the Board in the performance of its corporate governance responsibilities. It also oversees the implementation, review and periodic evaluation of the corporate governance framework. It also recommends continuing relevant education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance, as well as establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers. It is also responsible for determining the nomination and election process for the Corporation's directors and the general profile of board members and ensures that this process is conducted in accordance with qualifications prescribed by Philippine law and the Company's Manual on Corporate Governance. The membership of the Corporate Governance Committee is as follows: Sergio R. Ortiz-Luis, Jr. as Chairman, and Jesus B. Varela and Antonio E. Llantada, Jr. as members.

Board Risk Oversight Committee

The Board Risk Oversight Committee is responsible for the development, evaluation, and oversight of the Corporation's Enterprise Risk Management system to ensure its functionality and effectiveness. It also advises the Board on its risk appetite levels and risk tolerance limits, and reviews the company's risk appetite levels and risk tolerance limits based on changes and developments in the business. The Company's Board Risk Oversight Committee consists of three members, including at least one independent director. The membership of the Board Risk Oversight Committee is as follows: Jesus B. Varela as Chairman, and Francisco C. Canuto and Sergio R. Ortiz-Luis, Jr. as members.

Related Party Transaction Committee

The Related Party Transaction Committee is responsible for reviewing all material related party transactions of the company. This Committee shall evaluate on an ongoing basis the existing relations between and among business and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured, and evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms. The Company's Related Party Transaction Committee consists of three members, including at least one independent director. The membership of the Related Party Transaction Committee is as follows: Sergio R. Ortiz-Luis, Jr. as Chairman, and Lourdes T. Gutierrez-Alfonso and Jesus B. Varela as members.

Evaluation System

The Company has designated a Compliance Officer who is tasked with monitoring compliance with the provisions and requirements of its Manual on Corporate Governance. The Compliance Officer has

established an evaluation system, patterned after the CG Scorecard of the Institute of Corporate Directors to measure or determine the level of compliance by the Company with its Manual.

The Board conducts an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. It periodically evaluates and monitors the implementation of such policies and strategies, including the business plans and operating budgets and monitor and assess the Management's overall performance based on established performance standards that are consistent with the Company's strategic objectives. The Company has not yet engaged a third-party auditor to conduct the assessment.

The Corporate Governance Committee takes into consideration the performance of the directors when it reviews, evaluates, pre-screens and shortlists the nominees of candidates to become a member of the Board of Directors and other appointments requiring Board approval. The performance results are collated from the most recently concluded self-assessment of the Board.

Deviations from Manual and Sanctions Imposed

In 2023, the Company substantially complied with its Manual on Corporate Governance and did not materially deviate from its provisions. No sanctions were imposed on any director, officer or employee on account of non-compliance with the Company's Manual on Corporate Governance.

Plan to Improve Corporate Governance

The Company adopted a Manual of Corporate Governance that is compliant with SEC Memorandum Circular No. 19, Series of 2016. The Company will continue to adopt best practices in Corporate Governance as may be prescribed by the Commission.

VIII. FINANCIAL INFORMATION

Management's Discussion and Analysis of Results of Operations and Financial Condition

Management's Discussion and Analysis of Results of Operations and Financial Condition

Results of Operations

(Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

Review of Three Months ending March 31, 2024 versus Three Months Ending March 31, 2023

In the three months ended March 31, 2024, the Company saw a decrease in net income to Php733 million from Php730 million in the same period last year. The increase in performance was primarily attributed to the stable occupancy of the Company, continued rental escalation, and increase in CUSA rates.

Revenues

Total revenue grew by 4% or Php21 million to Php1,076 million in the first quarter of 2023 from Php1,035 million in the first quarter of 2022. The increase in performance was primarily attributed to the stable occupancy of the Company, continued rental escalation, and increase in CUSA rates.

Cost and Expenses

The cost of services also grew by 26% from Php217 million during the first quarter of 2023 to Php273million in the first quarter of 2024. The increase in costs of services, driven by increases in professional fees, repairs, maintenance, and supplies, highlight a significant investment in infrastructure upkeep and enhancement.

Other operating expenses decreased by 41% due to the reduction in costs from one-time expenditures.

Tax Expense

Tax expense increased by 115% to Php1.9 million. The increase is primarily due to the higher final tax expenditure and increased interest expense gained from short-term placements in the current period.

	March 31, 2024	December 31, 2023
Current Ratio ¹	1.45	1.9
Debt to Equity Ratio ²	0.14	0.14
Net Debt to Equity Ratio ³	0.15	0.15
Return on Assets ⁴	1.18%	0.28%
Return on Equity ⁵	1.40%	0.33%

*1 – Current Assets / Current Liabilities

*2 – Total Debt / Equity (Total debt includes interest bearing loans and borrowings and bonds payable)

*3 – Net Debt / Equity (Net debt is total debt less cash and cash equivalents)

*4 – Net Profit / Average Total Assets

*5 – Net Profit / Average Equity

- Due to the Company's sound financial condition, there is no foreseeable trend or event which may have a material impact on its short-term or long-term liquidity.
- Funding will be sourced from internally-generated funds and/or bank loans.
- There is no material commitment for capital expenditures other than those performed in the ordinary course of trade or business.
- There is no known trend, event or uncertainty that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.
- There is no known significant element of income or loss that did not arise from the Company's continuing operations, except as disclosed above and in the attached financial statements.
- There have not been any seasonal aspects that had a material effect on the financial condition or results of the Company's operations.
- There were no known events and uncertainties that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.

Material Changes in the Financial Statements

(Increase/decrease of 5% or more)

Statement of Financial Position (March 31, 2024 vs December 31, 2023)

Item	31 March 2024	Increase/ Decrease	% Change	Causes
Cash and cash equivalents	2,078,303,448	399,391,402	24%	Increase is primarily due to cash generated by the undistributed income over the past quarters
Trade and other receivables	707,189,548	255,922,947	57%	The rise in trade receivables is primarily attributable to the inclusion of newly recognized lease agreements during the current quarter.

Other current assets	337,216,064	75,622,683	29%	Php55.84M of the increase in other current assets is attributable to additional balance of prepaid expenses which is composed of prepayments amounting to Php38M relating to business and real property taxes that will be amortized in the current year and the recognized input tax of Php9.1M as of end of quarter. Further, we also have additional provision of Php11.6M creditable withholding tax and Php9.5M deferred input tax earned in the current quarter.
Other non-current assets	112,181,353	33,633,375	43%	Upward movement of other non-current assets is mainly due to the payment of additional Php19.8M security deposit in relation to the contract of lease with Megaworld Corp. for the four additional properties injected in 2023. The Company also recognize additional cost of Php14.13M of on-going building enhancements and improvements for the current quarter.
Accounts and other payables	1,613,998,730	828,316,370	105%	The increase in accounts and other payables is triggered by the Company's dividend declaration in March 2024 with dividend payment date of April 5, 2024. Further, the company recognize additional trade payables in 1Q2024 due to on-going building enhancement projects.
Deposits and other liabilities	1,209,711,400	(110,469,747)	-8%	The decrease is attributable to the reduction in security deposits and advance rental payments from pre-terminated contracts, as well as adjustments made due to the renewal of tenant contracts.

Statement of Income (March 31, 2024 vs March 31, 2023)

Item	31 March 2024	Increase/Decrease	% Change	Causes
Income from dues - net	239,264,091	14,852,983	7%	The increase is primarily driven by the increase in rates within the Common Use Service Area (CUSA), which became effective at the beginning of this year.

Cost of services	273,382,353	56,078,753	26%	The increase in costs across professional fees, repairs and maintenance, and supplies and materials indicate a significant expense in maintaining and enhancing infrastructure.
Other operating expenses	11,896,218	(8,301,061)	-41%	The decrease in costs is primarily attributed to a one-time transaction expense.
Interest income	18,839,602	9,973,375	112%	The increase is due to the interest collected from rolled-over short-term placements.
Miscellaneous income	972,668	887,847	1047%	The increase is attributed to the collection of penalties and non-recurring rental income from tenants.
Tax income (expenses)	(3,674,658)	(1,963,007)	115%	The increase is due to the higher final tax expenditure and elevated interest expense generated from short-term placements in the current period.

There are no other significant changes in the Group's financial position (5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would have impact or change the reported financial information and condition on the Group.

Review of Twelve Months ending 31 December 2023 versus Twelve Months Ending 31 December 2022

The Company's net income increased to Php168.3 million for the fiscal year ending 31 December 2023, from a net loss of Php176.6 million in the same period the previous year. In both periods, fair value loss was recognized driving down the net income of the Company. Adding back the fair value loss and removing other non-cash accounting adjustments, the distributable income of the company increased to 2,844.1 million from 2,562.2 million in the same period the previous year. The increase was primarily driven by the recognition of income from four (4) additional prime, grade A office buildings located in PEZA-registered zones.

Revenues

Rental income grew to Php3,223 million from Php2,918 million while income from dues – net grew to Php933 million from 731 million in the same period last year. Both increases are attributable to the full year recognition of income in the current year from the four (4) additional prime, Grade A office buildings that the Company owns.

Cost and Expenses

Cost of services also grew to Php940 million from Php676 million, while other operating expenses grew to Php62 million from Php38 million, in the same period last year as a result of the full year recognition of expenses for the operation of the four (4) additional office buildings.

A fair value loss of Php2,732 million was also recorded this year for the reason stated above. In the same period last year, a total fair value gain of Php2,822 million was recorded arising from upward adjustments in the appraisal of the Company's investment Properties.

Interest expenses also decreased slightly to Php306 million from Php309 million the previous year.

Tax Expense

Tax expense increased by 189% to Php12.6 million due to the higher final taxes arising from the higher interest income generated from the Company's rolled over short-term placement.

The top five (5) key performance indicators of the Company are shown below:

	31 December 2023	31 December 2022
Current Ratio ¹	1.90	2.52
Debt to Equity Ratio ²	0.14	0.15
Net Debt to Equity Ratio ³	0.15	0.15
	31 December 2023	31 December 2022
Return on Assets ⁴	0.28%	-0.30%
Return on Equity ⁵	0.33%	-0.35%

*1 – Current Assets / Current Liabilities

*2 – Total Debt / Equity (Total debt includes interest bearing loans and borrowings and bonds payable)

*3 – Net Debt / Equity (Net debt is total debt less cash and cash equivalents)

*4 – Net Profit / Average Total Assets

*5 – Net Profit / Average Equity

- Due to the Company's sound financial condition, there is no foreseeable trend or event which may have a material impact on its short-term or long-term liquidity.
- Funding will be sourced from internally-generated funds and/or bank loans.
- There is no material commitment for capital expenditures other than those performed in the ordinary course of trade or business.
- There is no known trend, event or uncertainty that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.
- There is no known significant element of income or loss that did not arise from the Company's continuing operations, except as disclosed above and in the attached financial statements.
- There have been no seasonal aspects that had a material effect on the financial condition or results of the Company's operations.
- There were no known events and uncertainties that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

Material Changes in the Financial Statements

(Increase/decrease of 5% or more)

Statement of Financial Position (31 December 2023 vs 31 December 2022)

Item	31 December 2023	Increase/ Decrease	% Change	Causes
Cash and cash equivalents	1,678,912,046	298,385,986	22%	Increased by 22%, principally through to greater cash inflows from the Company's operations during the first half of 2023.

Trade and other receivables	451,266,601	141,425,570	46%	Increase due to the assignment of receivables and security deposits. Advance rents resulting from the infusion of an extra four (4) offices assets included in the Property for "A share swap transaction"
Other non-current assets	78,547,978	-14,092,636	-15%	Decreased due to the completion of construction in process for building renovations.
Accounts and other payables	785,682,360	291,694,037	59%	Increase which is due to a growth in fund and property management fees, and other payables such as trade, output VAT, and delayed output VAT outlay connected to the addition of the four (4) office assets during the period.
Capital stock	2,795,821,381	263,700,000	10%	Increase resulted from the inclusion of four (4) office assets as part of the Property for Share Swap transaction. The SEC released its certification of valuation for the properties on March 23, 2023, which triggered the issuance of new shares and the infusion of stated assets.
Additional Paid In Capital	52,782,813,885	4,875,347,850	10%	
Retained earnings (deficit)	-3,440,076,347	-2,518,718,024	273%	Decreased due to non-cash component on fair value losses.

Statement of Income (31 December 2023 vs 31 December 2022)

Item	31 December 2023 (12 Months)	Increase/ Decrease	% Change	Causes
Rental income	3,223,382,715	305,597,030	10%	The increase in revenue is attributed to the recognition of increased income from the four (4) office properties injected during the first quarter.
Income from dues - net	933,121,752	202,140,179	28%	
Cost of services	940,568,965	264,357,772	39%	
Other operating expenses	62,196,945	24,796,662	66%	The increase is primarily due to payment of fees from the SEC and PSE in relation to the Property for Share Swap transaction.
Interest income	64,685,771	41,643,448	181%	Increase due to higher interest collected from short-term placements.

Miscellaneous income	1,686,743	998,726	145%	Increase due to the collection of penalties and non-recurring rental income from tenants.
Tax income (expenses)	- 12,586,537	-8,237,702	189%	The increase is attributable to increased final tax expenditure, as well as higher interest revenue obtained from short-term placements during the current period.

There are no other significant changes in the Company's financial position (5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would have impact or change the reported financial information and condition on the Company.

Review of Twelve Months ending December 31, 2022 versus Twelve Months Ending December 31, 2021

The Company saw its net income decline from Php2,014 million in the twelve months ending December 31, 2021 to a net loss of Php177 million in the same period this year. The decline was mainly driven by the fair value loss recorded in the current year arising from the downward adjustment in the appraisal of the Company's investment properties. The downward adjustment came about as a result of the rising interest rates which is a key input in the income approach used in the appraisal of the properties.

Revenues

Rental income grew to Php2,918 million from Php1,393 million while income from dues – net grew to Php731 million from 295 million in the same period last year. Both increases are attributable to the full year recognition of income in the current year from the fourteen (14) Prime, Grade A office buildings that the Company owns.

Cost and Expenses

Cost of services also grew to Php676 million from Php243 million, while other operating expenses grew to Php38 million from Php28 million, in the same period last year as a result of the full year recognition of expenses for the operation of the 14 office buildings.

A fair value loss of Php2,822 million was also recorded this year for the reason stated above. In the same period last year, a total fair value gain of Php943 million was recorded arising from upward adjustments in the appraisal of the Company's investment Properties.

Interest expense also rose to Php309 million from Php24 million in the previous year due to the interest-bearing loan secured by the Company to finance the acquisition of additional four (4) office assets on December 21, 2021.

Tax Expense

Tax expense declined to (Php0.5 million) from Php100 million in the same period last year due to the one time recognition of deferred tax income in the prior year.

Financial Condition as of the end of December 31, 2022

The Company maintains a prudent financial policy and has a healthy balance sheet to support its financial and operational requirements. As of December 31, 2022, the Company's total assets stand at Php58.5 billion, a 3.9% decrease from the previous period arising from the adjustment in appraisal of the Company's properties.

The Company's total current assets now stand Php1,913 million compared to Php1,493 million on December 31, 2021. The change was driven by an increase in the company's trade and other receivables.

Interest bearing loans, net of capitalized transaction costs, remain at Php7.2 billion as of December 31, 2022, arising from the term loan obtained from a local bank to partially finance the acquisition of the four office assets.

The top five (5) key performance indicators of the Company are shown below:

	December 31, 2022	December 31, 2021
Current Ratio ¹	2.52	3.43
Debt to Equity Ratio ²	0.15	0.14
Net Debt to Equity Ratio ³	0.15	0.14
	December 31, 2022	December 31, 2021
Return on Assets ⁴	-0.30%	3.57%
Return on Equity ⁵	-0.35%	3.91%

*1 – Current Assets / Current Liabilities

*2 – Total Debt / Equity (Total debt includes interest bearing loans and borrowings and bonds payable)

*3 – Net Debt / Equity (Net debt is total debt less cash and cash equivalents)

*4 – Net Profit / Average Total Assets

*5 – Net Profit / Average Equity

- Due to the Company's sound financial condition, there is no foreseeable trend or event which may have a material impact on its short-term or long-term liquidity.
- Funding will be sourced from internally-generated funds and/or bank loans.
- There is no material commitment for capital expenditures other than those performed in the ordinary course of trade or business.
- There is no known trend, event or uncertainty that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.
- There is no known significant element of income or loss that did not arise from the Company's continuing operations, except as disclosed above and in the attached financial statements.
- There have not been any seasonal aspects that had a material effect on the financial condition or results of the Company's operations.
- There were no known events and uncertainties that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.

Material Changes in the Financial Statements

(Increase/decrease of 5% or more)

Statement of Financial Position (December 31, 2022 vs December 31, 2021)

Item	Dec. 31, 2022	Increase/ Decrease	% Change	Causes
Trade and other receivables	309,841,031	165,163,355	114%	Increase due to a combination of increase in accrued receivables arising from straight-line method recognition of rental income and increase in billed receivables which are generally collectible on a 30-day term

Other current assets	268,309,116	197,046,765	277%	Increase due to additional creditable withholding taxes and prepaid expenses
Other non-current assets	92,640,614	38,198,685	70%	Increase is due to the additional security deposit paid for the additional assets
Accounts and other payables	493,988,323	321,796,980	187%	Increase due to rise in fund and property management fees that are payable annually and quarterly, respectively
Retained earnings (deficit)	-921,358,323	-2,643,092,985	-154%	Decrease due to recognition of fair value losses from adjustment in the appraisal of the Company's investment properties

Statement of Income (December 31, 2022 vs December 31, 2021)

Item	Dec. 31, 2022 (12 Months)	Increase/ Decrease	% Change	Causes
Rental income	2,917,785,685	1,525,243,792	110%	Increase due to full year recognition of revenues and expenses from the Company's fourteen (14) buildings
Income from dues - net	730,981,573	435,614,410	147%	
Cost of services	675,974,769	432,517,562	178%	
Other operating expenses	37,636,707	9,244,646	33%	
Fair value gains (losses) on investment properties	-2,822,000,000	-3,764,592,380	-399%	Decrease due to non-recurring downward adjustment in the fair value of the Company's investment properties for the year current reporting period. In the previous year, a non-recurring upward adjustment was recognized in the fair value of the Company's investment properties
Interest expense	309,090,834	282,854,303	1078%	Increase primarily due to the interest payments and accruals arising from the Php7.25 billion interest bearing loan obtained by the Company in December 2021
Interest income	23,042,323	14,030,848	156%	Increase due to interest earned over the full year from short term placements
Miscellaneous income	688,017	688,017	N/A	Increase due to collection of penalties and non-recurring

Item	Dec. 31, 2022 (12 Months)	Increase/ Decrease	% Change	Causes
				rental related income from tenants in the current year
Tax income (expenses)	-4,348,835	-103,928,787	-104%	Decrease is due to the deferred tax income recognized in the prior year. The Company availed of tax incentives available under the REIT Act, thus no deferred taxes were recognized on temporary differences as of the current year.

There are no other significant changes in the Group's financial position (5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would have impact or change the reported financial information and condition on the Group.

Review of Six Months ending December 31, 2021 versus Six Months Ending June 30, 2021

In the six months ending December 31, 2021, the Company saw an increase in its net income by 519% to Php2,014 million from Php325.5 million in the previous period. The increase was mainly driven by increase in rental revenues from the acquisition of the initial ten buildings, in exchange for shares of stock in the Company (the Initial Properties), in June 2021.

In December 2021, the Company also acquired four prime office assets from Megaworld for a consideration amounting to Php9,116 million, namely World Finance Plaza in McKinley Hill, Two Techno Place, Three Techno Place, and One Global Center in Iloilo Business Park which started contributing to the Company's income towards the end of the period.

Revenues

Revenues, primarily from rental income, grew by 543% to Php1,461 million from Php227 million for the same reason above. Total costs and expenses likewise grew by 493% to Php233 million from Php39.2 million.

Cost and Expenses

Cost of services also grew to Php132.3 million from nil in the same period last year for the same reason mentioned above.

Other Income and Expenses

Meanwhile, other income and charges – net grew by 187% to Php687 million from Php239 million due mainly to the recognition of the fair value gain arising from the re-appraisal of the Initial Properties pursuant to the requirements under the REIT Law and the Revised REIT IRR.

Financial Condition as of the end of December 31, 2021

The Company maintains a prudent financial policy and has a healthy balance sheet to support its financial and operational requirements. As of December 31, 2021, the Company's total assets stand at Php60.9 billion, a 17% increase from the previous period.

The Company's total current assets now stand Php1,493 million compared to Php2,319 million in June 30, 2021. The change was driven by the utilization of the Company's cash balance to partially fund its acquisition of the four office assets in December 2021 to improve the Company's productive use of its resources.

Interest bearing loans, net of capitalized transaction costs, now stand at Php7.2 billion as of December 31, 2021, arising from the term loan secured from a local bank to partially finance the acquisition of the four office assets.

The top five (5) key performance indicators of the Company are shown below:

	December 31, 2021	June 30, 2021
Current Ratio ¹	3.43	9.51
Debt to Equity Ratio ²	0.14	-
Net Debt to Equity Ratio ³	0.14	-
Return on Assets ⁴	3.57%	1.26%
Return on Equity ⁵	3.91%	1.28%

*1 – Current Assets / Current Liabilities

*2 – Total Debt / Equity (Total debt includes interest bearing loans and borrowings and bonds payable)

*3 – Net Debt / Equity (Net debt is total debt less cash and cash equivalents)

*4 – Net Profit / Average Total Assets

*5 – Net Profit / Average Equity

- Due to the Company's sound financial condition, there is no foreseeable trend or event which may have a material impact on its short-term or long-term liquidity.
- Funding will be sourced from internally-generated funds and/or bank loans.
- There is no material commitment for capital expenditures other than those performed in the ordinary course of trade or business.
- There is no known trend, event or uncertainty that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.
- There is no known significant element of income or loss that did not arise from the Company's continuing operations, except as disclosed above and in the attached financial statements.
- There have not been any seasonal aspects that had a material effect on the financial condition or results of the Company's operations.
- There were no known events and uncertainties that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.

Material Changes in the Financial Statements

(Increase/decrease of 5% or more)

Statement of Financial Position (December 31, 2021 vs June 30, 2021)

Item	Dec. 31, 2021	Jun. 30, 2021	Increase/ Decrease	% Change	Causes
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Cash and cash equivalent	1,333,805,607	2,308,916,531	(975,110,924)	-42%	Decrease due to the utilization of the Company's cash balance to partially fund its acquisition of the four office assets in December 2021
Trade and other receivables	144,677,676	21,639,741	123,037,935	569%	Increase due to a combination of increase in accrued receivables arising from straight-line method recognition of rental income and increase in billed receivables which are generally collectible on a 30-day term
Other current assets	71,262,351	1,194,220	70,068,131	5,867%	Increase in creditable withholding taxes and prepaid expenses
Investment properties	59,261,000,000	49,443,000,000	9,818,000,000	20%	Increase due to the acquisition of the four office assets in December 2021 and increase in value from the re-appraisal of assets
Accounts and other payables	172,191,343	63,879,299	108,312,044	170%	Increase due to the commencement of Fund Manager and Property Manager services whose fees are payable annually and quarterly respectively
Interest bearing loans	7,195,789,259	-	7,195,789,259	N/A	Increase due to the interest-bearing loan secured from a local bank to partially finance the acquisition of the four office assets
Deposits and other liabilities	1,335,884,883	909,810,575	426,074,308	47%	Increase due to assumption of security deposit and advance rent liabilities arising from the assignment

					of leases from the acquisition in December 2021
Deferred tax liabilities	-	101,168,724	(101,168,724)	-100%	Reversal of deferred tax liabilities
Retained earnings	1,721,734,662	315,227,607	1,406,507,055	446%	Represents net profit for the period net of dividends declared

Statement of Income (December 31, 2021 vs June 30, 2021)

Item	Dec. 31, 2021 (Six Months)	Jun. 30, 2021 (Six Months)	Increase/ Decrease	% Change	Causes
Rental income	1,197,497,661	195,044,232	1,002,453,429	514%	Increase due to recognition of income from the Initial Properties which were acquired June 2021
Income from dues - net	263,215,987	32,151,176	231,064,811	719%	
Cost of services	222,987,792	20,469,415	202,518,377	989%	
Other operating expenses	9,630,912	18,761,149	(9,130,237)	-49%	Decrease due to one-time DST payment in the six months ending June 30, 2021 which is no longer and expense in the six months ending December 31, 2021
Interest expense	23,833,140	2,403,391	21,429,749	892%	Increase mainly due to the accrual of interest from the interest-bearing loan secured in December 2021
Interest income	8,374,430	637,045	7,737,385	1215%	Increase due to higher interest income earned from short-term placements
Fair value gains on investment properties	702,000,000	240,592,380	461,407,620	192%	Increase due to the recognition of the fair value gain arising from the re-appraisal of the Initial Properties pursuant to the requirements under the REIT Law and the Revised REIT IRR

Tax Income (expense)	99,579,952	(101,284,451)	(200,864,403)	-198%	Increase due to the reversal of deferred tax expense
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Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Company.

Section 49 of the Revised Corporation Code

In compliance with Section 49 of the Revised Corporation Code, a copy of the Minutes of the previous annual stockholders' meeting is attached herein as **Annex "B"**.

The attendance of the directors at the meetings of the Board of Directors for the year 2023 is as follows:

Name	No. of Meetings held during the year	No. of Meetings Attended	Percentage of Attendance
Francisco C. Canuto	11	11	100%
Kevin Andrew L. Tan	11	11	100%
Katherine L. Tan	11	11	100%
Lourdes T. Gutierrez-Alfonso	11	11	100%
Antonio E. Llantada, Jr.	11	11	100%
Jesus B. Varela	11	11	100%
Sergio R. Ortiz-Luis, Jr.	11	11	100%

The Company adopts a policy of full disclosure with regard to related party transactions. All terms and conditions of related party transactions are reported to the Board of Directors. The Company ensures that the transactions are entered on terms comparable to those available from unrelated third parties. Disclosure of relationship or association is required to be made before entering into a transaction. None of the Corporation's directors and officers have entered into self-dealing and related party transactions with or involving the Corporation in 2020, 2021, 2022 and 2023.

The Company undertakes shall provide, without charge, to each stockholder a copy of its annual report on SEC Form 17-A and SEC Form 17-Q for the First Quarter of 2024, upon written request addressed to MREIT, Inc., Attention: The Corporate Secretary, 30th Floor, Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City 1634.



Procedures and Requirements for Voting and Participation in the 2024 Annual Stockholders' Meeting

Pursuant to Article 2, Sections 5 and 7 of the Company's Amended By-Laws, Sections 23 and 57 of the Revised Corporation Code, and SEC Memorandum Circular No. 06, Series of 2020 allowing voting through remote communication or in absentia, MREIT, Inc. (the "Company") will dispense with the physical attendance of its stockholders for the 2024 Annual Stockholders' Meeting ("Annual Meeting"). Instead, the Company will conduct the Annual Meeting scheduled on 26 June 2024 at 2:00 P.M. by remote communication and will conduct electronic voting *in absentia*.

Only stockholders of record as of 29 May 2024 are entitled to participate and vote in the Annual Meeting.

The Company has adopted the following procedures and requirements to enable its stockholders to participate and vote in the Annual Meeting.

I. ONLINE REGISTRATION STEPS AND REQUIREMENTS

A. Stockholders may register from 9:00 AM of 04 June 2024 until 5:00 PM of 17 June 2024 to signify his/her/its intention to participate in the Annual Meeting by remote communication. The registration steps and requirements are available on the Company's website: <https://mreit.com.ph/asm2024>.

B. To register, stockholders shall submit the following requirements to the Office of the Corporate Secretary via email at compliance@mreit.com.ph.

B.1 For Individual Stockholders –

- (i) Scanned copy of stock certificate issued in the name of the individual stockholder;
- (ii) Valid email address and active contact number;
- (iii) Scanned copy of valid government-issued identification card; and
- (iv) Recent photo of stockholder.

B.2 For Stockholders with Joint Accounts –

- (i) Authorization letter signed by all stockholders indicating the name of the person authorized to cast the votes;
- (ii) Scanned copy of stock certificate issued in the name of the joint stockholders;
- (iii) Valid email address and active contact number of the authorized stockholder;
- (iv) Scanned copy of valid government-issued identification card of the authorized stockholder; and
- (v) Recent photo of the authorized stockholder.

B.3 For Stockholders under PCD Participant/Brokers Account or holding 'Scripless Shares'-

- (i) Stockholders should coordinate with their broker and request for the full account name and reference number or account number they provided the Company;
- (ii) Broker's Certification on the stockholder's number of shareholdings;
- (iii) Valid email address and active contact number of the stockholder;
- (iv) Scanned copy of valid government-issued identification card of stockholder; and

- (v) Recent photo of stockholder.

B.4 For Corporate Stockholders –

- (i) Secretary's Certificate attesting to the authority of the representative to vote the shares on behalf of the corporate stockholder;
 - (ii) Scanned copy of stock certificate issued in the name of the corporate stockholder;
 - (iii) Valid email address and active contact number of authorized representative;
 - (iv) Valid government-issued identification card of authorized representative; and
 - (v) Recent photo of stockholder.
- C. The documents submitted will then be verified by the Office of the Corporate Secretary. The validation process will be completed by the Company no later than three (3) business days from the stockholder's receipt of an email from the Company acknowledging receipt of the stockholder's registration documents. Once validated, the stockholder will receive an email that his/her/its account has been verified and shall provide instructions for the stockholder's access to the Company's electronic voting and to access the Annual Meeting live streaming link.

II. ELECTRONIC VOTING IN ABSENTIA

- A. Duly registered stockholders have the option to vote for the matters contained in the agenda for the Annual Meeting through electronic voting *in absentia*. The deadline for registration is 5:00 PM on 17 June 2024. Beyond this date, stockholders may no longer avail of the option to electronically vote *in absentia*.
- B. After verification, the Company shall send a ballot to the registered stockholder through his/her/its e-mail address which shall contain all the agenda items for approval as indicated in the Notice of Meeting and the registered stockholder may vote as follows:
- (1) For items other than Election of Directors, the registered stockholder has the option to vote: In Favor of, Against, or Abstain. The vote is considered cast for all the registered stockholder's shares.
 - (2) For the Election of Directors, the registered stockholder may vote for all nominees, not vote for any of the nominees, or vote for some nominees only, in such number of shares as preferred by the stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected. The total number of votes the stockholder is allowed to cast shall be based on the number of shares he/she or it owns.
 - (3) Once voting on the agenda items is finished, the stockholder can proceed to submit the accomplished ballot via email to compliance@mreit.com.ph.
 - (4) After the ballot has been submitted, the stockholder may no longer change his/her vote. The stockholder will receive a confirmation email that his/her/its vote has been recorded.
- C. Thereafter, the Office of the Corporate Secretary, through election inspectors appointed for the meeting, shall tabulate all valid and confirmed votes cast through electronic voting, together with the votes through proxies, subject to validation by representatives of the Company's external auditors.
- D. Registered stockholders shall have until 5:00 PM of 17 June 2024 to cast their votes *in absentia*. Stockholders will not be allowed to cast votes during the livestream of the Annual Meeting.

III. VOTING BY PROXY

- A. For individual stockholders holding certificated shares of the Company – Download the proxy form that is available at <https://mreit.com.ph/asm2024>.

- B. For stockholders holding 'scripless' shares, or shares held under a PCD Participant/Broker – Download the proxy form that is available at <https://mreit.com.ph/asm2024>. Stockholders are advised to coordinate with their brokers first for the execution of this type of proxy.
- C. For corporate stockholders – Download the proxy form that is available at <https://mreit.com.ph/asm2024>. A copy of the duly signed and notarized Secretary's Certificate must be submitted together with the proxy form. For reference, a sample Secretary's Certificate is also available at <https://mreit.com.ph/asm2024>.
- D. General Instructions on Voting by Proxy:
- (1) Download and fill up the appropriate proxy form. Follow the instructions on how to cumulate or allocate votes in the election of directors.
- Send the scanned copy of the duly executed proxy form via email to compliance@mreit.com.ph or submit the original proxy form to the Office of the Corporate Secretary at 30th Floor, Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City.
- (2) Deadline for the submission of proxies is at 5:00 PM on **17 June 2024**.
- (3) Validation of proxies will be on **19 June 2024**.
- (4) If a stockholder avails of the option to cast his/her vote electronically *in absentia* and also issues proxy votes with differing instructions, the duly accomplished ballots sent through e-mail shall replace the proxy votes issued by the stockholder.

IV. PARTICIPATION BY REMOTE COMMUNICATION

- A. Only duly registered stockholders will be included in determining the existence of a quorum.
- B. Duly registered stockholders may send their questions and/or comments prior to the Annual Meeting through email at compliance@mreit.com.ph. The deadline for submitting questions shall be at **5:00 PM on 17 June 2024**.
- C. The proceedings during the Annual Meeting will be recorded.

For any clarifications, please contact the Office of the Corporate Secretary via email at compliance@mreit.com.ph.

Annex "B"
Minutes of 2023 ASM

MREIT, INC.
Minutes of the Annual Meeting of the Stockholders
2 June 2023 / 9:00 a.m.
by livestream access via <https://mreit.com.ph/asm2023>

Stockholders Present:

Please see the attached Annex "A".

Also Present:

Maria Carla T. Uykim	-	Corporate Secretary
Giovanni C. Ng	-	Treasurer
Englebert G. Teh	-	Chief Financial Officer
Karren C. de Chavez-Reodica	-	Compliance Officer, CRO and DPO
Andy Dela Cruz, Jr.	-	Investor Relations Officer
Renan A. Piamonte	-	External Auditor

I. CALL TO ORDER

The Chairman, Mr. Francisco C. Canuto, called the meeting to order at 9:00 a.m. and presided over the same. The Corporate Secretary, Atty. Maria Carla T. Uykim, recorded the proceedings thereof.

The meeting was conducted virtually to conform to the Government's regulation on physical distancing to help manage and prevent the spread of the COVID-19 virus.

II. PROOF OF NOTICE AND DETERMINATION OF QUORUM

The Presiding Officer stated that the Corporation decided to hold this year's Annual Stockholders' Meeting (the "Meeting") via remote communication pursuant to the Corporation's Amended By-Laws and the Revised Corporation Code, and to conform to the government's regulations on physical distancing and restrictions on mass gatherings. He added that the Corporation adopted measures to afford the stockholders the opportunity to participate in the Meeting as effectively as a physical meeting.

The Corporate Secretary certified that all stockholders of record as of 5 May 2023 have been duly notified of the Meeting pursuant to the Corporation's By-Laws and applicable Securities and Exchange Commission ("SEC") Circulars, with copies of the Notice of the Annual Meeting, the Agenda, and the Definitive Information Statement were made available through:

1. The Corporation's website;
2. The Philippine Stock Exchange ("PSE") Electronic Disclosure Generation Technology or PSE EDGE;

The Corporate Secretary also certified that Notice of the Annual Meeting was also published in the Philippine Star and Business World on April 11 and 12, 2023.

The Corporate Secretary certified that there existed a quorum to transact the business in the agenda for the Meeting, there being present in person or represented by proxy

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stockholders holding 67.87% of the entire subscribed and outstanding capital stock of the Corporation.

The Corporate Secretary certified that only stockholders who have successfully registered may participate in the Meeting. Moreover, the Corporate Secretary explained the Procedures for Registration, Voting and Participation in the Meeting contained in the Definitive Information Statement which were implemented as follows:

- i. Stockholder signifying their intention to participate by remote communication have registered by submitting the requirements by email to the Corporate Secretary at compliance@mreit.com.ph;
- ii. Stockholders who have registered have sent their questions and/or comments prior to the meeting through email at compliance@mreit.com.ph until 5:00pm of 23 May 2023;
- iii. The resolutions proposed to be adopted at the meeting will be shown on the screen;
- iv. Stockholders who have duly registered to participate by remote communication have casted their votes by proxy or in absentia by sending their accomplished ballots by email to the Corporate Secretary until 5:00pm of 23 May 2023; and
- v. The Office of the Corporate Secretary has tabulated all valid and confirmed votes cast through electronic voting, together with the votes through proxies, and the voting results will be announced during the meeting and reflected in the minutes of the meeting.

III. APPROVAL OF MINUTES OF THE PREVIOUS STOCKHOLDERS' MEETING

The Presiding Officer then proceeded with the approval of the minutes of the Annual Stockholders' Meeting held on 27 May 2022, and informed the stockholders that copies of the minutes of the meetings have been made available through the Corporation's website.

The Corporate Secretary then announced that 100% of the voting shares represented in the Meeting have voted in favor of the approval of the minutes of the Annual Stockholders' Meeting held on 27 May 2022. Therefore, the Presiding Officer declared that the following resolution has been approved:

"RESOLVED, that the Corporation approve the Minutes of the Annual Stockholders' Meeting held on 27 May 2022."

IV. REPORT OF MANAGEMENT FOR 2022 AND OPEN FORUM

The Corporation's President and Chief Executive Officer, Mr. Kevin Andrew L. Tan, presented his report on the Corporation's performance in 2022, outlook and strategy moving forward.

After Mr. Tan's report, the Presiding Officer requested Mr. Andy Dela Cruz, Jr. from the Investor Relations Office to read the questions that were sent through compliance@mreit.com.ph. Below is a summary of the questions and the answers that were given:

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Question : What were the challenges MREIT faced in the current situation of the office market? How does MREIT separate itself from peers to remain competitive in such a market?

Answer : Net take-up for 2022 turned positive for the first time since the pandemic and we believe demand will continue to pick up in the coming years and allow the market to fully recover.

We'd like to note as well that even during the pandemic, MREIT's assets remained resilient and maintained high levels of occupancy and retention rate.

We separate ourselves from peers as MREIT is focused on high-quality properties that are situated in prime locations and high growth areas. For instance, we continue to have a significant exposure to the Taguig market especially with our acquisition of McKinley West properties where occupancy rates remain elevated vis-à-vis the rest of Metro Manila.

In addition, being part of our sponsor's township ecosystem and wider portfolio allows us to maintain a high tenant retention rate with the reputation that our sponsor brings, the scale of operations, availability of amenities and infrastructure, etc.

Question : What are MREIT's plans to ensure its dividend growth long term and deliver the target 10% total annual shareholder return?

Answer : We aim to deliver growth and our return targets through active property management and acquisitions.

MPMI, our property manager, is working closely with us to ensure high quality and consistent service. For instance, following the pandemic, MREIT properties are the first in Asia to secure IMMUNE certifications from the Brussels-based Healthy by Design Building Institute (HDBI).

As we maintain and improve the performance of our portfolio, we are also constantly on the lookout for acquisition opportunities that align with our investment strategy. Only Grade A office buildings or high-quality assets located in prime locations in Metro Manila or key provinces are being considered. At the same time, the quality of tenant is also a key criteria to ensure yield stability and long term growth. On this note, we are pleased to share that we have secured SEC's confirmation of valuation in Q1 of 2023 for the property for share swap transaction that we have announced last year.

Question : In what areas is MREIT looking to expand its office portfolio?

Answer : In terms of location, MREIT will only expand in areas that have an attractive long-term growth potential and are situated in prime areas.

These will include Megaworld's prime township properties in and outside Metro Manila.

Tenant-wise, we see the IT BPM industry to remain a strong source of growth for our office portfolio. The BPO industry remains stable and we think remaining challenges are only temporary based on our conversations with big BPO companies. We expect that market occupancies will likely stabilize and improve in the long term.

Question : Does MREIT have any plans to diversify its current portfolio from only being an office REIT?

Answer : While the focus of MREIT is office assets, we are open to look at other classes as the opportunity arises. In line with the removal of mobility restrictions and improving economic activity, Megaworld's mall portfolio is looking to be an attractive diversification opportunity for MREIT. This will add roughly 484k sqm of GLA for potential pipeline. Tenant sales of Megaworld Lifestyle Malls have already recovered and grown past pre-pandemic levels. In line with this, Megaworld Lifestyle Malls has also removed all rent concessions beginning January 1, 2023. This should also give MREIT and its shareholders exposure to the continued growth of the mall segment and further upside from rents that are collected as percent of tenant sales.

Question : How will MREIT approach financing for its acquisitions given the current high interest rate environment?

Answer : The high interest environment affects not only debt financing, but also required returns for equity. In spite of this, we believe there are still opportunities for accretive acquisition. We remain open to either mode of financing acquisitions. MREIT does have plenty of headroom for debt financing, but, at the same time, we also recognize the advantages of expanding our market capitalization.

V. APPOINTMENT OF EXTERNAL AUDITORS

The Presiding Officer informed the stockholders that the Audit Committee of the Board of Directors has recommended to the Board the engagement of Punongbayan & Araullo as independent auditors of the Corporation for the audit of the Corporation's financial statements for the year ending 31 December 2023, and that the Board has approved such engagement.

The Corporate Secretary then announced that 100% of the voting shares represented in the Meeting have voted in favor of the engagement of Punongbayan & Araullo as independent auditors for the fiscal year ending December 31, 2023. Therefore, the Presiding Officer declared that the following resolution has been approved:

"RESOLVED, that the Corporation approve the engagement of Punongbayan & Araullo for the audit of the Corporation's financial statements for the year ending December 31, 2023."

VI. RATIFICATION OF ACTS AND RESOLUTIONS OF THE BOARD OF DIRECTORS, BOARD COMMITTEES AND MANAGEMENT

The Presiding Officer informed the stockholders that the next item on the agenda is the ratification of all acts and resolutions of the Board of Directors, Board Committees and Officers of the Corporation since the date of last year's annual stockholders' meeting held on 27 May 2022 until 1 June 2023. He informed the stockholders that a list of such acts was provided in the Definitive Information Statement, which was made available through the Corporation's website and PSE EDGE.

The Corporate Secretary certified that 100% of the voting shares represented in the Meeting have voted in favor of the ratification all acts and resolutions of the Board of Directors, Board Committees and Officers of the Corporation which were duly adopted in the ordinary course of business since the date of last year's annual stockholders' meeting held on 27 May 2022 until 1 June 2023. Therefore, the Presiding Officer declared that the following resolution has been approved:

"RESOLVED, that the stockholders of the Corporation ratify all acts and resolutions of the Board of Directors, Board Committees and Officers of the Corporation since the annual stockholders' meeting on 27 May 2022 until 1 June 2023."

VII. ELECTION OF DIRECTORS

The Presiding Officer informed the stockholders that, for the current year 2023, the Corporation shall be electing seven (7) Directors, at least one-third (1/3) of whom shall be Independent Directors pursuant to the REIT Act, and the Corporation's Revised Manual of Corporate Governance. He requested Atty. Karren Reodica, on behalf of the Corporate Governance Committee, to present the Final List of Nominees for members of the Board of Directors.

Atty. Reodica presented the final list of nominees to the Board of Directors, as follows: Mr. Francisco C. Canuto, Mr. Kevin Andrew L. Tan, Mrs. Katherine L. Tan, and Ms. Lourdes T. Gutierrez-Alfonso as Regular Directors; and Mr. Jesus B. Varela, Mr. Sergio R. Ortiz-Luis, Jr., and Mr. Antonio E. Llantada, Jr. as Independent Directors.

Atty. Reodica likewise reported that the Final List of Nominees for election as directors of the Corporation possess all the qualifications and none of the disqualifications to hold office as directors of the Corporation.

The Corporate Secretary then informed the Presiding Officer that no further nominations shall be allowed pursuant to the Corporation's By-Laws, as amended.

The Corporate Secretary certified that each of the nominees have obtained the required number of votes to be elected as members of the Board. Therefore, the Presiding Officer declared that the following resolution electing the members of the Board has been approved:

"RESOLVED, that the Corporation elect the following as directors of the Corporation to serve as such beginning today until their successors are elected and qualified:

1. Mr. Francisco C. Canuto

2. Mr. Kevin Andrew L. Tan
3. Mrs. Katherine L. Tan
4. Ms. Lourdes T. Gutierrez-Alfonso
5. Mr. Jesus B. Varela
6. Mr. Sergio R. Ortiz-Luis, Jr. and
7. Mr. Antonio E. Llantada, Jr.

VIII. ADJOURNMENT

The Presiding Officer inquired if there are other matters in the agenda. The Corporate Secretary replied there were none. There being no other matters to be discussed, the Meeting was adjourned at 9:37 a.m.

CERTIFIED CORRECT:


MARIA CARLA T. UYKIM
Corporate Secretary

ATTESTED BY:


FRANCISCO C. CANUTO
Chairman and Presiding Officer

**Annex A
Tabulation of Attendance**

Name	Number of Shares
Francisco C. Canuto	
As stockholder	1,000
As proxy for Citibank N.A.	48,900
As proxy for Citibank N.A.	19,992,600
As proxy for Standard Chartered	6,108,800
As proxy for Standard Chartered	23,553,778
As proxy for The HSBC	1,726,000
Kevin Andrew L. Tan	
As stockholder	9,995,000
As proxy for Megaworld Corporation	1,835,982,881
Katherine L. Tan	1,000
Lourdes T. Gutierrez-Alfonso	1,000
Jesus B. Varela	1,000
Sergio R. Ortiz-Luis, Jr.	1,000
Antonio E. Llantada, Jr.	1,000
██████████	800
██████████████████	100
██████████████████	1,600
██████████	400
██████████	62,300
██████████████████	200
TOTAL NUMBER OF SHARES	1,897,479,359
Outstanding Capital Stock with Voting Rights	2,795,821,381
% Present or Represented	67.87%

Annex "C"
Certification regarding Connection with
Government Agencies and Instrumentalities

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI) S.S.

SECRETARY'S CERTIFICATE

I, **MARIA CARLA T. UYKIM**, of legal age, Filipino, with principal office at the 10th Floor, Two World Square, 24 Upper McKinley Road, McKinley Hill, Taguig City, Philippines 1634, after having been sworn according to law, hereby depose and state:

1. I am the Corporate Secretary of **MREIT, Inc.** (hereinafter referred to as the "Corporation"), a corporation duly organized and existing under the laws of the Philippines, with principal address at 18th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City 1634, Philippines.
2. Mr. Jesus B. Varela, an Independent Director, is a Regent of Universidad de Manila and has the required permission from the University President of Universidad de Manila to be an Independent Director of the Company pursuant to Office of the President Memorandum Circular No.17 and Section 12, Rule XVIII of The Revised Civil Service Rules.
3. Apart from the foregoing, to the best of my knowledge, I certify that none of the members of the Board of Directors, including the other independent directors and officers of the Company, are appointed to or are employees in any government agency as of the date of this Certification. I further certify that, to the best of my knowledge and apart from the foregoing, none of the nominees to the Board of Directors in the 2024 Annual Stockholders' Meeting and the candidates for election to become officers of the Company for the ensuing year are appointed to or are employees in any government agency as of the date of this Certification.
4. This Certification is issued for the purpose of attesting to the truth of the foregoing and for whatever legal purpose it may serve.

31 MAY 2024

IN WITNESS WHEREOF, I have hereunto set my hand this _____, in MAKATI CITY, Philippines.

MARIA CARLA T. UYKIM,
Corporate Secretary

31 MAY 2024 MAKATI CITY

SUBSCRIBED AND SWORN to before me, this _____ at _____, Philippines, affiant exhibiting to me her Driver's License No. H02-94-034162 valid until 14 July 2032 issued by Land Transportation Office.

NOTARY PUBLIC

Doc. No. 334 ;
Page No. 68 ;
Book No. 326 ;
Series of 2024.

[Signature]
ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-77
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2024
2364 ANGONO STREET
BARANGAY POBLACION 1210, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO 374750/12-26-2023/Pasig City
PTR NO MKT 10074525/01-02-2024/Makati City
MCE Compliance No. VII-0020180/04-14 2025



UNIVERSIDAD DE MANILA

Republic of the Philippines
City of Manila

OFFICE OF THE UNIVERSITY PRESIDENT

28 September 2023

CERTIFICATION

This to confirm Regent Jess Varela's Appointment as Independent Director of Megaworld Corp., Travellers Inc., Suntrust Resorts Holdings, MREIT Inc. and Global Estate Resorts Inc. interposing No Objection, per Board Resolution No. 63 Series of 2023.

Issued upon the request of Regent Jess Varela for whatever legal purposes this might serve.

MA. FELMA CARLOS-TRIA, Ed.D.
University President

Uplifting lives through quality education.

One Mehan Gardens, Manila, Philippines 1000

 @udmanila  admin@udm.edu.ph |  www.udm.edu.ph

Annex "D"
Undertaking Regarding the Reinvestment of Proceeds

REPUBLIC OF THE PHILIPPINES)
PARAÑAQUE CITY) S.S.

FIRM UNDERTAKING

I, **LOURDES T. GUTIERREZ-ALFONSO** of legal age, Filipino, with office address at 30th Floor, Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City, after having been sworn in accordance with law, depose and state that:

1. I am the authorized representative and duly elected and incumbent *Chief Operating Officer* of **MEGAWORLD CORPORATION** (the “Corporation”), a corporation duly organized and existing under the laws of the Republic of the Philippines, having its office address at the 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City.
2. Pursuant to Sections 4(k) and 8 of Philippine Stock Exchange (“PSE”) Memorandum CN No. 2020-0005, otherwise known as the Amended Listing Rules for Real Estate Investment Trusts (the “PSE Amended REIT Listing Rules”), the Corporation hereby undertakes as Sponsor of **MREIT, INC.** (the “REIT”), a corporation duly organized and existing under the laws of the Republic of the Philippines, having its office address at the 18th Floor, Alliance Global Tower, 36th St. corner 11th Avenue, Uptown Bonifacio, Taguig City, Philippines, and applying for the listing of its shares as a real estate investment trust company under the PSE Amended REIT Listing Rules, to reinvest in real estate or infrastructure projects in the Philippines any monies realized from (a) the subsequent sale of the REIT’s shares or other securities issued in exchange of income-generating real estate transferred to the REIT; or (b) the sale of income-generating real estate to the REIT.
3. The Corporation further undertakes to regularly report to the REIT the status of implementation of the Reinvestment Plan submitted to the PSE.

- SIGNATURE PAGE FOLLOWS -

IN WITNESS WHEREOF, I have hereunto set my hand on 15 June 2021 in Parañaque City, Philippines.

MEGAWORLD CORPORATION


By:



LOURDES T. GUTIERREZ-ALFONSO
Chief Operating Officer

SUBSCRIBED AND SWORN TO before me on 15 June 2021 in Parañaque City, affiant exhibiting to me her PRC Professional Identification Card No. 0063739 expiring on 06/12/2022 .

Doc. No. 162 ;
Page No. 34 ;
Book No. N ;
Series of 2021.



MICHICO RIZZA G. OI
Notary Public for Parañaque City
NOTARIAL COMMISSION NO. 214-2019
Extended until 6/30/2021 - B.M. No. 3795
Roll of Attorney No. 59435
PTR NO. 2573961, 5 January 2021/Parañaque City
IBP NO. 142845, 6 January 2021/PPLM
No. 1 Mon-el St., Mon-el Subdivision, San Antonio
Sucat, Parañaque City
MCLE Compliance No. VI-0009403; 06/13/18

COVER SHEET

SEC Registration Number

Table with 10 cells containing the registration number: C S 2 0 2 0 5 2 2 9 4

Company Name

Grid for Company Name containing: M R E I T , I N C .

Principal Office (No./Street/Barangay/City/Town/Province)

Grid for Principal Office address: 1 8 / F A L L I A N C E G L O B A L T O W E R , 3 6 T H S T . , C O R . 1 1 T H A V E . , U P T O W N B O N I F A C I O , T A G U I G C I T Y

KRIZELLE MARIE F. POBLACION

Contact Person

(632) 8894-6300/6400

Company Telephone Number

Month: 1 2, Day: 3 1, Fiscal Year

Month: 0 6, Day: 0 2, Annual Meeting

S E C F O R M 1 7 - A

Form Type

M S R D

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic Total Amount of Borrowings

Foreign Total Amount of Borrowings

To be accomplished by SEC Personnel Concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remaks = Pls. use black ink for scanning purposes

PSE Security Code _____
SEC Number CS202052294
File Number _____

MREIT, INC.

(Company's Full Name)

**18TH FLOOR ALLIANCE GLOBAL TOWER, 36TH STREET CORNER
11TH AVENUE, UPTOWN BONIFACIO, TAGUIG CITY 1634,
METRO MANILA, PHILIPPINES**

(Company's Address)

(02) 88946400 / 88946300

(Company's Telephone Number)

DECEMBER 31

(Fiscal Year Ending)
(Month & Day)

SEC FORM 17-A (2023)

(Form Type)

(Amendment Designation, if Applicable)

Period Ended Date

(Secondary License Type, if any)

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A
ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE
AND SECTION 141 OF THE CORPORATION CODE**

1. For the fiscal year ended **31 December 2023**
2. SEC Identification Number: **CS202052294** 3. BIR Tax Identification No. **502-228-971**
4. **MREIT, INC.**
Exact name of issuer as specified in its charter
5. **Metro Manila, Philippines**
Province, country or other jurisdiction of incorporation or organization
6. (SEC Use Only)
Industry Classification Code
7. **18th Floor, Alliance Global Tower, 36th Street cor.
11th Avenue, Uptown Bonifacio, Taguig City 1634**
Address of principal office
8. **(02) 8894-6400**
Registrant's telephone number, including area code
9. Former name, former address and formal fiscal year, if changed since last report:
N/A
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Stock Outstanding
Common	2,795,821,381

11. Are any or all of these securities listed on a Stock Exchange?

Yes **No**

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Philippine Stock Exchange Common Shares¹

12. Check whether the issuer:

has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months.

Yes **No**

has been subject to such filing requirements for the past ninety (90) days.

Yes **No**

¹ Of the total 2,795,821,381 common shares issued and outstanding, 2,532,121,381 common shares are listed in the Philippines Stock Exchange, while the 263,700,000 common shares issued in March 2023 is currently pending listing with the Exchange.

13. Aggregate Market Value of Voting Common Stock held by Non-Affiliates as of 31 December 2023 is Php14,779,490,580.00 based on the closing price of Php12.30 per share.
14. Briefly describe documents incorporated by reference and identify the part of the SEC Form 17-A into which the document is incorporated:
 - (a) 2023 Audited Financial Statements;
 - (b) Pursuant to SEC Memorandum Circular No. 4-2019, MREIT, Inc.'s Sustainability Report for 2023 is attached to and submitted together with this SEC Form 17-A.

PART I - BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

Background

MREIT, Inc. (the Company) is a real estate investment trust (REIT) incorporated under the Philippine Real Estate Investment Trust Law (Republic Act No. 9856) on 02 October 2020. The Company was designated by Megaworld Corporation (Megaworld), its Parent and Sponsor, to operate as its flagship REIT company, the primary focus of which will be office and retail leasing to a diversified tenant base, with a high-quality portfolio of eighteen (18) office, hotel, retail and other assets across the Philippines and an aggregate gross leasable area (GLA) of 325,424 square meters as of 31 December 2023.

The Company has an authorized capital stock of ₱5,000,000,000.00 divided into 5,000,000,000 common shares with a par value of ₱1.00 per share, with no preferred shares and no shares held in treasury.

On 01 October 2021, the Company conducted an initial public offering and listed its shares in the Philippine Stock Exchange (PSE). MREIT has a total market capitalization of Php34.4 billion based on the closing price of Php12.30 per common share on 29 December 2023, the last trading day of the year. As of the date of this report, the Company has 2,795,821,381 common shares issued and outstanding. 55.63% of the issued and outstanding shares is held by the Sponsor, Megaworld, while 43.98% is held by the public.

The Business

The Company is a REIT formed primarily to own and invest in income-producing commercial portfolio of office, retail, and hotel properties in the Philippines, that meets its investment criteria. The principal investment mandate and strategy of the Company 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. As of 2023, the Company owns and operates a total of eighteen (18) mixed-use buildings (the Properties), with a total GLA of 325,424 square meters, namely:

Quezon City

1800 Eastwood Avenue
1880 Eastwood Avenue
E Commerce Building

Taguig City

One World Square
Two World Square
Three World Square
8/10 Upper McKinley
18/20 Upper McKinley
World Finance Plaza
One West Campus
Five West Campus

Iloilo City

Richmonde Hotel Iloilo and Richmonde Iloilo Office Tower
One Techno Place
Two Techno Place
Three Techno Place
One Global Center
Two Global Center
Festive Walk 1B

All eighteen (18) Properties are acquired from Megaworld. In furtherance of the transfer, assignment and conveyance in favor of the Company of all of Megaworld's rights, title and interests in the Properties,

Megaworld also assigned in favor of the Company all of its rights and interests in and to the contracts of lease over portions of the Properties leased out to various entities as office, retail and hotel. The Company started earning rental income from 1800 Eastwood Avenue, 1880 Eastwood Avenue, E Commerce Building, One World Square, Two World Square, Three World Square, 8/10 Upper McKinley, 18/20 Upper McKinley, World Finance Plaza, Richmonde Hotel Iloilo and Richmonde Iloilo Office Tower, One Techno Place, Two Techno Place, Three Techno Place and One Global Center in 2021 and from One West Campus, Five West Campus, Two Global Center and Festive Walk 1B in 2023. (For more information, see Exhibit 1 – Audited Financial Statements).

As a commercial REIT, the Company will focus on expanding its office, mall, and hotel properties. However, if the opportunity arises, the Company may also explore other types of real estate properties available in the market. The Company offers shareholders an investment opportunity with a stable yield, opportunities for Gross Revenue and Net Operating Income growth, high-quality properties with strong tenant demand, strong Sponsor support from Megaworld, experienced management with incentive to grow the Company's Gross Revenue and Net Operating Income, and distribution of at least 90% of the Company's Distributable Income.

Through its Fund Manager, the Company intends to maximize investment returns by growing the Gross Revenue as well as the Net Operating Income from the Company's 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 its investors.

The Company derives its revenues through leasing real properties. The eighteen (18) mixed used buildings owned by the Company located in Quezon City, Taguig City and Iloilo City are leased out to various entities as office, retail and hotel. All of the Properties were developed by Megaworld and stand on land leased from Megaworld for an aggregate period of fifty (50) years.

All Properties are PEZA-registered and/or located in PEZA-registered zones. The Company's portfolio has tenants across various sectors which are categorized as follows: (i) Business Process Outsourcing (BPO) and traditional office; (ii) hotel, (iii) retail and others. In prior years, the Company has secured a number of major BPO customers as long-term tenants in the properties. As of 31 December 2023, 83% or 268,458 square meters of the total available GLA of the portfolio was occupied by BPOs and traditional offices, and 4% or 11,621 square meters of the total available GLA of the portfolio was occupied by retail and other tenants including 6,769 square meters pertaining to the hotel GLA.

Most of the commercial office lease agreements for the Company's properties are for tenancy periods of between five (5) to ten (10) years. To ensure the timely payment of rent, arrears management procedures are enforced to ensure timely payment of rent. For office properties, the Company requires three months' deposit and three months' advance rental. For retail properties, the Company requires six months' deposit and one month advance rental. Rentals, as well as common use service area (CUSA) fee of the maintenance and upkeep of the buildings are billed monthly or quarterly and are collected either every fifth of the month or first month of the quarter, as applicable. In addition, under the general terms of the leases, lessees and tenants for office properties are obligated to pay additional security deposit also equivalent to three months' rental upfront.

The Company's current committed leases structurally provide opportunities for growth, and this is primed to continue into the future. The total Gross Revenue from the Properties is expected to increase continuously primarily due to higher rental rates obtained on new leases or on renewals of existing leases and built-in rental escalations. The Properties have contractual fixed lease rental escalations of 5% to 10% per annum, providing for a secure source of organic growth and clear income visibility. Additionally, the Company also has the ability to lease up the assets, raising the overall occupancy of the buildings.

The Company is also not subject to the effects of seasonality or other sales cycles, as its rent terms are fixed and apply uniformly (subject to individually negotiated escalation rates) across the lease terms. Additionally, tenants of office properties typically pay a security deposit equal to three months' rent and advance rent equal to three months. Meanwhile, tenants of commercial properties usually pay a security deposit equal to six months' rent and advance rent equal to one month. All of these advance rents are forfeited in case the tenant pre-terminates the lease agreement without prior notice or before the expiry of the lease term without cause. Such stable cash flows have allowed, and will continue to allow, the

Company flexibility in maintaining and upgrading the Properties to continually satisfy its tenants' needs; in seeking further investment opportunities, whether expansion of the Company's existing Properties or acquisition of additional properties; and in making regular distributions to the Company's shareholders.

Distribution Methods of Services

The Company caters primarily to office tenants. As of 31 December 2023, commercial office space comprised approximately 94% of the total gross leasable area of the properties, leased out to BPOs and traditional office lessees. The remaining 6% of the GLA is allotted to retail tenants and hotel operations.

Marketing

The Company engages the services of MREIT Property Managers, Inc. (MPMI) to render, among other things, marketing services of vacant office units, retail units, and other spaces in the properties, including the preparation and submission of proposals and offers to prospective lessees in the name of the Company, and the identification of potential tenants. MPMI also formulates and implements leasing and marketing strategies, and packages leasing and marketing materials to be provided to prospective lessees. In exchange for MPMI's services, the Company pays property management fee to MPMI on a quarterly basis.

Competition

The Company believes that the competition for office space is principally on the basis of location, quality and reliability of the project's design and equipment, reputation of the developer, supply of comparable space, changing needs of business users, and PEZA registration. The Company considers as primary competitors Ayala Land, Inc. and its REIT Subsidiary, SM Prime Holdings, Inc., Robinsons Land Corporation and its REIT Subsidiary, Filinvest Land Inc. and its REIT Subsidiary, Double Dragon Properties Corporation and its REIT Subsidiary, and VistaREIT, Inc.

The Company competes on the basis of the strategic locations of its buildings, including their proximity to the malls and residences as part of its mixed-use developments and accessibility to public transportation. The Company believes that its and its Sponsor's established reputation for good quality, ease of doing business, and completing projects on time make the Company one of the most preferred choices of the BPO industry as well as local and multinational companies. The Company is committed to providing an excellent customer experience and satisfaction by offering and maintaining office projects of high quality and reliability, meeting the evolving needs of its customers. Together with Megaworld, the Company aims to maintain its leading position in the office leasing market.

Suppliers

The Company has a broad base of suppliers that cater to the operation, maintenance and upkeep of the Company's properties, which the Company engages either directly or through the property manager.

Transactions with and/or dependence on related parties

The Company, in its ordinary course of business, engages in transactions with its parent and affiliates. The Company's policy with respect to related party transactions is to ensure that these transactions are entered into on terms comparable to those available from unrelated third parties.

Transactions with related parties include asset acquisitions from, property-for-share swap transactions and land leases with, Megaworld (the Company's Parent and Sponsor), and fund and property management agreements with affiliates. As a newly established business, the Company's current operations depend principally on the services of its Senior Management, comprised of officers who are seconded from Megaworld, and the services of its fund and property managers. Other related party transactions include advances granted to and obtained from subsidiaries, associates and other related parties are for purposes of working capital requirements. (For more information, see Exhibit 1 – Audited Financial Statements, Note 15).

Intellectual Property

The Company has adopted a logo of MREIT which has been filed for the trademark registration with the Philippine Intellectual Property Office. The Company has also secured an exclusive domain for its website and email system (www.mreit.com.ph).

The Company also relies on Megaworld's trademarks to establish and protect its business interests, believing that Megaworld's trademarks and intellectual property rights are important to the Company's success and competitive position. Megaworld, the Sponsor, has registration of trademarks of the McKinley Hill and Iloilo Business Park townships where most of the Properties are located, approved by the Philippine Intellectual Property Office. Megaworld has granted the Company non-exclusive rights to use the foregoing marks where the Properties are located for free for a period of twenty-five (25) years plus an extension of twenty-five (25) years, commencing on 01 June 2021.

Regulatory

Republic Act No. 9856 or the Real Estate Investment Trust Act of 2009 lapsed into law on 17 December 2009. Pursuant to Section 22 of the said law, the Securities and Exchange Commission (the Philippine SEC) approved the implementing rules and regulations of the Real Estate Investment Trust Act of 2009 on 13 May 2010. Under the REIT Law, a REIT is a stock corporation established primarily for the purpose of owning income-generating real estate assets. Although designated as a trust, the REIT Law explicitly provides that a REIT is not a "trust" as contemplated under other existing laws and regulations. Instead, the term is used for the sole purpose of adopting the internationally accepted description of the company in accordance with global best practices.

On 20 January 2020, the Philippine SEC issued Memorandum Circular No. 1, Series of 2020 (the Revised REIT IRR), amending the existing REIT regulations by, among others, modifying the minimum public ownership of a REIT, incorporating a reinvestment of proceeds policy, imposing additional corporate governance mechanisms into a REIT, and adding qualifications of a REIT fund manager and property manager. The regulatory amendment was published in a newspaper of general circulation on 23 January 2020 and became effective on 07 February 2020.

In order to be considered a REIT and to benefit from the incentives under the law, the shares of a REIT must be registered with the Philippine SEC in accordance with the Securities Regulation Code (SRC) and listed with the Philippine Stock Exchange (PSE) in accordance with its Listing and Disclosure Rules and its Amended Listing Rules for REITs (PSE Rules). The procedure for the registration and listing of such shares as a REIT shall comply with the applicable registration and listing rules and regulations of the Philippine SEC and the PSE, in addition to the specific requirements under the REIT Law and the PSE Rules.

The REIT Law and the Revised REIT IRR limit the allowable investment of a REIT mainly to income generating real estate. 75% of the total value of the REIT's assets, reflecting the fair market value of total assets held, must be invested in, or consist of, income-generating real estate and 35% of which must be located in the Philippines. Should a REIT invest in income-generating real estate located outside of the Philippines, the same should not exceed 40% of its Deposited Property and only upon special authority from the Philippine SEC. An investment in real estate may, by way of direct ownership or a shareholding in a domestic special purpose vehicle, be constituted to hold/own real estate. The real estate to be acquired by the REIT should have a good track record for three years from the date of acquisition. An income-generating real estate is defined under the REIT Law to mean real property which is held for the purpose of generating a regular stream of income such as rentals, toll fees, user's fees, ticket sales, parking fees and storage fees.

A REIT must distribute at least 90% of its distributable income annually as dividends to its shareholders not later than the last working day of the fifth (5th) month following the close of the fiscal year of the REIT.

Government approvals and regulations

The Company secures various government approvals, such as PEZA licenses, environmental compliance certificates, and operating permits, required primarily in the Company's operation of its assets for leases. The Company's property manager is tasked to ensure that the Company's permits and licenses to operate the properties and to engage in property leasing business are up-to-date.

Employees

The business of the Company is dependent on the services of personnel rendered by Senior Management, who are officers and employees of Megaworld, and by the Company's fund manager and property manager. As of 31 December 2023, the Company has one full-time employee.

The Company has no collective bargaining agreements with employees and there are no organized labor organizations in the Company.

Risks Associated with the Company's Business

The Company is exposed to risks inherent in the Philippine real estate market.

The Company is highly dependent on the performance of the Philippine real estate market and the state of the Philippine economy because all of its Properties are located in the Philippines. The demand for, and prevailing prices of office leases are directly related to the strength of the Philippine economy and the overall levels of business activity in the Philippines. The growth of the real estate sector has been mainly driven by the fast-growing BPO sector, which is vulnerable to global economic changes. As one of the fastest growing sectors in the Philippine real estate industry, the BPO sector drives office space demand, which fuels the performance and profitability of the Company's Properties.

Several factors contribute to fluctuations in the Philippine property market including the general demand and supply of properties which may cause asset price bubbles, increases and decreases in interest rates, inflationary pressures, Government-related real estate policies and other factors beyond the Company's control. In particular, the global economic downturn resulting from the COVID-19 pandemic has resulted in an economic slowdown and negative business sentiment, which may have an adverse effect on the outlook on the Philippine property market and lead to an adverse change in the Philippines' macroeconomic situation. This materially and adversely affects the Company's results of operations. Moreover, the Company's tenants in the BPO sector are taking actions to mitigate its impact, such as early termination of leases, downsizing or non-renewal of leases, particularly with the increase in work-from-home arrangements. Thus, the Company is directly affected by the risks that affect the Philippine property market as a whole, and the property market in the BPO sector in particular. Any decline in the value of land or real estate in the Philippines may lead to a downward revaluation of the Properties and a decrease in rental rates.

The Company is exposed to risks that it will be unable to lease its Properties in a timely manner or collect rent at profitable rates or at all.

The Company is subject to risks incidental to the ownership and operation of office and related retail properties including, among others, competition for tenants, changes in market rents, inability to renew leases or re-let space as existing leases expire, inability to collect rent from tenants due to bankruptcy or insolvency of tenants or otherwise, increased operating costs and the need to renovate, repair and re-let space periodically and to pay the associated costs. In particular, the Company relies on the growth of the BPO business as a continued source of revenue from its rental properties. If the BPO business does not grow as the Company expects or if the Company is not able to continue to attract BPO-based tenants, it may not be able to lease its office space or as a consequence, its retail space, in a timely manner or otherwise at satisfactory rents.

Significant competition in the markets in which the Company operates could adversely affect its business.

The Company operates in a highly competitive industry. Its future growth and development are dependent, in large part, on the availability of large tracts of office and commercial assets suitable for

acquisition, development or lease. As the Company and its competitors compete for such assets, it may become more difficult to find suitable properties in locations and at prices acceptable to the Company, particularly in Metro Manila, Central Business Districts (CBDs) and other key urban areas. To the extent that the Company is unable to grow its portfolio at acceptable prices, its growth prospects could be limited and its business and results of operations could be adversely affected.

A number of other office and commercial center developers and real estate services companies, some with greater financial and other resources than the Company, compete with the Company in various aspects. Competition from other real estate developers and real estate services companies may adversely affect the Company's ability to grow its portfolio, or attract and retain tenants, and continued development by these and other market participants could result in saturation of the market for office spaces.

Market changes in demand for new types of office space may reduce the appeal of the Properties to potential tenants.

The Company's Properties cater primarily to the BPO sector and the traditional office sector. Majority of its Properties are currently designed with traditional office space or to suit the specific requirements of a BPO tenant.

Recent trends in the Philippine commercial leasing market, however, indicate that many corporate consumers desire non-traditional office space, such as co-working spaces. Tenants that desire these types of co-working space also typically seek short-term lease terms. There is no guarantee that the Company will be able to keep pace with such changes in the commercial leasing market and offer office space and rental terms that are desirable for such businesses. There is also no guarantee that the Company's current tenants will not prefer different types of office space and rental arrangements. If the Company's pool of potential tenants is significantly reduced or if a large number of tenants do not renew their leases as a result of such trends, the Rental Income generated by the Properties could be adversely affected, which could also impact the Company's financial condition and results of operations and ability to make distributions at the desired levels. The Company attempts to manage this risk by actively monitoring the real estate market in the Philippines to assess market trends and respond to changing needs and tastes, by continuing to maximize the desirability of its Properties and by pursuing well-planned and timed asset acquisition and investments.

The Company does not own the lands on which its Properties are situated.

The Properties are situated on lands owned by Megaworld. Although the Company owns the Properties, the Company leases the underlying land from Megaworld pursuant to separate lease agreements for the land underlying each of the Properties.

Lease agreements are entered into between the Company and Megaworld over the land on which the Properties stands for an aggregate period of fifty (50) years, comprising an initial lease period of twenty-five (25) years, with the Company having the option to renew for another twenty-five (25) years on such terms and conditions mutually acceptable to the Company and Megaworld. As consideration for the land leases, the Company will pay the Sponsor, commencing 01 July 2023 and until 30 June 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 01 July 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. Rent is exclusive of VAT, DST and other taxes which shall be borne by the Company. The rental amounts due to Megaworld from the Company may be renegotiated for the renewal period.

Any substantial changes to the land lease contracts or Megaworld's ownership or right over the leased land, as well as the cancellation or termination of the lease, may adversely affect the Company's financial condition and results of operations and ability to make distributions. Because Megaworld is the Sponsor and remains as the majority shareholder of the Company, the Company believes that the interests of both parties are generally aligned and this alignment helps mitigate the risk.

The Company's business and operations are dependent upon the expertise and experience of the Fund Manager's and Property Manager's officers and employees.

As part of its transition to a REIT, the executive officers of the Company are seconded from other companies within the Megaworld Group. As such, the Company is dependent on the expertise and experience of the Fund Manager's and the Property Manager's directors, senior management, and other key employees for the success of the business. These individuals possess deep industry knowledge and an acknowledged reputation in the market, owing to their track records and experience.

If one or more of these directors or members of senior management are unable or unwilling to continue in their present positions, the fund manager or the property manager may not be able to replace them within a reasonable period of time with individuals who possess comparable expertise and experience, or at all, which may seriously disrupt, and materially and adversely affect, the Company's business, results of operations, and future prospects. The Company intends to manage the foregoing risks by adopting a business continuity plan and succession plan by identifying members of the management who will be able to assume and take on the role and additional responsibilities arising from such departure.

ITEM 2. PROPERTIES

The Properties of the Company as of 31 December 2023 consist of rental office and retail properties and hotels, including the following:

<u>Property</u>	<u>Location</u>	<u>Description</u>	<u>GLA (in sq.m.)</u>
One World Square	McKinley Hill, Fort Bonifacio, Taguig City	11-storey Office Tower	30,481.7
Two World Square	McKinley Hill, Fort Bonifacio, Taguig City	16-storey Office Tower	21,286.4
Three World Square	McKinley Hill, Fort Bonifacio, Taguig City	16-storey Office Tower	21,221.7
8/10 Upper McKinley Building	McKinley Hill, Fort Bonifacio, Taguig City	10-storey Office Tower	19,937.5
18/20 Upper McKinley Building	McKinley Hill, Fort Bonifacio, Taguig City	10-storey Office Tower	19,412.8
World Finance Plaza	McKinley Hill, Fort Bonifacio, Taguig City	15-storey Office Tower	25,067.5
1880 Eastwood Avenue	Eastwood, Quezon City	10-storey Office Tower	33,744.2
1800 Eastwood Avenue	Eastwood, Quezon City	10-storey Office Tower	34,738.1
E-Commerce Plaza	Eastwood, Quezon City	10-storey Office Tower	21,032.2
Richmonde Tower and Richmonde Hotel Iloilo	Iloilo Business Park, Iloilo City	3-storey Office Tower and 12-storey Tower	6,354.8 and 6,769.1
One Techno Place	Iloilo Business Park, Iloilo City	4-storey Office Tower	9,548.7

<u>Property</u>	<u>Location</u>	<u>Description</u>	<u>GLA (in sq.m.)</u>
Two Techno Place	Iloilo Business Park, Iloilo City	5-storey Office Tower	11,393.4
Three Techno Place	Iloilo Business Park, Iloilo City	4-storey Office Tower	9,567.9
One Global Center	Iloilo Business Park, Iloilo City	4-storey Office Tower	10,301.0
Two Global Center	Iloilo Business Park, Iloilo City	4-storey Office Tower	9,902.6
Festive Walk 1B	Iloilo Business Park, Iloilo City	4-storey Office Tower	14,703.0
One West Campus	McKinley Hill, Fort Bonifacio, Taguig City	5-storey Office Tower	9,704.3
Five West Campus	McKinley Hill, Fort Bonifacio, Taguig City	5-storey Office Tower	10,257.0

On 23 March 2023, the SEC approved the valuation of the Property-for-Share Swap, which resulted in the transfer to the Company effective March 2023 of four (4) Grade A buildings located in PEZA-registered Zones, namely: 100% ownership of Two Global Center and of Festive Walk 1B, which are located in Iloilo Business Park, and 80% pro indiviso ownership of One West Campus and of Five West Campus, which are located in McKinley Hill in Fort Bonifacio, Taguig, in exchange for 263,700,000 common shares of the Company, with a par value of P1 per share and APIC of P5,010,300,000.00, or for a total subscription price of P5,274,000,000.00.

The Company continuously seeks opportunities to acquire properties in prime locations through purchase or otherwise to increase its leasable assets.

There are no mortgages, liens or encumbrances over any of the Properties owned by the Company.

ITEM 3. LEGAL PROCEEDINGS

No Material Pending Legal Proceedings

Neither the Company nor any of its Properties are involved in or the subject of any legal proceedings which would have a material adverse effect on the business or financial position of the Company or any of its subsidiaries, or any of its or their properties.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted during the fourth quarter of 2023 to a vote of security holders.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

The common shares of the Company are traded on the PSE under the symbol “MREIT”. The Company’s common stock was first listed on the PSE on 01 October 2021.

The following table sets out, for the periods indicated, the high and low sales price for the Company’s common shares as reported on the PSE:

Year		Q1	Q2	Q3	Q4
2021	High				19.70
	Low				16.70
2022	High	22.50	18.58	16.04	14.48
	Low	18.50	15.14	13.90	11.28
2023	High	15.36	15.90	14.56	12.80
	Low	13.70	13.76	12.08	11.54

Market price of the Company’s shares as at 29 December 2023 was ₱12.30 per share.

Holders

As of 31 December 2023, the Company has fifteen (15) shareholders of record. The following table sets forth the shareholders of the Company as of 31 December 2023.²

Rank	Name of Stockholder	Number of Common Shares	Percentage of Ownership
1.	Megaworld Corporation	1,555,332,881	55.63%
2.	PCD Nominee Corp. (Filipino)	1,197,715,614	42.84%
3.	PCD Nominee Corp. (Non-Filipino)	41,375,686	1.48%
4.	AIM Scientific Research Foundation, Inc.	1,250,000	0.05%
5.	James Esteves Takano	124,000	0.00%
6.	Myra P. Villanueva	10,000	0.00%
7.	Milagros P. Villanueva	4,000	0.00%
8.	Myrna P. Villanueva	4,000	0.00%
9.	Marietta V. Cabreza	1,000	0.00%
10.	Antonio E. Llantada Jr.	1,000	0.00%
11.	Sergio R. Ortiz-Luis Jr.	1,000	0.00%
12.	Katherine L. Tan	1,000	0.00%

² The shares of the following directors: Mr. Kevin Andrew L. Tan, Mr. Francisco C. Canuto, and Ms. Lourdes T. Gutierrez-Alfonso are lodged with PCD Nominee Corporation.

13.	Jesus B. Varela	1,000	0.00%
14.	Jennifer T. Ramos	100	0.00%
15.	Francis J. Ricamora	100	0.00%

Dividends and Dividend Policy

The Company is required to declare dividends pursuant to the REIT Law. The REIT Law requires a REIT to distribute annually a total of at least 90% of its distributable net income, as adjusted for unrealized gains and losses/expenses and impairment losses, and other items in accordance with generally accepted accounting standards (excluding proceeds from the sale of the Company's assets that are reinvested in the Company within one year from the date of the sale), as dividends to its shareholders. Such dividends shall be payable only from the unrestricted retained earnings, and the income distributable as dividends shall be based on the audited financial statements for the most recently completed fiscal year prior to the prescribed distribution. The Company may declare either cash, property, or stock dividends. However, the declaration of stock dividends must be approved by at least a majority of the entire membership of the Company's Board, including the unanimous vote of all its independent Directors, and stockholders representing not less than two-thirds (2/3) of the outstanding capital stock at a regular meeting or special meeting called for that purpose. Any such stock dividend declaration is also subject to the approval of the Philippine SEC within five working days from receipt of the request for approval. If the Philippine SEC does not act on said request within such a period, the declaration shall be deemed approved.

The Company has adopted a dividend policy in accordance with the provisions of the REIT Law, pursuant to which the Company's shareholders are entitled to receive at least 90% of the Company's annual Distributable Income. The Company intends to declare and pay out dividends on a quarterly basis each year.

In 2023, the Company's distributable income reached P2.8 billion, reflecting a 13% increase from the previous year. Revenue also experienced a 14% year-on-year jump to P4.2 billion. This growth was driven by the four new high-quality office towers and raising rents from current tenants.

Out of the distributable net income for 2023, the Company declared total cash dividends on the Company's common shares amounting to Php2,760,034,867.34 broken down as follows:

Payment Date	Amount	Amount per Share
12 May 2023	Php692,245,373.94	Php0.2476
08 August 2023	Php692,245,373.94	Php0.2476
06 November 2023	Php687,772,059.73	Php0.2460
01 March 2024	Php687,772,059.73	Php0.2460
Total		Php0.9872

The Company has distributed 97% of its distributable income for the period.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION AND FINANCIAL CONDITION

Results of Operations

(Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

Review of Twelve Months ending 31 December 2023 versus Twelve Months Ending 31 December 2022

The Company's net income increased to Php168.3 million for the fiscal year ending 31 December 2023, from a net loss of Php176.6 million in the same period the previous year. In both periods, fair value loss was recognized driving down the net income of the Company. Adding back the fair value loss and removing other non-cash accounting adjustments, the distributable income of the company increased to 2.844.1 million from 2.562.2 million in the same period the previous year. The increases was primarily driven by the recognition of income from four (4) additional prime, grade A office buildings located in PEZA-registered zones.

Revenues

Rental income grew to Php3,223 million from Php2,918 million while income from dues – net grew to Php933 million from 731 million in the same period last year. Both increases are attributable to the full year recognition of income in the current year from the four (4) additional prime, Grade A office buildings that the Company owns.

Cost and Expenses

Cost of services also grew to Php940 million from Php676 million, while other operating expenses grew to Php62 million from Php38 million, in the same period last year as a result of the full year recognition of expenses for the operation of the four (4) additional office buildings.

A fair value loss of Php2,732 million was also recorded this year for the reason stated above. In the same period last year, a total fair value gain of Php2,822 million was recorded arising from upward adjustments in the appraisal of the Company's investment Properties.

Interest expenses also decreased slightly to Php306 million from Php309 million the previous year.

Tax Expense

Tax expense increased by 189% to Php12.6 million due to the higher final taxes arising from the higher interest income generated from the Company's rolled over short-term placement.

The top five (5) key performance indicators of the Company are shown below:

	31 December 2023	31 December 2022
Current Ratio ¹	1.90	2.52
Debt to Equity Ratio ²	0.14	0.15
Net Debt to Equity Ratio ³	0.15	0.15
	31 December 2023	31 December 2022
Return on Assets ⁴	0.28%	-0.30%
Return on Equity ⁵	0.33%	-0.35%

*1 – Current Assets / Current Liabilities

*2 – Total Debt / Equity (Total debt includes interest bearing loans and borrowings and bonds payable)

*3 – Net Debt / Equity (Net debt is total debt less cash and cash equivalents)

*4 – Net Profit / Average Total Assets

*5 – Net Profit / Average Equity

- Due to the Company's sound financial condition, there is no foreseeable trend or event which may have a material impact on its short-term or long-term liquidity.
- Funding will be sourced from internally-generated funds and/or bank loans.
- There is no material commitment for capital expenditures other than those performed in the ordinary course of trade or business.
- There is no known trend, event or uncertainty that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.
- There is no known significant element of income or loss that did not arise from the Company's continuing operations, except as disclosed above and in the attached financial statements.

- There have been no seasonal aspects that had a material effect on the financial condition or results of the Company's operations.
- There were no known events and uncertainties that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.

Material Changes in the Financial Statements

(Increase/decrease of 5% or more)

Statement of Financial Position (31 December 2023 vs 31 December 2022)

Item	31 December 2023	Increase/ Decrease	% Change	Causes
Cash and cash equivalents	1,678,912,046	298,385,986	22%	Increased by 22%, principally through to greater cash inflows from the Company's operations during the first half of 2023.
Trade and other receivables	451,266,601	141,425,570	46%	Increase due to the assignment of receivables and security deposits. Advance rents resulting from the infusion of an extra four (4) offices assets included in the Property for "A share swap transaction"
Other non-current assets	78,547,978	-14,092,636	-15%	Decreased due to the completion of construction in process for building renovations.
Accounts and other payables	785,682,360	291,694,037	59%	Increase which is due to a growth in fund and property management fees, and other payables such as trade, output VAT, and delayed output VAT outlay connected to the addition of the four (4) office assets during the period.
Capital stock	2,795,821,381	263,700,000	10%	Increase resulted from the inclusion of four (4) office assets as part of the Property for Share Swap transaction. The SEC released its certification of valuation for the properties on March 23, 2023, which triggered the issuance of new shares and the infusion of stated assets.
Additional Paid In Capital	52,782,813,885	4,875,347,850	10%	
Retained earnings (deficit)	-3,440,076,347	-2,518,718,024	273%	Decreased due to non-cash component on fair value losses.

Statement of Income (31 December 2023 vs 31 December 2022)

Item	31 December 2023 (12 Months)	Increase/ Decrease	% Change	Causes
Rental income	3,223,382,715	305,597,030	10%	The increase in revenue is attributed to the recognition of increased income from the four (4) office properties injected during the first quarter.
Income from dues - net	933,121,752	202,140,179	28%	
Cost of services	940,568,965	264,357,772	39%	
Other operating expenses	62,196,945	24,796,662	66%	The increase is primarily due to payment of fees from the SEC and PSE in relation to the Property for Share Swap transaction.
Interest income	64,685,771	41,643,448	181%	Increase due to higher interest collected from short-term placements.
Miscellaneous income	1,686,743	998,726	145%	Increase due to the collection of penalties and non-recurring rental income from tenants.
Tax income (expenses)	- 12,586,537	-8,237,702	189%	The increase is attributable to increased final tax expenditure, as well as higher interest revenue obtained from short-term placements during the current period.

There are no other significant changes in the Company's financial position (5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would have impact or change the reported financial information and condition on the Company.

Review of Twelve Months ending December 31, 2022 versus Twelve Months Ending December 31, 2021

The Company saw its net income decline from Php2,014 million in the twelve months ending December 31, 2021 to a net loss of Php177 million in the same period this year. The decline was mainly driven by the fair value loss recorded in the current year arising from the downward adjustment in the appraisal of the Company's investment properties. The downward adjustment came about as a result of the rising interest rates which is a key input in the income approach used in the appraisal of the properties.

Revenues

Rental income grew to Php2,918 million from Php1,393 million while income from dues – net grew to Php731 million from 295 million in the same period last year. Both increases are attributable to the full year recognition of income in the current year from the fourteen (14) Prime, Grade A office buildings that the Company owns.

Cost and Expenses

Cost of services also grew to Php676 million from Php243 million, while other operating expenses grew to Php38 million from Php28 million, in the same period last year as a result of the full year recognition of expenses for the operation of the 14 office buildings.

A fair value loss of Php2,822 million was also recorded this year for the reason stated above. In the same period last year, a total fair value gain of Php943 million was recorded arising from upward adjustments in the appraisal of the Company's investment Properties.

Interest expense also rose to Php309 million from Php24 million in the previous year due to the interest-bearing loan secured by the Company to finance the acquisition of additional four (4) office assets on December 21, 2021.

Tax Expense

Tax expense declined to (Php0.5 million) from Php100 million in the same period last year due to the one time recognition of deferred tax income in the prior year.

Financial Condition as of the end of December 31, 2022

The Company maintains a prudent financial policy and has a healthy balance sheet to support its financial and operational requirements. As of December 31, 2022, the Company's total assets stand at Php58.5 billion, a 3.9% decrease from the previous period arising from the adjustment in appraisal of the Company's properties.

The Company's total current assets now stand Php1,913 million compared to Php1,493 million in December 31, 2021. The change was driven by an increase in the company's trade and other receivables.

Interest bearing loans, net of capitalized transaction costs, remain at Php7.2 billion as of December 31, 2022, arising from the term loan obtained from a local bank to partially finance the acquisition of the four office assets.

The top five (5) key performance indicators of the Company are shown below:

	December 31, 2022	December 31, 2021
Current Ratio ¹	2.52	3.43
Debt to Equity Ratio ²	0.15	0.14
Net Debt to Equity Ratio ³	0.15	0.14
	December 31, 2022	December 31, 2021
Return on Assets ⁴	-0.30%	3.57%
Return on Equity ⁵	-0.35%	3.91%

*1 – Current Assets / Current Liabilities

*2 – Total Debt / Equity (Total debt includes interest bearing loans and borrowings and bonds payable)

*3 – Net Debt / Equity (Net debt is total debt less cash and cash equivalents)

*4 – Net Profit / Average Total Assets

*5 – Net Profit / Average Equity

- Due to the Company's sound financial condition, there is no foreseeable trend or event which may have a material impact on its short-term or long-term liquidity.
- Funding will be sourced from internally-generated funds and/or bank loans.
- There is no material commitment for capital expenditures other than those performed in the ordinary course of trade or business.
- There is no known trend, event or uncertainty that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.
- There is no known significant element of income or loss that did not arise from the Company's continuing operations, except as disclosed above and in the attached financial statements.
- There have not been any seasonal aspects that had a material effect on the financial condition or results of the Company's operations.
- There were no known events and uncertainties that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.

Material Changes in the Financial Statements

(Increase/decrease of 5% or more)

Statement of Financial Position (December 31, 2022 vs December 31, 2021)

Item	Dec. 31, 2022	Increase/ Decrease	% Change	Causes
Trade and other receivables	309,841,031	165,163,355	114%	Increase due to a combination of increase in accrued receivables arising from straight-line method recognition of rental income and increase in billed receivables which are generally collectible on a 30-day term
Other current assets	268,309,116	197,046,765	277%	Increase due to additional creditable withholding taxes and prepaid expenses
Other non-current assets	92,640,614	38,198,685	70%	Increase is due to the additional security deposit paid for the additional assets
Accounts and other payables	493,988,323	321,796,980	187%	Increase due to rise in fund and property management fees that are payable annually and quarterly, respectively
Retained earnings (deficit)	-921,358,323	-2,643,092,985	-154%	Decrease due to recognition of fair value losses from adjustment in the appraisal of the Company's investment properties

Statement of Income (December 31, 2022 vs December 31, 2021)

Item	Dec. 31, 2022 (12 Months)	Increase/ Decrease	% Change	Causes
Rental income	2,917,785,685	1,525,243,792	110%	Increase due to full year recognition of revenues and expenses from the Company's fourteen (14) buildings
Income from dues - net	730,981,573	435,614,410	147%	
Cost of services	675,974,769	432,517,562	178%	
Other operating expenses	37,636,707	9,244,646	33%	
Fair value gains (losses) on investment properties	-2,822,000,000	-3,764,592,380	-399%	Decrease due to non-recurring downward adjustment in the fair value of the Company's investment properties for the year current reporting period. In the previous year, a non-recurring upward adjustment was recognized in the fair value of the Company's investment properties

Item	Dec. 31, 2022 (12 Months)	Increase/ Decrease	% Change	Causes
Interest expense	309,090,834	282,854,303	1078%	Increase primarily due to the interest payments and accruals arising from the Php7.25 billion interest bearing loan obtained by the Company in December 2021
Interest income	23,042,323	14,030,848	156%	Increase due to interest earned over the full year from short term placements
Miscellaneous income	688,017	688,017	N/A	Increase due to collection of penalties and non-recurring rental related income from tenants in the current year
Tax income (expenses)	-4,348,835	-103,928,787	-104%	Decrease is due to the deferred tax income recognized in the prior year. The Company availed of tax incentives available under the REIT Act, thus no deferred taxes were recognized on temporary differences as of the current year.

There are no other significant changes in the Group's financial position (5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would have impact or change the reported financial information and condition on the Group.

Review of Six Months ending December 31, 2021 versus Six Months Ending June 30, 2021

In the six months ending December 31, 2021, the Company saw an increase in its net income by 519% to Php2,014 million from Php325.5 million in the previous period. The increase was mainly driven by increase in rental revenues from the acquisition of the initial ten buildings, in exchange for shares of stock in the Company (the Initial Properties), in June 2021.

In December 2021, the Company also acquired four prime office assets from Megaworld for a consideration amounting to Php9,116 million, namely World Finance Plaza in McKinley Hill, Two Techno Place, Three Techno Place, and One Global Center in Iloilo Business Park which started contributing to the Company's income towards the end of the period.

Revenues

Revenues, primarily from rental income, grew by 543% to Php1,461 million from Php227 million for the same reason above. Total costs and expenses likewise grew by 493% to Php233 million from Php39.2 million.

Cost and Expenses

Cost of services also grew to Php132.3 million from nil in the same period last year for the same reason mentioned above.

Other Income and Expenses

Meanwhile, other income and charges – net grew by 187% to Php687 million from Php239 million due mainly to the recognition of the fair value gain arising from the re-appraisal of the Initial Properties pursuant to the requirements under the REIT Law and the Revised REIT IRR.

Financial Condition as of the end of December 31, 2021

The Company maintains a prudent financial policy and has a healthy balance sheet to support its financial and operational requirements. As of December 31, 2021, the Company's total assets stand at Php60.9 billion, a 17% increase from the previous period.

The Company's total current assets now stand Php1,493 million compared to Php2,319 million in June 30, 2021. The change was driven by the utilization of the Company's cash balance to partially fund its acquisition of the four office assets in December 2021 to improve the Company's productive use of its resources.

Interest bearing loans, net of capitalized transaction costs, now stand at Php7.2 billion as of December 31, 2021, arising from the term loan secured from a local bank to partially finance the acquisition of the four office assets.

The top five (5) key performance indicators of the Company are shown below:

	December 31, 2021	June 30, 2021
Current Ratio ¹	3.43	9.51
Debt to Equity Ratio ²	0.14	-
Net Debt to Equity Ratio ³	0.14	-
Return on Assets ⁴	3.57%	1.26%
Return on Equity ⁵	3.91%	1.28%

*1 – Current Assets / Current Liabilities

*2 – Total Debt / Equity (Total debt includes interest bearing loans and borrowings and bonds payable)

*3 – Net Debt / Equity (Net debt is total debt less cash and cash equivalents)

*4 – Net Profit / Average Total Assets

*5 – Net Profit / Average Equity

- Due to the Company's sound financial condition, there is no foreseeable trend or event which may have a material impact on its short-term or long-term liquidity.
- Funding will be sourced from internally-generated funds and/or bank loans.
- There is no material commitment for capital expenditures other than those performed in the ordinary course of trade or business.
- There is no known trend, event or uncertainty that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.
- There is no known significant element of income or loss that did not arise from the Company's continuing operations, except as disclosed above and in the attached financial statements.
- There have not been any seasonal aspects that had a material effect on the financial condition or results of the Company's operations.
- There were no known events and uncertainties that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.

Material Changes in the Financial Statements

(Increase/decrease of 5% or more)

Statement of Financial Position (December 31, 2021 vs June 30, 2021)

Item	Dec. 31, 2021	Jun. 30, 2021	Increase/ Decrease	% Change	Causes
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Cash and cash equivalent	1,333,805,607	2,308,916,531	(975,110,924)	-42%	Decrease due to the utilization of the Company's cash balance to partially fund its acquisition of the four office assets in December 2021
Trade and other receivables	144,677,676	21,639,741	123,037,935	569%	Increase due to a combination of increase in accrued receivables arising from straight-line method recognition of rental income and increase in billed receivables which are generally collectible on a 30-day term
Other current assets	71,262,351	1,194,220	70,068,131	5,867%	Increase in creditable withholding taxes and prepaid expenses
Investment properties	59,261,000,000	49,443,000,000	9,818,000,000	20%	Increase due to the acquisition of the four office assets in December 2021 and increase in value from the re-appraisal of assets
Accounts and other payables	172,191,343	63,879,299	108,312,044	170%	Increase due to the commencement of Fund Manager and Property Manager services whose fees are payable annually and quarterly respectively
Interest bearing loans	7,195,789,259	-	7,195,789,259	N/A	Increase due to the interest-bearing loan secured from a local bank to partially finance the acquisition of the four office assets
Deposits and other liabilities	1,335,884,883	909,810,575	426,074,308	47%	Increase due to assumption of security deposit and advance rent liabilities arising from the assignment of leases from the acquisition in December 2021
Deferred tax liabilities	-	101,168,724	(101,168,724)	-100%	Reversal of deferred tax liabilities

Retained earnings	1,721,734,662	315,227,607	1,406,507,055	446%	Represents net profit for the period net of dividends declared
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Statement of Income (December 31, 2021 vs June 30, 2021)

Item	Dec. 31, 2021 (Six Months)	Jun. 30, 2021 (Six Months)	Increase/ Decrease	% Change	Causes
Rental income	1,197,497,661	195,044,232	1,002,453,429	514%	Increase due to recognition of income from the Initial Properties which were acquired June 2021
Income from dues - net	263,215,987	32,151,176	231,064,811	719%	
Cost of services	222,987,792	20,469,415	202,518,377	989%	
Other operating expenses	9,630,912	18,761,149	(9,130,237)	-49%	Decrease due to one-time DST payment in the six months ending June 30, 2021 which is no longer and expense in the six months ending December 31, 2021
Interest expense	23,833,140	2,403,391	21,429,749	892%	Increase mainly due to the accrual of interest from the interest-bearing loan secured in December 2021
Interest income	8,374,430	637,045	7,737,385	1215%	Increase due to higher interest income earned from short-term placements
Fair value gains on investment properties	702,000,000	240,592,380	461,407,620	192%	Increase due to the recognition of the fair value gain arising from the re-appraisal of the Initial Properties pursuant to the requirements under the REIT Law and the Revised REIT IRR
Tax Income (expense)	99,579,952	(101,284,451)	(200,864,403)	-198%	Increase due to the reversal of deferred tax expense

External Audit Fees and Services

The external auditors of the Company billed the amounts of Php1,292,500 for the year ended 31 December 2023 and Php968,000 for the year ended 31 December 2022, in fees for professional services rendered for the audit of the Company's annual financial statements and services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for 2023 and 2022.

Except as disclosed above, no other services were rendered or fees billed by the external auditors of the Company for the years 2023 and 2022.

The Board of Directors, after consultation with the Audit Committee, recommends to the stockholders the engagement of the external auditors of the Company. The selection of external auditors is made on the basis of credibility, professional reputation, accreditation with the Philippine Securities and Exchange Commission, and affiliation with a reputable foreign partner. The professional fees of the

external auditors of the Company are approved by the Company's Audit Committee after approval by the stockholders of the engagement and prior to the commencement of each audit season.

ITEM 7. FINANCIAL STATEMENTS

Financial Statements meeting the requirements of SRC Rule 68, as amended, are attached hereto as Exhibit 1 and incorporated herein by reference.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There are no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Company.

PART III – CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

There are seven (7) members of the Company's Board of Directors, three (3) of whom are independent directors. An independent director is a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as director (SRC, Rule 38). All directors were elected during the annual meeting of stockholders held on 02 June 2023, and will hold office until their successors have been duly elected and qualified. All the incumbent directors have been nominated for election to the Board of Directors of the Company for the ensuing calendar year.

Information concerning the background of the directors/nominees for directors and executive officers of the Company indicating their principal occupation or employment and their business experience for the past five (5) years is provided below.

The table sets forth each member of the Company's Board as of 31 December 2023.

Name	Age	Citizenship	Position
Francisco C. Canuto	66	Filipino	Director and Chairman
Kevin Andrew L. Tan	44	Filipino	Director, President and CEO
Katherine L. Tan	72	Filipino	Director
Lourdes T. Gutierrez-Alfonso	60	Filipino	Director
Antonio E. Llantada, Jr.	68	Filipino	Independent Director
Jesus B. Varela	67	Filipino	Independent Director
Sergio R. Ortiz-Luis, Jr.	80	Filipino	Independent Director

The table below sets forth the Company's executive officers in addition to its executive directors listed above as of 31 December 2023.

Name	Age	Citizenship	Position
Giovanni C. Ng	49	Filipino	Treasurer
Englebert G. Teh	32	Chinese	Chief Financial Officer
Maria Carla T. Uykim	47	Filipino	Corporate Secretary

Krizelle Marie F. Poblacion ³	37	Filipino	Compliance Officer
Andy Willing Dela Cruz, Jr. ⁴	29	Filipino	Investor Relations Officer

Francisco C. Canuto
Chairman of the Board

Mr. Canuto joined the Company as a Director in 2020 and is currently the Chairman of the Board of Directors. He is a Certified Public Accountant and holds a bachelor's degree in Commerce major in Accounting and a Master's Degree in Business Administration. He is concurrently Senior Vice President, Chief Finance Officer, Treasurer, Compliance Officer, Corporate Information Officer and Chief Audit Executive and Senior Assistant to the Chairman of Megaworld Corporation (publicly-listed). He is concurrently a Director of Megaworld Global-Estate, Inc., Gilmore Property Marketing Associates, Inc. and Eastwood Property Holdings, Inc., Director and Corporate Secretary of Megaworld Central Properties, Inc., and Director and Treasurer of Megaworld Cebu Properties, Inc., Twin Lakes Corporation, Megaworld Oceantown Properties, Inc., Megaworld Resort Estates, Inc., Megaworld Land, Inc., Megaworld-Daewoo Corporation and Eastwood Cyber One Corporation. He serves as Chairman and President of Prestige Hotels & Resorts, Inc., Arcovia Properties, Inc., Lucky Chinatown Cinemas, Inc., Festive Walk Cinemas, Inc., Southwoods Cinemas, Inc., McKinley Cinemas, Inc., Uptown Cinemas, Inc. He is also the President of Megaworld Foundation, Inc. Before joining the Megaworld Group, he worked as Audit Manager of SGV & Company and Controller of Federal Express Corporation. Mr. Canuto holds a bachelor's degree in Commerce major in Accounting from Polytechnic University of the Philippines in 1978 and a Master's Degree in Business Administration from Ateneo de Manila University in 1986.

Kevin Andrew L. Tan
Director, President and Chief Executive Officer

Mr. Tan is a Director since 2020 and the President and Chief Executive Officer of the Company. He obtained his bachelor's degree in Business Administration major in Management from the University of Asia and the Pacific. He is concurrently Executive Vice President and Chief Strategy Officer of Megaworld Corporation. He previously held the position of Senior Vice President of Megaworld Corporation for Commercial Division which markets and operates the Megaworld Lifestyle Malls including Eastwood Mall and The Clubhouse at Corinthian Hills in Quezon City, Venice Piazza at McKinley Hill and Burgos Circle at Forbestown Center, both in Fort Bonifacio, California Garden Square in Mandaluyong City, Newport Mall at Newport World Resorts Manila in Pasay City, Lucky Chinatown Mall in Binondo, Manila and Uptown Mall in Bonifacio Global City. He is the Chief Executive Officer and Vice Chairman of Alliance Global Group, Inc (public-listed). He is also concurrently a Director of Empire East Land Holdings, Inc., Emperador Inc. and Global-Estate Resorts, Inc. (all publicly-listed companies) and of Eastwood Cyber One Corporation, Uptown Cinemas, Inc., Megaworld Central Properties Inc., Twin Lakes Corporation, Megaworld Land, Inc., Townsquare Development, Inc., Emperador Distillers, Inc., Alliance Global Brands, Inc., Anglo Watsons Glass, Inc., Yorkshire Holdings, Inc., The Bar Beverage, Inc., Emperador Brandy, Inc., and New Town Land Partners, Inc. He is also Chairman of Megaworld Foundation, Inc. Mr. Tan obtained his bachelor's degree in Business Administration major in Management from the University of Asia and the Pacific.

Katherine L. Tan
Director

Ms. Tan is a Director of the Company since 2021. She is concurrently a Director of Megaworld Corporation (publicly-listed) and a Director and Treasurer of Alliance Global Group, Inc. and Emperador Inc. (both publicly-listed). She has extensive experience in the food and beverage industry and is currently Director and Corporate Secretary of The Bar Beverage, Inc. and Director and President of Andresons Global, Inc., Raffles & Company, Inc., The Andresons Group, Inc. and Choice Gourmet Banquet, Inc. She is also a Director and Treasurer of Alliance Global Brands, Inc. and Emperador Distillers, Inc. Ms. Tan graduated from St. Scholastica's College, Manila, with the degree in Bachelor of Arts in Nutrition on March 9, 1974.

³ Appointed as Compliance Officer effective 01 October 2023.
⁴ Appointed as Investor Relations Officer effective 23 March 2023.

Lourdes T. Gutierrez-Alfonso*Director*

Ms. Alfonso is a Director of the Company since 2020. Ms. Gutierrez has extensive experience in real estate and a strong background in finance and marketing. A certified public accountant by profession, she is concurrently the Chief Operating Officer of Megaworld Corporation, where she also previously held the position of Senior Executive Vice President for Finance and Administration. Ms. Alfonso is also the Chairman of the property management company, First Oceanic Property Management, Inc. She serves as Director in numerous affiliate companies including Global-Estate Resorts, Inc. (publicly-listed), and Suntrust Properties, Inc., Twin Lakes Corporation, Southwoods Mall, Inc., Mactan Oceanview Properties and Holdings, Inc., Megaworld Resort Estates, Inc., Megaworld Cebu Properties, Inc., Megaworld Oceantown Properties, Inc., Megaworld Bacolod Properties, Inc., Eastwood Cyber One Corporation, Davao Park District Holdings, Inc., and Prestige Hotels & Resorts, Inc. She is currently the Chairman of Belmont Newport Luxury Hotels, Inc., Megaworld Global-Estate, Inc., and Savoy Hotel Manila, Inc. She is also a trustee and a Corporate Secretary of Megaworld Foundation, Inc. Ms. Alfonso graduated Cum Laude from the Far Eastern University with the degree of Bachelor of Science major in Accounting in 1984.

Jesus B. Varela*Independent Director*

Mr. Varela is an Independent Director of the Company and has served as such since April 2021. He concurrently serves as independent director in the boards of Megaworld Corporation (publicly-listed), Global-Estate Resorts, Inc. (publicly-listed), Travellers International Hotel Group, Inc. and Suntrust Resorts Holdings. He is also the Director General of the International Chamber of Commerce Philippines, a Board Regent of Unibersidad de Manila and a columnist at the Philippine Daily Tribune and President of the Erehwon Art Foundation. Mr. Varela has more than twenty years of experience in the fields of marketing, human resources, international labor affairs, agriculture, and commerce, among others. He has done executive work with the Department of Agriculture, National Food Authority Council, Philippine Genetics, Inc., National Irrigation Administration, Philippine Planters Products, National Agri-Business Corporation, Agriculture Anti-Smuggling Task Force, and Nautical Highway Board. He served as Labor Attaché to Kobe, Japan, to the Commonwealth of Northern Marianas Island, and to Athens. He attended training courses in Labor Administration and Policy Formulation under the International Labor Organization/ARPLA program, the Corporate Planning Course at the Center for Research Communication, Foreign Exchange Training by Metro Bank and Forex Club of the Philippines, Systems Analysis by the Presidential Management Staff, Asian Productivity Seminar and other in-house seminars conducted by the Department of Labor and the Development Academy of the Philippines. He was formerly Chairman & Acting CEO of GS1 Philippines, Director of PCCI and Vice President of the Employers Confederation of the Philippines. Mr. Varela obtained his bachelor's degree in Economics from Ateneo De Manila University in 1979.

Antonio E. Llantada, Jr.*Independent Director*

Mr. Llantada is an Independent Director of the Company and has served as such since May 2021. Mr. Llantada is a certified public accountant by profession. He is concurrently a professor of Accounting and Finance in Enderun Colleges and Thames International Business School, and a guest lecturer in the Asian Institute of Management School of Executive Education and Lifelong Learning. He previously served as the Internal Audit Consultant and Chief Audit Executive of Empire East Land Holdings, Inc. (publicly-listed). Mr. Llantada obtained his Bachelor of Science Commerce degree in Accounting and Bachelor of Arts degree in Behavioral Science in De La Salle University - Manila, and his Master's Degree in Business Administration in the Ateneo Graduate School of Business.

Sergio R. Ortiz-Luis, Jr.*Lead Independent Director*

Mr. Ortiz-Luis is an Independent Director of the Company and has served as such since April 2021. He is concurrently an Independent Director of Alliance Global, Inc. (publicly-listed), and Calapan

Ventures, Inc. He is the President of the Philippine Exporters Confederation, Inc. (PHILEXPORT) and Honorary Chairman and Treasurer of the Philippine Chamber of Commerce & Industry. He is also Vice Chairman of Export Development Council. He is a Director of Waterfront Philippines, Inc., Philippine Estate Corporation, B.A. Securities, Manila Exposition Complex, Inc., and Jolliville Holdings. Mr. Ortiz-Luis, Jr. obtained his bachelor's degree in Liberal Arts and Business Administration, and a candidate of Master of Business Administration from De La Salle College. He has a PhD in Humanities from Central Luzon State University, PhD in Business Technology from Eulogio "Amang" Rodriguez Institute of Science and Technology, and PhD in Business Administration from Angeles University Foundation.

Giovanni C. Ng

Treasurer

Mr. Ng is the Treasurer of the Company. He concurrently serves as Senior Vice President and Finance Director of Megaworld Corporation, the Company's Parent and Sponsor (publicly-listed). He also serves as Director of Eastwood Property Holdings, Inc., Megaworld Oceanview Properties, Inc., Empire East Communities, Inc., Gilmore Property Marketing Associates, Inc., First Centro, Inc., Valle Verde Properties, Inc., Lucky Chinatown Cinemas, Inc., McKinley Cinemas, Inc., Uptown Cinemas, Inc., Mactan Oceanview Properties and Holdings, Inc. and New Town Land Partners, Inc. He also serves as Treasurer of publicly-listed Empire East Land Holdings, Inc., Adams Properties, Inc. and Townsquare Development, Inc. He is also a Director and Corporate Secretary of Megaworld Land, Inc. Previously, he worked as Analyst Associate in Keppel IVI Investments. Mr. Ng obtained his bachelor's degree in Quantitative Economics from the University of Asia and the Pacific, graduating summa cum laude in 1995.

Englebert G. Teh

Chief Financial Officer

Mr. Teh is the Chief Financial Officer of the Company. Mr. Teh also served as the Corporate Planning Officer of MREIT Fund Managers, Inc. and the Assistant Vice President for Business Research and Development under the Office of Corporate Strategy of Megaworld Corporation, the Parent and Sponsor of the Company. His experience includes investment banking in Primeiro Partners, Inc. and business development for San Miguel Holdings Inc. Mr. Teh graduated in Ateneo De Manila University with a degree of BS Management Engineering.

Maria Carla T. Uykim

Corporate Secretary

Atty. Uykim is the Corporate Secretary of the Company. She is concurrently the Head of the Corporate Advisory and Compliance of Megaworld Corporation, the Company's Parent and Sponsor, and a member of its Management Executive Committee. She is concurrently the Corporate Secretary of Megaworld San Vicente Coast, Inc., Northwin Properties, Inc. and Maple Grove Land, Inc. and a Director and Corporate Secretary of Luxury Global Malls, Inc. and Mactan Oceanview Properties and Holdings, Inc. Atty. Uykim was previously an Associate at Andres Marcelo Padernal Guerrero and Paras law offices from August 2005 to April 2007, where she specialized in labor and corporate law, and at ACCRA Law from February 2003 to January 2004, where she practiced immigration law. She also served as Chief of Staff of Congresswoman Remedios L. Petilla from July 2004 until June 2005. Atty. Uykim obtained her Juris Doctor Degree from the Ateneo De Manila School of Law in 2002 and is a graduate of the double degree program of De La Salle University, with a Bachelor of Arts in Psychology and a Bachelor of Science in Marketing Management in 1997.

Krizelle Marie F. Poblacion⁵

Compliance Officer

Atty. Poblacion is the Compliance Officer of the Company and concurrently serves as a Corporate Compliance Lawyer at Megaworld Corporation, the Company's Parent and Sponsor. Prior to joining the Megaworld Group, she was a Partner at the Poblador Bautista & Reyes Law Offices. Atty. Poblacion graduated from the Ateneo de Manila University with a degree in Economics in 2006, and obtained her Juris Doctor degree from the University of the Philippines in 2010. She was admitted to

⁵ Appointed as Compliance Officer effective 01 October 2023.

the Philippine Bar in 2011, and has more than twelve years of relevant experience in legal, regulatory and compliance work.

Andy Willing Dela Cruz, Jr.⁶
Investor Relations Officer

Mr. Dela Cruz is the Investor Relations Officer of the Company. Mr. Dela Cruz is concurrently the Investor Relations Head of Megaworld Corporation, the Company's Parent and Sponsor. Prior to joining the Megaworld Group, Mr. Dela Cruz held several roles as an Equity Analyst in Philippine Equity Partners (Bank of America Securities), as Institutional Sales and as Senior Analyst in COL Financial Group. Mr. Dela Cruz graduated from Ateneo de Manila University with a degree in BS Management-Honors.

Significant Employees

The business of the Company is not highly dependent on the services of personnel outside of Senior Management and the employees of the Fund Manager and the Property Manager. Nevertheless, the entire workforce is considered significant, and is expected to work together to achieve the Company's goals and objectives.

Family Relationships

President and Chief Executive Officer Kevin Andrew L. Tan is the son of Andrew L. Tan, the Chairman and President of Megaworld Corporation (the Company's Parent and Sponsor), and of Katherine L. Tan, Director of the Company and of Megaworld Corporation. Kevin Andrew L. Tan is also the Executive Vice President and Chief Strategy Officer of Megaworld Corporation.

Involvement in Certain Legal Proceedings

The Company is not aware of the occurrence, as of the date hereof and during the past five (5) years preceding this date, of any of the following events which it believes to be material to the evaluation of the ability or integrity of any of its directors, nominees for election as director, or executive officers:

1. Any bankruptcy petition filed by or against any business of a director, nominee for election as director, or executive officer who was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
2. Any director, nominee for election as director, or executive officer being convicted by final judgment in a criminal proceeding, domestic or foreign, or being subject in his personal capacity to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
3. Any director, nominee for election as director, or executive officer being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
4. Any director, nominee for election as director, or executive officer being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

⁶ Appointed as Investor Relations Officer effective 23 March 2023.

ITEM 10. EXECUTIVE COMPENSATION

Summary Compensation Table

Aggregate compensation paid to the Company's Chief Executive Officer and the four (4) most highly compensated executive officers as a group for the last two fiscal years and the estimate for the ensuing year are as follows:

Name and Principal Position	Year	Salary	Other Variable Pay	Total Annual Compensation
Kevin Andrew L. Tan President and CEO				
Giovanni C. Ng Treasurer				
Maria Carla T. Uykim Corporate Secretary				
Englebert G. Teh Chief Financial Officer				
Andy Willing Dela Cruz, Jr. Investor Relations Officer				
President and Four Most Highly Compensated Officers	Actual 2022	Php7.3m	Php1.53m	Php8.96m
	Actual 2023	Php5.26m	Php 1.23m	Php6.49m
	Projected 2024	Php5.79m	Php1.35m	Php7.14m
All Other Officers and Directors as a Group	Actual 2022	Php2.51m	Php0.53m	Php3.04m
	Actual 2023	Php1.29m	Php0.33m	Php1.62m
	Projected 2024	Php1.42m	Php0.36m	Php1.78m

Compensation of Directors

The Company's By-Laws stipulates that the total yearly compensation of all directors and principal officers of the Corporation shall not exceed 10% of the net income before tax of the Corporation for the preceding year. In the last two reporting periods, directors received per diem only from the Company.

For 2024, the Company has allocated Php525,000 for Directors' per diems. There are no arrangements pursuant to which any Director of the Company was compensated, or is to be compensated, directly or indirectly, during the year ended 31 December 2023 for any service provided as a Director.

Name of Directors	Year	Salary	Total Annual Director's Per Diem
Francisco C. Canuto		Per diem	
Kevin Andrew L. Tan		Per diem	
Katherine L. Tan		Per diem	
Lourdes T. Gutierrez-Alfonso		Per diem	
Antonio E. Llantada, Jr.		Per diem	

Jesus B. Varela		Per diem	
Sergio R. Ortiz-Luis, Jr.		Per diem	
Total Annual Director's Per Diem	2022		700,000
	2023		500,000
	2024		525,000

Employment Contracts and Termination of Employment and Change-in-Control Arrangement

Executive officers are appointed by the Board to their respective offices. The Company does not enter into employment contracts with its executive officers. Other than benefits available under the Company's retirement plan, there is no compensatory plan or arrangement with respect to an executive officer which results or will result from the resignation, retirement or any other termination of such executive officer's employment with the Company and its subsidiaries, or from a change-in-control of the Company, or a change in an executive officer's responsibilities following a change-in-control of the Company.

Options Outstanding

There are no outstanding warrants or options in connection with the shares of the Company held by any of the directors or executive officers.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Record and Beneficial Owners of more than 5% of the Company's Shares as of 31 December 2023

Title of Class	Name, address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent of Class
Common	Megaworld Corporation 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City 1634 Parent/Sponsor	Megaworld Corporation ¹⁰	Filipino	1,555,332,881	55.63%
Common	PCD Nominee Corp. (Filipino) G/F MKSE Bldg., 6767 Ayala Ave., Makati	Participants of the PCD composed of custodian banks and brokers. ¹¹	Filipino	1,197,715,614	42.84%

¹⁰ The Board of Directors of Megaworld Corporation ("Megaworld") has voting and investment power over shares of stock held by Megaworld in the Company.

¹¹ Among the PCD participants, Government Service Insurance System owns 274,349,100 shares representing 9.81% of the Company's outstanding capital stock and BANCO DE ORO - Trust Banking Group owns 166,892,200 representing 5.97%.

Other than the persons identified above, there are no other beneficial owners of more than 5% of the Company's voting stock known to the Company.

Security Ownership of Management as of 31 December 2023

Title of Class Name of Beneficial Owner		Amount and Nature of Beneficial Ownership*	Citizenship	Percent of Class
Directors/Nominees				
Common	Francisco C. Canuto ¹²	1,000 (Indirect)	Filipino	0.0000%
Common	Kevin Andrew L. Tan ¹³	9,995,000 (Indirect)	Filipino	0.3600%
Common	Katherine L. Tan	1,000 (Direct)	Filipino	0.0000%
Common	Lourdes T. Gutierrez-Alfonso ¹⁴	1,000 (Indirect)	Filipino	0.0000%
Common	Antonio E. Llantada, Jr.	1,000 (Direct)	Filipino	0.0000%
Common	Jesus B. Varela	1,000 (Direct)	Filipino	0.0000%
Common	Sergio R. Ortiz-Luis, Jr.	1,000 (Direct)	Filipino	0.0000%
CEO and Most Highly Compensated Officers				
Common	Kevin Andrew L. Tan	Same as above		
Common	Giovanni C. Ng	0	Filipino	n/a
Common	Maria Carla T. Uykim	0	Filipino	n/a
Common	Englebert G. Teh	0	Chinese	n/a
Common	Andy Willing Dela Cruz, Jr.	0	Filipino	n/a
Other Executive Officers				
Common	Krizelle Marie F. Poblacion	0	Filipino	n/a

Voting Trust Holders of 5% or More

The Company is not aware of the existence of persons holding more than five percent (5%) of the Company's common shares under a voting trust or similar agreement.

Changes in Control

On 01 February 2021, Megaworld obtained control over the Company by subscribing to 12,400,000 shares of the Company's authorized capital stock with par value of Php100.00 per share or a total of Php1,240,000,000.00. Accordingly, Megaworld acquired 99.20% direct ownership of the Company's total issued and outstanding capital stock.

On 07 April 2021, the Company approved the amendment of its Articles of Incorporation to change the par value of common shares from Php100.00 to Php1.00, resulting to an increase in the number of common shares from 50,000,000 to 5,000,000,000.

On 07 April 2021, the Company also approved the Property-for-Share Swap transaction with Megaworld in which Megaworld transferred, assigned and conveyed absolutely in favor of the Company all of its rights, title and interests in ten (10) mixed-use buildings, in exchange for 1,282,120,381 common shares with a par value of Php1.00 per share and additional paid-in capital (APIC) of Php47,920,287,239.00. The Philippine SEC certified the approval of the valuation of the Property-for-Share Swap on 01 June 2021; hence, the issuance of additional common shares to Megaworld was consummated. Accordingly, Megaworld's direct ownership interest increased to 99.61% of the total issued and outstanding capital stock of the Company.

On 01 October 2021, upon the Company's listing in the PSE, Megaworld sold 949,837,500 of its shares in the Company to the public. As a result, Megaworld became the 62.09% owner of the Company, while 37.51% of the Company's shares are held by the public. The remaining shares are held by the Company's directors.

¹² Shares are lodged with PCD Nominee Corporation.

¹³ Shares are lodged with PCD Nominee Corporation.

¹⁴ Shares are lodged with PCD Nominee Corporation.

On 01 April 2022, the Company approved the Property-for-Share Swap transaction with Megaworld pursuant to which Megaworld transferred, assigned and conveyed absolutely in favor of the Company all of its rights, title and interests in four (4) Grade A buildings located in PEZA-registered Zones in exchange for 263,700,000 common shares of the Company, with a par value of Php1.00 per share and APIC of Php5,010,300,000.00, or for a total subscription price of Php5,274,000,000.00. On 23 March 2023, the Philippine SEC approved the valuation of the Property-for-Share Swap, which resulted in the issuance of 263,700,000 additional common shares to Megaworld.

On 06 June 2023, Megaworld disclosed in its SEC Form 23-B the disposition of 1,250 shares of the Company. Accordingly, as of 31 December 2023, Megaworld's interest in the Company is 55.63%, while the shares held by the public are at 42.98%. The remaining shares are held by Emperador, Inc. (1.03%) and the Company's directors (0.36%).

Foreign Ownership

As of 31 December 2023, 41,375,686 common shares, or 1.48% of the Company's outstanding capital stock, are owned by foreigners. The Company's foreign ownership limit is 40%.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company, in the ordinary course of business, engages in transactions with its Parent and affiliates. On 25 June 2021, the Company adopted a Related Party Transaction Policy to ensure that related party transactions are entered into terms comparable to those available to unrelated third parties in similar transactions. The Company has also established a Related Party Transaction Committee composed of three members of the board, two of whom are independent, including the Chairman.

Transactions with related parties include asset acquisitions from, and land leases with, Megaworld Corporation (the Company's Parent and Sponsor), and fund and property management agreements with affiliates. The table below sets out the principal transactions of the Company with related parties as of 31 December 2023:

Year	Related Parties	Nature of the Transaction	Value of the Transaction
2022	Megaworld Corporation	Acquisition of four buildings owned by Megaworld in exchange for shares of stock in the Company ¹⁶	The four properties, which were valued by an independent property, were transferred to the Company in exchange for 263,700,000 common shares for a total subscription price of Php5,274,000,000.00, with a resulting additional paid-in capital of Php5,010,300,000.00
2021	Megaworld Corporation (and Empire East Land Holdings, Inc. in respect of certain properties)	Acquisition of ten buildings owned by Megaworld in exchange for shares of stock in the Company	The ten properties, which were valued by an independent property, were transferred to the Company in exchange for 1,282,120,381 common shares for a total subscription price of Php49,202,407,620.00, with a resulting additional

¹⁶ This transaction was consummated in 2023 upon the SEC's approval of the valuation of the properties transferred to the Company.

			paid-in capital of Php47,920,287,239.00
2021	Megaworld Corporation	Acquisition of four buildings owned by Megaworld for cash	The four properties were acquired by the Company for cash in the amount of Php9,116,000,000.00
2021 and 2022	Megaworld Corporation (and Empire East Land Holdings, Inc. in respect of certain properties)	Lease of various lands where the buildings acquired from Megaworld are located ¹⁷	<p>From 01 July 2023, rent equivalent to, as applicable:</p> <p>a. 2.5% of the Company's gross rental income for office and retail properties; and</p> <p>b. 1.5% of the Company's hotel rental/revenues for hotel properties.</p> <p>From 01 July 2025 onwards, rent equivalent to, as applicable:</p> <p>a. 5% of the Company's gross rental income for office and retail properties; and</p> <p>b. 3% of the Company's hotel rental/revenues for hotel properties.</p>
2021	MREIT Fund Managers, Inc.	Fund management agreement for the management of the Company's funds and assets	Fund management fee equivalent to 3.5% of the Company's gross revenues, payable annually, not to exceed 1% of the net asset value of the properties under management
2021	MREIT Property Managers, Inc.	Property management agreement for the operation and management of the Company's properties and facilities	Property management fee equivalent to 2% of the Company's gross revenues, payable monthly, not to exceed 1% of the net asset value of the properties under management

Other than the foregoing and those disclosed in the Company's Financial Statements, the Company has not entered into any other related party transactions. (For more information, see Exhibit 1 – Audited Financial Statements)

¹⁷ These leases pertain to the various parcels of land where the buildings acquired from Megaworld in the property-for-share swap transactions and cash acquisition transactions are located.

PART IV – CORPORATE GOVERNANCE

Evaluation System

The Company has designated a Compliance Officer who is tasked with monitoring compliance with the provisions and requirements of its Manual on Corporate Governance. The Compliance Officer has established an evaluation system, patterned after the CG Scorecard of the Institute of Corporate Directors to measure or determine the level of compliance by the Company with its Manual.

Deviations from Manual and Sanctions Imposed

In 2023, the Company substantially complied with its Manual on Corporate Governance and did not materially deviate from its provisions. No sanctions were imposed on any director, officer or employee on account of non-compliance with the Company's Manual on Corporate Governance.

Plan to Improve Corporate Governance

The Company adopted a Manual of Corporate Governance that is compliant with SEC Memorandum Circular No. 19, Series of 2016. The Company will continue to adopt best practices in Corporate Governance as may be prescribed by the Commission.

PART V – EXHIBITS AND SCHEDULES

Exhibits

Exhibit No.	Description of Exhibit
1	Audited Financial Statements as of December 31, 2023
2	Sustainability Report for 2023

Reports on SEC Form 17-C

The Company filed the following reports on SEC Form 17-C during the year ended 31 December 2023:

Date	Disclosures
03 January 2023	Change in Directors and/or Officers (Compliance Officer and Data Protection Officer)
06 January 2023	Declaration of Cash Dividends
06 January 2023	Press Release: Cash Dividend Declaration
23 March 2023	Change in Directors and/or Officers (Investor Relations Officer)
23 March 2023	Postponement of Annual Stockholders' Meeting
23 March 2023	Notice of Annual or Special Stockholders' Meeting
23 March 2023	Amended Disclosures on Acquisition or Disposition of Assets re: SEC's approval of MREIT, Inc.'s and Megaworld Corporation's property-for-share swap of 263,700,000 common shares with four (4) Grade A buildings located in PEZA-Registered Zones
27 March 2023	Press Release: MREIT gets approval to acquire four office towers worth P5.3B
12 April 2023	Change in Number of Issued and Outstanding Shares
17 April 2023	Press Release: MREIT's Distributable Income more than doubled in 2022
10 May 2023	Notice of Analysts'/Investors' Briefing
12 May 2023	Declaration of Cash Dividends
12 May 2023	Press Release: Cash Dividend Declaration
01 June 2023	Material Information/Transactions: MREIT signed with Megaworld an MoU for the potential acquisition of certain office assets
01 June 2023	Press Release: MREIT plans to acquire seven new office assets in Taguig, Iloilo and Davao
02 June 2023	Results of Annual or Special Stockholders' Meeting

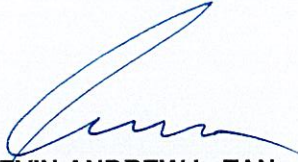
02 June 2023	Results of Organizational Meeting
21 July 2023	Press Release: Megaworld completes private placement for 279.4M shares in MREIT
27 July 2023	Reinvestment Plan
04 August 2023	Notice of Analysts'/Investors' Briefing
08 August 2023	Declaration of Cash Dividends
09 August 2023	Press Release: MREIT First Half 2023 Earnings Performance
29 September 2023	Change in Directors and/or Officers (Compliance Officer)
27 October 2023	Notice of Analysts'/Investors' Briefing
06 November 2023	Declaration of Cash Dividends
07 November 2023	Press Release: Cash Dividend Declaration
28 December 2023	Update on Corporate Actions/Material Transactions/Agreements
29 December 2023	Material Information/Transactions: Three-Year Investment Strategy of MREIT, Inc.

SIGNATURES


Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in PASAY CITY, on 15 APRIL 2024

MREIT, Inc.
Company

By:



KEVIN ANDREW L. TAN
President and Chief Executive Officer



GIOVANNI C. NG
Treasurer



ENGLEBERT G. TEH
Chief Financial Officer




MARIA CARLA T. UYKIM
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 15TH day of APRIL 2024 affiant(s) exhibiting to me his/their Tax Identification Numbers, as follows:

<u>Name</u>
Kevin Andrew L. Tan
Giovanni C. Ng
Englebert G. Teh
Maria Carla T. Uykim

<u>TIN No.</u>
224-803-734
164-662-351
422-006-274
159-353-280

Doc. No. 65 ;
Page No. 14 ;
Book No. 111 ;
Series of 2024.



ATTY. ANGEL S. TRISTEZA
Commission No. 23-20
Notary for Pasay City
Roll No. 71193

PTR No. A-6123732 / 01-03-2024 / Taguig City
IBP No. 327821 / 12-13-2023 / Cagayan

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of MREIT, Inc. (the Company), is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.



FRANCISCO C. CANUTO
Chairman of the Board



KEVIN ANDREW L. TAN
President and Chief Executive Officer



ENGLEBERT G. TEH
Chief Financial Officer

Signed this 26th day of February 2024

SUBSCRIBED AND SWORN to before me this 29th day of February 2024 at Pasay City, Philippines, affiants exhibiting to me their Tax Identification Nos. as follows:

Francisco C. Canuto
Kevin Andrew L. Tan
Englebert G. Teh

TIN No. 102-956-483-000
TIN No. 224-803-734-000
TIN No. 422-006-274-000

Angelina S. Tristeza
NOTARY PUBLIC

ATTY. ANGELI S. TRISTEZA
Commission No. 23-20
Notary for Pasay City
Roll No. 71193

PTR No. A-6123732 / 01-03-2024 / Taguig City
IBP No. 327821 / 12-13-2023 / Cagayan

Doc. No. 58;
Page No. 13;
Book No. III;
Series of 2024.



Megaworld Holdings <megaworldholdingsinc@gmail.com>

Your BIR AFS eSubmission uploads were received

1 message

eafs@bir.gov.ph <eafs@bir.gov.ph>

Mon, Apr 15, 2024 at 8:15 PM

To: MEGAWORLDHOLDINGSINC@gmail.com

Cc: MEGAWORLDHOLDINGSINC@gmail.com

Hi MREIT, INC.,

Valid files

- EAFS502228971OTHTY122023.pdf
- EAFS502228971RPTTY122023.pdf
- EAFS502228971TCRTY122023-01.pdf
- EAFS502228971ITRTY122023.pdf
- EAFS502228971AFSTY122023.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-44ZW2ZS408KE995E6QP4NVPVR0QVX1P4QW**

Submission Date/Time: **Apr 15, 2024 08:15 PM**

Company TIN: **502-228-971**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.



P&A
Grant Thornton

FOR SEC FILING

Financial Statements and
Independent Auditors' Report

MREIT, Inc.

For the Years Ended December 31, 2023 and 2022 and
the Six Months Ended December 31, 2021



Report of Independent Auditors

Punongbayan & Araullo

20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

The Board of Directors

MREIT, Inc.

(A Subsidiary of Megaworld Corporation)

18th Floor, Alliance Global Tower
36th Street cor. 11th Avenue
Uptown Bonifacio, Taguig City

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of MREIT, Inc. (the Company), which comprise the statements of financial position as of December 31, 2023 and 2022, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2023 and 2022 and the six months ended December 31, 2021, and the notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years ended December 31, 2023 and 2022 and the six months ended December 31, 2021, in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As more fully described on Note 1 to the financial statements, the Company was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 2, 2020. Subsequently, the Company applied with the SEC in October 2021 for the amendments in its By-laws for a change in its reporting period from fiscal year beginning July 1 and ending June 30 to calendar year beginning January 1 and ending December 31, and such amendment was approved by the SEC and Bureau of Internal Revenue (BIR) on November 4, 2021 and November 25, 2021, respectively.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Addition to and Valuation of Investment Properties

Description of the Matter

In 2023, the Company acquired additional investment properties valued at P5.3 billion through a Deed of Exchange of Property for Shares with Megaworld Corporation, its Parent Company. Investment properties are accounted for under the fair value model, which was determined by an independent appraiser using the income approach. Under the 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 compensate the risks associated with a particular investment. The total fair value of investment properties as of December 31, 2023 is P59.0 billion, which represents 96% of the total assets of the Company. The addition to and valuation of the additional acquisition and remeasurement of fair value of investment properties are considered key audit matters because of the significance of the amounts to the financial statements. In addition, the measurement of the property for share swap transaction and the remeasurement of investment properties at fair value as of December 31, 2023 involve the application of significant management judgments and high estimation uncertainty.

The Company's policy on measurement of investment properties is more fully described in Note 2 to the financial statements. The significant judgments applied and estimates used in measuring fair value are more fully described in Note 3 to the financial statements, while the detailed information on investment properties and valuation approach used are fully described in Notes 6 and 21, respectively, to the financial statements.

How the Matter was Addressed in the Audit

We have examined the additional investment properties during the year by agreeing to supporting documents, including but not limited to the Deed of Exchange of Property for Shares and the Securities and Exchange Commission's Certificate of Approval of Valuation. We have evaluated the competence, capability and objectivity of the independent appraisers to establish reliance on their work. We have also involved our internal valuation specialists in evaluating the accuracy of the valuation model and the reasonableness of key assumptions used, such as discount rates and growth rates. We have also tested the completeness and accuracy of key inputs used in the valuation such as lease rates and lease terms, on a sample basis, by agreeing it to supporting lease contracts.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The supplementary information for the year ended December 31, 2023 required by the BIR is presented by the management of the Company in a supplementary schedule filed separately from the basic financial statements. The BIR requires the information to be presented in the notes to financial statements. The supplementary information is not a required part of the basic financial statements prepared in accordance with PFRS; it is also not a required disclosure under Revised Securities Regulation Code Rule 68 of the SEC. Such supplementary information is the responsibility of management. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule.

The engagement partner on the audit resulting in this independent auditors' report is John Endel S. Mata.

PUNONGBAYAN & ARAULLO



By: John Endel S. Mata
Partner

CPA Reg. No. 0121347
TIN 257-622-627
PTR No. 10076144, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 121347-SEC (until financial period 2023)
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002551-040-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 26, 2024

MREIT, INC.
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2023	2022
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	4	P 1,678,912,046	P 1,380,526,060
Trade and other receivables	5	321,244,295	263,951,215
Other current assets	7	261,593,381	268,309,116
Total Current Assets		2,261,749,722	1,912,786,391
NON-CURRENT ASSETS			
Trade receivables	5	130,022,306	45,889,816
Investment properties	6	58,980,800,000	56,439,000,000
Other non-current assets	7	78,547,978	92,640,614
Total Non-current Assets		59,189,370,284	56,577,530,430
TOTAL ASSETS		P 61,451,120,006	P 58,490,316,821
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Accounts and other payables	8	P 785,682,360	P 493,988,323
Deposits and other liabilities	9	402,219,629	266,074,302
Total Current Liabilities		1,187,901,989	760,062,625
NON-CURRENT LIABILITIES			
Interest-bearing loan	10	7,206,697,580	7,201,241,354
Deposits and other liabilities	9	917,961,518	1,010,783,749
Total Non-current liabilities		8,124,659,098	8,212,025,103
Total Liabilities		9,312,561,087	8,972,087,728
EQUITY			
Capital stock	16	2,795,821,381	2,532,121,381
Additional paid-in capital	16	52,782,813,885	47,907,466,035
Deficit		(3,440,076,347)	(921,358,323)
Total Equity		52,138,558,919	49,518,229,093
TOTAL LIABILITIES AND EQUITY		P 61,451,120,006	P 58,490,316,821

See Notes to Financial Statements.

MREIT, INC.
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
AND THE SIX MONTHS ENDED DECEMBER 31, 2021
(Amounts in Philippine Pesos)

	Notes	December 31, 2023 (One Year)	December 31, 2022 (One Year)	December 31, 2021 (Six Months)
REVENUES				
Rental income	11	P 3,223,382,715	P 2,917,785,685	P 1,197,497,661
Income from dues - net	2	<u>933,121,752</u>	<u>730,981,573</u>	<u>263,215,987</u>
		4,156,504,467	3,648,767,258	1,460,713,648
COST OF SERVICES				
	12	<u>940,568,965</u>	<u>676,211,193</u>	<u>222,987,792</u>
GROSS PROFIT				
		3,215,935,502	2,972,556,065	1,237,725,856
OTHER OPERATING EXPENSES				
	13	<u>62,196,945</u>	<u>37,400,283</u>	<u>9,630,912</u>
OPERATING PROFIT				
		<u>3,153,738,557</u>	<u>2,935,155,782</u>	<u>1,228,094,944</u>
OTHER INCOME (CHARGES)				
Fair value gains (losses) on investment properties	6	(2,732,200,000)	(2,822,000,000)	702,000,000
Interest expense	9, 10	(306,980,679)	(309,090,834)	(23,833,140)
Interest income	4, 7	64,685,771	23,042,323	8,374,430
Miscellaneous income		<u>1,686,743</u>	<u>688,017</u>	<u>-</u>
		<u>(2,972,808,165)</u>	<u>(3,107,360,494)</u>	<u>686,541,290</u>
PROFIT (LOSS) BEFORE TAX				
		180,930,392	(172,204,712)	1,914,636,234
TAX INCOME (EXPENSE)				
	14	(<u>12,586,537</u>)	(<u>4,348,835</u>)	<u>99,579,952</u>
NET PROFIT (LOSS)				
		168,343,855	(176,553,547)	2,014,216,186
OTHER COMPREHENSIVE INCOME				
		<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS)				
		<u>P 168,343,855</u>	<u>(P 176,553,547)</u>	<u>P 2,014,216,186</u>
BASIC AND DILUTED EARNINGS				
(LOSS) PER SHARE	17	<u>P 0.06</u>	<u>(P 0.07)</u>	<u>P 0.80</u>

See Notes to Financial Statements.

MREIT, INC.
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
AND THE SIX MONTHS ENDED DECEMBER 31, 2021
(Amounts in Philippine Pesos)

	Note	December 31, 2023 (One Year)	December 31, 2022 (One Year)	December 31, 2021 (Six Months)
CAPITAL STOCK				
Balance at beginning of period		P 2,532,121,381	P 2,532,121,381	P 2,532,121,381
Issuance of shares during the period	16	<u>263,700,000</u>	<u>-</u>	<u>-</u>
Balance at end of period		<u>2,795,821,381</u>	<u>2,532,121,381</u>	<u>2,532,121,381</u>
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning of period		47,907,466,035	47,907,466,035	47,907,466,035
Addition during the period	16	<u>4,875,347,850</u>	<u>-</u>	<u>-</u>
Balance at end of period		<u>52,782,813,885</u>	<u>47,907,466,035</u>	<u>47,907,466,035</u>
RETAINED EARNINGS (DEFICIT)				
Balance at beginning of period		(921,358,323)	1,721,734,662	315,227,607
Net profit (loss) during the period		168,343,855	(176,553,547)	2,014,216,186
Dividends declared during the period	16	<u>(2,687,061,879)</u>	<u>(2,466,539,438)</u>	<u>(607,709,131)</u>
Balance at end of period		<u>(3,440,076,347)</u>	<u>(921,358,323)</u>	<u>1,721,734,662</u>
TOTAL EQUITY		<u>P 52,138,558,919</u>	<u>P 49,518,229,093</u>	<u>P 52,161,322,078</u>

See Notes to Financial Statements.

MREIT, INC.
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
AND THE SIX MONTHS ENDED DECEMBER 31, 2021
(Amounts in Philippine Pesos)

	Notes	December 31, 2023 (One Year)	December 31, 2022 (One Year)	December 31, 2021 (Six Months)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) before tax		P 180,930,392	(P 172,204,712)	P 1,914,636,234
Adjustments for:				
Fair value losses (gains) on investment properties	6	2,732,200,000	2,822,000,000	(702,000,000)
Interest expense	9, 10	306,980,679	309,090,834	23,833,140
Interest income	4, 7	(64,685,771)	(23,042,323)	(8,374,430)
Operating profit before working capital changes		3,155,425,300	2,935,843,799	1,228,094,944
Increase in trade and other receivables		(141,941,325)	(165,624,932)	(122,916,877)
Increase in other current assets		(128,236,415)	(197,544,978)	(70,068,131)
Decrease (increase) in other non-current assets		15,253,575	(37,179,610)	858,355
Increase in accounts and other payables		291,694,037	321,796,980	100,316,824
Increase (decrease) in deposits and other liabilities		9,099,296	(95,304,501)	410,400,646
Cash generated from operations		3,201,294,468	2,761,986,758	1,546,685,761
Interest received		64,040,587	22,983,038	7,876,217
Income tax paid		(12,586,537)	(4,348,835)	(1,588,771)
Net Cash From Operating Activities		3,252,748,518	2,780,620,961	1,552,973,207
CASH FLOWS FROM AN INVESTING ACTIVITY				
Acquisition of investment properties	6	-	-	(9,116,000,000)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	16	(2,687,061,879)	(2,466,539,438)	(607,709,131)
Interest paid	10	(267,300,653)	(267,361,070)	-
Proceeds from availment of loan, net of transaction costs	10	-	-	7,195,625,000
Net Cash From (Used in) Financing Activities		(2,954,362,532)	(2,733,900,508)	6,587,915,869
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		298,385,986	46,720,453	(975,110,924)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		1,380,526,060	1,333,805,607	2,308,916,531
CASH AND CASH EQUIVALENTS AT END OF PERIOD		P 1,678,912,046	P 1,380,526,060	P 1,333,805,607

Supplemental Information on Non-cash Investing and Financing Activity —

In 2023, the Company and Megaworld Corporation (the Parent Company) entered into a property-for-share swap transaction. Accordingly, the Parent Company transferred certain real properties for lease to the Company amounting to P5,274.0 million. In exchange for the properties transferred, the Company issued 263,700,000 common shares with a par value of P1.0 per share to the Parent Company which resulted in recognition of Capital Stock and Additional Paid-in Capital amounting to P263.7 million and P4,875.3 million, net of P135.0 million stock issuance cost, respectively (see Note 16).

See Notes to Financial Statements.

MREIT, INC.
(A Subsidiary of Megaworld Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022, AND 2021
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

MREIT, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 2, 2020. The Company's primary purpose is to engage in the business of a real estate investment trust, as provided under Republic Act (R.A.) No. 9856, *The Real Estate Investment Trust Act of 2009* (the "REIT Act"), including its implementing rules and regulations, and other applicable laws.

The Company is a subsidiary of Megaworld Corporation Inc. (MC) or the Parent Company owning 55.63% of the Company's outstanding capital stock.

MC is presently engaged in property-related activities such as project design, construction, and property management. MC's real estate portfolio includes residential condominium units, subdivision lots and townhouses, condominium-hotel projects, as well as office projects and retail spaces.

Alliance Global Group, Inc. (AGI) is the Company's ultimate parent company. AGI is a holding company presently engaged in the food and beverage, real estate development, quick-service restaurant, tourism-oriented and gaming businesses.

On April 7, 2021, majority of the members of the BOD and stockholders of the Company approved the amendments to the Articles of Incorporation and By-Laws of the Company, including the change in the fiscal year of the Company to begin on the first day of July and end on the last day of June of each year. The SEC and the Bureau of Internal Revenue (BIR) approved the amendments to the Company's Articles of Incorporation and By-Laws on May 19, 2021 and May 20, 2021, respectively.

On September 30, 2021, the BOD approved the change in the Company's accounting period to begin on the first day of January and end on the last day of December of each year. The Company applied with the SEC for an amendment of its By-laws in October 2021. The SEC and the BIR approved the change on November 4, 2021 and November 25, 2021, respectively.

The registered office address and principal place of business of the Company and MC are located at 18th and 30th Floors, respectively, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City. The registered office of AGI, which is also its principal place of business, is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City Cyberpark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

The Company's share of stock are listed and traded in the Philippine Stock Exchange (PSE). MC and AGI are also publicly-listed entities in the Philippines.

The financial statements of the Company as of and for year ended December 31, 2023 (including the comparative financial statements as of and for the year ended December 31, 2022 and the six months ended December 31, 2021) were authorized for issue by the Company's BOD on February 26, 2024.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to the periods presented, unless otherwise stated.

2.1 *Basis of Preparation of Financial Statements*

(a) *Statement of Compliance with Philippine Financial Reporting Standards*

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) *Presentation of Financial Statements*

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income, expense and other comprehensive income or loss in a single statement of comprehensive income.

The Company presents a third statement of financial position as of the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) *Functional and Presentation Currency*

These financial statements are presented in Philippine pesos, the Company's presentation and functional currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using the Company's functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

2.2 Adoption of Amended PFRS

(a) Effective in 2023 that are Relevant to the Company

The Company adopted for the first time the following amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

PAS 1 and PFRS Practice Statement 2 (Amendments)	:	Presentation of Financial Statements – Disclosure of Accounting Policies
PAS 8 (Amendments)	:	Definition of Accounting Estimates
PAS 12 (Amendments)	:	Deferred Tax Related to Assets and Liabilities from a Single Transaction

Discussed below and in the succeeding page are the relevant information about these pronouncements.

- (i) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies*. The amendments replaced the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.

The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial, that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The application of these amendments is reflected in the Company's financial statements under Notes 2 and 3.

- (ii) PAS 8 (Amendments), *Definition of Accounting Estimates*. The amendments introduced a new definition of accounting estimate which is a monetary amount in the financial statements that are subject to measurement uncertainty. It also clarifies that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The application of these amendments had no significant impact on the Company's financial statements.

- (iii) PAS 12 (Amendments), *Deferred Tax Related to Assets and Liabilities from a Single Transaction*. The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). Management assessed that the application of such amendments had no significant impact on the Company's financial statements.

(b) *Effective in 2023 that is not Relevant to the Company*

Among the amendments to PFRS which are mandatorily effective for annual periods beginning on or after January 1, 2023, the amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*, are not relevant to the Company's financial statements

(c) *Effective Subsequent to 2023 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2023, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, none of these are expected to have significant impact on the Company's financial statements:

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2024)
- (ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants* (effective from January 1, 2024)
- (iii) PAS 7 (Amendments), *Cash Flow Statements* and PFRS 7 (Amendments), *Financial Instruments: Disclosures – Supplier Finance Arrangements* (effective from January 1, 2024)
- (iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback* (effective from January 1, 2024)

2.3 Financial Instruments

(a) *Financial Assets*

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Company commits to purchase or sell the asset).

(i) *Classification and Measurement of Financial Assets*

The Company's financial assets only includes financial assets at amortized cost.

(ii) *Impairment of Financial Assets*

The expected credit losses (ECL) on trade and other receivables are estimated by applying the simplified approach using a provision matrix developed based on the Company's historical credit loss experience and credit information that are specific to the debtors, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

However, if the credit risk on a financial asset has not increased significantly since initial recognition, the Company measures and provides for credit losses that are expected to result from default events that are possible within 12-months after the end of the reporting period, except when there has been a significant increase in credit risk on the financial asset since initial recognition.

(b) *Financial Liabilities*

Financial liabilities include Security deposits (presented under Deposits and Other Liabilities), Accounts and Other Payables (except tax-related liabilities), and Interest-bearing Loan.

2.4 *Investment Properties*

Investment properties include several buildings for mixed use, which are being leased out as office, retail and hotel, including the hotel's parking spaces.

Investment properties are accounted for under the fair value model. They are revalued annually and are reported in the statement of financial position at its fair value. Fair value is based on the income approach and is determined annually by an independent appraiser with sufficient experience with respect to both the location and the nature of the investment properties (see Note 21.3).

Any gain or loss resulting from either a change in the fair value or the sale or retirement of an investment property is immediately recognized in profit or loss as Fair value gains on investment properties account under the Other Income (Charges) section in the statement of comprehensive income.

2.5 *Revenue and Expense Recognition*

Revenue comprises revenue from leasing activities.

The following specific recognition criteria must also be met before revenue is recognized:

- (a) *Income from dues* – Income from dues are recognized when the related services are rendered. Electricity and water dues in excess of actual charges and consumption are recorded as revenues. In addition, billing from common dues, presented at gross amounts, is computed based on a fixed rate per square meter of the leasable area occupied by the tenant.

The Company assesses its revenue agreement against the specific criteria in order to determine if it is acting as a principal or an agent. The Company has concluded that it is acting as a principal for billings from common area, air conditioning and other dues, except for electricity and water dues in which the Company acts as an agent.

- (b) *Interest Income* – Revenue is recognized as the interest accrues taking into account the effective yield on the asset.

The Company also recognizes revenues from rentals which are based on the provisions of PFRS 16.

Cost of services and operating expenses are recognized in profit or loss upon utilization of the goods or services or at the date these are incurred.

2.6 Leases

The Company accounts for leases as follows:

- (a) *Company as a Lessee*

Variable lease payments that are not based on an index or a rate are not part of the lease liability, but they are recognized in the statement of comprehensive income when the event or condition that triggers those payments occurs.

The Company has elected to account for any short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

- (b) *Company as a Lessor*

The Company applies judgment in determining whether a lease contract is a finance or operating lease.

2.7 Impairment of Non-financial Assets

The Company's non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

2.8 Material Related Party Transactions

Based on the requirements of SEC Memorandum Circular No. 10, Series of 2019, *Rules on Material Related Party Transactions for Publicly-Listed Companies*, transactions amounting to 10% or more of the total assets based on the latest audited financial statements that were entered into with the related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-third of the outstanding capital stock.

For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10% of the Company's total assets based on the latest audited financial statements, the same BOD approval would be required for the transactions that meet and exceed the materiality threshold covering the same related party.

Directors with personal interest in the transaction should abstain from participating in the discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgment in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements.

(a) Determination of ECL on Trade and Other Receivables

The Company uses a provision matrix to calculate ECL for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography and customer type).

The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Company's trade and other receivables are disclosed in Note 19.2(b).

Based on management evaluation of information and circumstances affecting the Company's trade and other receivables as of the end of the reporting periods, the Company has not recognized any impairment loss.

(b) Distinction Among Investment Properties and Owner-occupied Properties

The Company determines whether a property should be classified as investment property or owner-occupied property. The Company applies judgment upon initial recognition of the asset based on intention and also when there is a change in use. In making its judgment, the Company considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

When a property comprises of a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the Company's main line of business or for administrative purposes, the Company accounts for the portions separately if these portions can be sold separately (or leased out separately under finance lease). If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the Company's main line of business or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Company considers each property separately in making its judgment.

(c) *Distinction Between Operating and Finance Leases as a Lessor*

The Company has entered into various lease agreements. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. Based on management assessment, the Company's lease agreements are classified as operating leases.

(d) *Evaluating Principal Versus Agent Consideration*

The Company exercises judgment to determine whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e., the Company is a principal) or to arrange for the other party to provide to those goods or services (i.e., the Company is an agent). Failure to make the right judgment will result in misstatement of revenues and expenses accounts. The Company assessed that it is acting as an agent for utility transactions of its tenants under operating leases. The net amount of utility revenues and utility expenses set off against each other is presented as part of Income from dues under Revenues section of the statements of comprehensive income for the reporting periods presented.

(e) *Recognition of Provisions and Contingencies*

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events. Where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision. Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 18.

3.2 Key Sources of Estimation Uncertainty

Presented below and in the succeeding page are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(a) *Estimation of Allowance for ECL*

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 19.2.

(b) *Fair Value Measurement of Investment Properties*

The Company's investment properties, composed of buildings for mixed use, are measured using the fair value model. In determining the fair value of these assets, the Company engages the services of professional and independent appraisers applying the Income Approach. In determining the fair value under the Income Approach, significant estimates are made such as revenues generated, costs and expenses related to the operations of the development and discount rate (see Note 21.3).

A significant change in these elements may affect prices and the value of the assets. The fair value of investment properties is disclosed in Notes 6 and 21.3.

For investment properties with valuation conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties.

(c) *Determination of Realizable Amount of Deferred Tax Asset*

The Company reviews its deferred taxes at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Although the Company is not designated as tax-free under the law, as a REIT entity it is exempt from income tax provided it meets certain conditions which includes distribution of a minimum amount of its earnings. The Company assesses that it will continue to comply with the conditions and therefore will not have sufficient taxable income against which it can utilize its net operating loss carry over. As a result, no deferred tax asset was recognized as of December 31, 2023 and 2022.

The carrying amount of the unrecognized deferred tax asset as at December 31, 2023 and 2022 is disclosed in Note 14.

(d) *Impairment of Non-financial Assets*

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainties relates to assumptions about future operating results and the determination of suitable discount rate. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

There were no impairment losses on the Company's non-financial assets required to be recognized for the reporting periods presented.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	<u>2023</u>		<u>2022</u>
Cash on hand and in bank	P 813,761,836	P	724,400,562
Short-term placements	<u>865,150,210</u>		<u>656,125,498</u>
	<u>P 1,678,912,046</u>	P	<u>1,380,526,060</u>

Cash in bank generally earns interest based on daily bank deposit rates.

Short-term placements are made for varying periods from 30 to 33 days in 2023 and 30 to 34 days in 2022. These short-term placements earn effective interest ranging from 6.0% to 6.15% in 2023 and 5.1% to 5.65% in 2022.

Interest earned from cash in bank and short-term placements for the years ended December 31, 2023 and 2022 and the six months ended December 31, 2021 amounted to P63.5 million, P22.0 million and P8.0 million, respectively. Interest earned is presented as Interest income under Other Income (Charges) section in the statements of comprehensive income.

5. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	<u>2023</u>	<u>2022</u>
Current –		
Trade receivables:		
Billed	P 165,668,420	P 104,289,531
Accrued	126,876,356	148,321,339
Others	<u>28,699,519</u>	<u>11,340,345</u>
	<u>321,244,295</u>	263,951,215
Non-current –		
Trade receivables –		
Accrued	<u>130,022,306</u>	<u>45,889,816</u>
	<u>P 451,266,601</u>	<u>P 309,841,031</u>

Billed receivables arise mainly from tenants for rentals of office, retail, hotel, and parking spaces, including dues. These are noninterest-bearing and are generally collectible on 30-day term.

Accrued receivables pertain to receivables resulting from the straight-line method of recognizing rental income.

All trade and other receivables are subject to credit risk exposure. However, there was no impairment losses recognized for the reporting periods presented as management believes that the remaining receivables are fully collectible [see Note 19.2(b)]. In addition, the receivables are secured to the extent of advance rent and security deposits received from lessees which provide credit enhancements.

6. INVESTMENT PROPERTIES

The Company's investment properties include several buildings for mixed use, which are being leased out as office, retail, and hotel, including the hotel's parking spaces.

A reconciliation of the carrying amounts of investment properties is shown below.

	<u>2023</u> <u>(One Year)</u>	<u>2022</u> <u>(One Year)</u>	<u>2021</u> <u>(Six Months)</u>
Balance at beginning of period	P 56,439,000,000	P 59,261,000,000	P 49,443,000,000
Additions	5,274,000,000	-	9,116,000,000
Fair value gains (losses)	<u>(2,732,200,000)</u>	<u>(2,822,000,000)</u>	<u>702,000,000</u>
Balance at end of period	<u>P 58,980,800,000</u>	<u>P 56,439,000,000</u>	<u>P 59,261,000,000</u>

As of December 31, 2023, the Company has a total of 18 investment properties consisting of the following:

Located at McKinley Hill, Fort Bonifacio, Taguig City:

One World Square
Two World Square
Three World Square
8/10 Upper McKinley Building
18/20 Upper McKinley Building
World Finance Plaza
One West Campus (80% owned pro indiviso)
Five West Campus (80% owned pro indiviso)

Located at Eastwood, Quezon City:

1880 Eastwood Avenue
1800 Eastwood Avenue
E-Commerce Plaza

Located at Iloilo Business Park, Iloilo City:

Richmonde Hotel Iloilo and Richmonde Iloilo Office Tower
One Techno Place
Two Techno Place
Three Techno Place
One Global Center
Two Global Center
Festive Walk 1B

On April 1, 2022, the BOD of the Company approved the proposed subscription of MC to 263,700,000 common shares of the Company for a total subscription price of P5.3 billion to be paid by way of transfer of four prime, grade A, office properties in PEZA-accredited zones.

On March 23, 2023, the SEC issued its confirmation of valuation of the four prime, grade A, office properties in PEZA-accredited zones transferred by MC to the Company in payment of its subscription to 263,700,000 common shares of the Company pursuant to the Deed of Exchange of Property for Shares dated April 5, 2022 (see Note 15.4). Accordingly, the subject properties were transferred to the Company, and 263,700,000 common shares of the Company were issued in the name of MC on March 31, 2023. Pursuant to the amended Deed of Exchange of Property for Shares for this transaction, the Company recognized the income from the Four properties beginning January 1, 2023.

The details of the assets transferred to the Company are presented below.

	<u>Ownership</u>
Two Global Center, Megaworld Blvd. and Enterprise Rd., Iloilo Business Park, Manduriao Iloilo City	100%
Festive Walk 1B, Lot 5 Buhang Taft North Manduriao, Iloilo City	100%
One West Campus, 5 Le Grand Avenue, McKinley West, Fort Bonifacio, Taguig City	80% pro indiviso
Five West Campus, 15 Le Grand Avenue, McKinley West, Fort Bonifacio, Taguig City	80% pro indiviso

For the years ended December 31, 2023 and 2022 and the six months ended December 31, 2021, rental income from investment properties amounted to P3,223.4 million, P2,917.8 million and P1,197.5 million, respectively (see Note 11).

The direct operating costs incurred relating to investment properties, which pertains to repairs and maintenance and real property taxes, amounted to P172.9 million, P104.1 million and P10.7 million for the years ended December 31, 2023 and 2022 and the six months ended December 31, 2021, respectively. These direct operating costs are presented as part of Cost of Services account in the statements of comprehensive income (see Note 12). All investment properties generate rental income.

The fair values of the investment properties as of December 31, 2023 and 2022 were determined based on the latest appraisal reports by an independent real property appraiser, which uses the income approach (see Note 21.3). The related fair value losses for the years ended December 31, 2023 and 2022 and fair value gains for the six months ended December 31, 2021 are presented as Fair Value Gains (Losses) on Investment Properties in the statements of comprehensive income.

7. OTHER ASSETS

The Company's other assets consist of the following:

	<u>2023</u>	<u>2022</u>
Current:		
Creditable withholding taxes	P 110,789,901	P 78,876,441
Deferred input VAT	76,157,097	32,537,899
Prepaid expenses	72,156,399	156,894,776
Creditable VAT withheld	<u>2,489,984</u>	<u>-</u>
	<u>261,593,381</u>	<u>268,309,116</u>
Non-current:		
Deferred charges	53,671,308	56,033,405
Security deposit	20,649,401	19,488,462
Other non-current asset	<u>4,227,269</u>	<u>17,118,747</u>
	<u>78,547,978</u>	<u>92,640,614</u>
	<u>P 340,141,359</u>	<u>P 360,949,730</u>

Security deposit is related to the lease of certain parcels of land on which the investment properties stand (see Note 15.2). The related interest income recognized from subsequent amortization of the security deposit for the years ended December 31, 2023 and 2022 and the six months ended December 31, 2021 amounted to P1.2 million, P1.0 million and P0.4 million, respectively. Interest earned is presented as part of Interest income under Other Income (Charges) section in the statements of comprehensive income.

Deferred charges pertain to the difference between the nominal values of the security deposits and their fair values. These are initially measured at fair value and subsequently amortized using the straight-line method. Amortization of deferred charges is presented as part of Miscellaneous under Cost of Services account in the statements of comprehensive income (see Note 12). Other non-current asset consists of office machinery-net and advance payment to contractors for aircon related repairs and enhancement.

8. ACCOUNTS AND OTHER PAYABLES

The details of this account are as follows:

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Accounts payable	15.3, 15.5	P 460,332,383	P 411,064,691
Accrued expenses	15.3	240,679,842	53,027,572
Output VAT payable		49,652,443	9,406,429
Deferred output VAT		19,590,863	4,524,528
Interest payable	10	8,055,636	8,055,636
Withholding taxes payable		4,909,493	6,076,519
Others		2,461,700	1,832,948
		<u>P 785,682,360</u>	<u>P 493,988,323</u>

9. DEPOSITS AND OTHER LIABILITIES

The details of this account are as follows:

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Current:			
Advance rent	15.1, 18.1	P 249,188,852	P 152,740,839
Security deposits	15.1, 18.1	148,131,106	107,491,807
Deferred credits		4,899,671	5,841,656
		<u>402,219,629</u>	<u>266,074,302</u>
Non-current:			
Security deposits	15.1, 18.1	631,021,852	605,347,267
Advance rent	15.1, 18.1	224,919,982	327,114,762
Deferred credits		62,019,684	78,321,720
		<u>917,961,518</u>	<u>1,010,783,749</u>
		<u>P 1,320,181,147</u>	<u>P 1,276,858,051</u>

Security deposits represent deposits from lessees to secure the faithful compliance by lessees of their obligations under the lease contracts. These are equivalent to three months' rent for office and six months' rent for commercial spaces and will be refunded to the lessee at the end of the lease term. The related accretion of interest presented as part of Interest expense under Other Income (Charges) - net in the statements of comprehensive income amounted to P34.2 million, P36.3 million and P15.7 million for the years ended December 31, 2023 and 2022, and the six months ended December 31, 2021, respectively.

A reconciliation of security deposits as of December 31, 2023 and 2022 is shown below.

	<u>2023</u> <u>(One Year)</u>		<u>2022</u> <u>(One Year)</u>		<u>2021</u> <u>(Six Months)</u>
Balance at beginning of period	P 712,839,074	P	675,215,622	P	507,472,851
Additions	32,090,084		1,345,783		152,069,109
Accretion of interest	<u>34,223,800</u>		<u>36,277,669</u>		<u>15,673,662</u>
Balance at end of period	<u>P 779,152,958</u>	P	<u>712,839,074</u>	P	<u>675,215,622</u>

Advance rentals from lessees represent cash received in advance representing three months' rent which will be applied to the last three months' rentals on the related lease contracts.

Deferred credits pertain to the difference between the nominal values of the deposits and their fair values. These are initially measured at fair value and subsequently amortized using the straight-line method.

A reconciliation of deferred credits is shown below.

	<u>2023</u> <u>(One Year)</u>		<u>2022</u> <u>(One Year)</u>		<u>2021</u> <u>(Six Months)</u>
Balance at beginning of period	P 84,163,376	P	110,140,347	P	95,358,222
Additions	17,362,471		12,385,578		31,323,170
Amortization	<u>(34,606,492)</u>		<u>(38,362,549)</u>		<u>(16,541,045)</u>
Balance at end of period	<u>P 66,919,355</u>	P	<u>84,163,376</u>	P	<u>110,140,347</u>

Amortization of deferred credits is presented as part of Rental income under Revenues section in the statements of comprehensive income (see Note 11).

10. INTEREST-BEARING LOAN

In December 2021, the Company obtained an unsecured, 10-year, P7.25 billion term loan from a local bank to finance the acquisition of investment properties (see Note 6). The principal is payable quarterly in installments beginning on the last quarter of the fifth year with a balloon payment at the end of the term. Interest is payable quarterly at 3.64% per annum subject to repricing in December 2024.

The Company is required to maintain certain financial ratios to comply with its debt covenants with a certain local bank. As of December 31, 2023 and 2022, the Company is in compliance with such financial covenant obligations.

Total capitalized loan origination costs amounted to P54.4 million. Amortization for the years ended December 31, 2023 and 2022 amounted to both P5.5 million, and is presented as part of Interest expense under Other Income (Charges) – net in the 2023 and 2022 statements of comprehensive income.

The related interest incurred amounted to P267.3 million, P267.4 million and P8.0 million for the years ended December 31, 2023 and 2022 and the six months ended December 31, 2021, respectively, and this is presented as part of Interest expense under Other Income (Charges) - net in the 2023, 2022 and 2021 statements of comprehensive income. The related accrual is presented as Interest payable under Accounts and Other Payables in the statements of financial position (see Note 8)

The reconciliation of the unamortized loan origination costs is presented below.

	<u>2023</u>		<u>2022</u>
Balance at beginning of period	P 48,758,739	P	54,210,741
Amortization	(5,456,226)	(5,452,002)
Balance at end of period	<u>P 43,302,513</u>	P	<u>48,758,739</u>

11. RENTAL INCOME

The Company derives its revenues from contracts with customers through leasing real properties. The breakdown of rental income for as reported in the statements of comprehensive income is shown below.

	<u>2023</u>		<u>2022</u>		<u>2021</u>
	<u>(One Year)</u>		<u>(One Year)</u>		<u>(Six Months)</u>
Office	P 2,937,940,509	P	2,685,516,839	P	1,106,101,576
Commercial	188,644,599		131,765,294		45,839,766
Hotel	56,400,000		56,400,000		28,200,000
Advertising	4,447,035		4,447,035		185,294
Parking	1,344,080		1,293,968		629,980
Amortization of deferred credits	<u>34,606,492</u>		<u>38,362,549</u>		<u>16,541,045</u>
	<u>P 3,223,382,715</u>	P	<u>2,917,785,685</u>	P	<u>1,197,497,661</u>

Rental income from office, retail and advertising includes income from straight-line method of recognizing rental income amounting to P62.7 million, P123.5 million and P58.3 million, for the years ended December 31, 2023 and 2022 and the six months ended December 31, 2021, respectively.

Rental income also includes variable lease payments amounting to P26.3 million, P21.7 million and P8.2 million for the years ended December 31, 2023 and 2022 and the six months ended December 31, 2021, respectively, which do not depend on an index or a rate.

12. COST OF SERVICES

The following are the details of direct costs and expenses from rendering of services for the years ended December 31, 2023 and 2022 and the six months ended December 31, 2021:

	<u>Notes</u>	2023 (One Year)	2022 (One Year)	2021 (Six Months)
Outside services		P 246,110,000	P 178,224,665	P 79,955,625
Management fees	15.3	228,607,745	200,682,199	63,807,804
Utilities		146,641,453	134,251,052	54,410,175
Repairs and maintenance		144,933,911	82,949,835	2,469,379
Supplies and materials		63,935,320	28,689,642	2,581,208
Land lease	15.2, 18.2	39,512,606	-	-
Taxes and licenses		32,511,921	24,567,523	11,434,498
Insurance		16,766,335	11,742,529	4,282,156
Miscellaneous	7	21,549,674	15,103,748	4,046,947
		<u>P 940,568,965</u>	<u>P 676,211,193</u>	<u>P 222,987,792</u>

13. OTHER OPERATING EXPENSES

Presented below are the details of other operating expenses.

	<u>Note</u>	2023 (One Year)	2022 (One Year)	2021 (Six Months)
Taxes and licenses		P 31,314,680	P 18,555,936	P 2,967,914
Professional fees		16,903,038	5,942,958	1,069,812
Outside services	15.5	5,469,780	5,469,780	3,376,257
Salaries and employee benefits		2,873,346	3,111,376	197,218
Advertising and promotion		4,321,061	3,829,094	920,130
Depreciation		25,661	25,661	-
Office supplies		101,359	47,647	692,044
Transportation and travel		30,219	18,421	-
Miscellaneous		1,157,801	399,410	407,537
		<u>P 62,196,945</u>	<u>P 37,400,283</u>	<u>P 9,630,912</u>

14. INCOME TAXES

The components of tax expense (income) as reported in the statements of comprehensive income for the years ended December 31, 2023 and 2022 and the six months ended December 31, 2021 are as follows:

	<u>2023</u> <u>(One Year)</u>	<u>2022</u> <u>(One Year)</u>	<u>2021</u> <u>(Six Months)</u>
Current tax expense - Final tax at 20%	P 12,586,537	P 4,348,835	P 1,588,771
Deferred tax income related to origination and reversal of temporary differences	-	-	(101,168,723)
	<u>P 12,586,537</u>	<u>P 4,348,835</u>	<u>(P 99,579,952)</u>

A reconciliation of tax on pretax profit or loss computed at the applicable statutory rates to tax expense or income reported in the statements of comprehensive income for the years ended December 31, 2023 and 2022 and the six months ended December 31, 2021 are presented below.

	<u>2023</u> <u>(One Year)</u>	<u>2022</u> <u>(One Year)</u>	<u>2021</u> <u>(Six Months)</u>
Tax on pre-tax profit (loss) at 25%	P 45,232,598	(P 43,051,178)	P 478,659,059
Adjustment for income subjected to lower tax rates	(3,294,671)	(1,156,976)	(410,548)
Unrecognized deferred taxes	638,239,162	665,942,389	-
Tax effects of:			
Deductible dividend distribution	(671,765,470)	(618,470,648)	-
Non-deductible expenses	13,116,776	10,930,654	4,573,933
Non-taxable income	(8,941,858)	(9,845,406)	(194,301,013)
Deductible expenses	-	-	(280,417,757)
Excess of optional standard deductions (OSD) over itemized deductions	-	-	(6,514,902)
Reversal of deferred tax liabilities	-	-	(101,168,724)
	<u>P 12,586,537</u>	<u>P 4,348,835</u>	<u>(P 99,579,952)</u>

The Company is subject to regular corporate income tax (RCIT) of 25% of net taxable income. However, the Company did not recognize RCIT during the reporting periods since the Company reported zero net taxable income for the years ended December 31, 2023 and 2022 and the six months ended December 31, 2021.

The Company is not subject to the minimum corporate income being a REIT entity.

The Company opted to claim itemized deduction for the years ended December 31, 2023 and 2022 while the Company claimed OSD in computing for its income tax due for the six months ended December 31, 2021. In addition, the Company's dividend distribution can be claimed as a special deduction in computing for taxable income both under OSD and itemized deductions.

15. RELATED PARTY TRANSACTIONS

The Company's related parties include the Parent Company and related parties under common ownership. A summary of the Company's transactions and outstanding balances with its related parties is presented below.

Related Party Category	Notes	Amounts of Transactions			Outstanding Receivable (Payable)	
		2023 (One Year)	2022 (One Year)	2021 (Six Months)	2023	2022
Parent Company:						
Purchase of properties	6	P -	P -	P9,116,000,000	P -	P -
Rendering of services	15.1	185,404,218	190,288,374	73,776,308	48,452,534	30,071,019
Advance rent	15.1	(2,810)	(3,713,545)	(13,527,808)	(3,716,355)	(3,713,545)
Security deposits received	15.1	(2,187,218)	(8,979,924)	(18,117,600)	(29,284,741)	(27,097,524)
Security deposits paid	15.2	1,160,939	22,782,651	375,155	20,649,401	19,488,462
Property-for-share swap	15.4	5,274,000,000	-	-	-	-
Collections remitted	15.4	207,263,800	-	-	-	-
Land lease	15.2	39,512,606	-	-	(19,981,967)	-
Related parties under common Ownership:						
Advance rent	15.1	-	(96,529)	(96,529)	(8,713,745)	(8,713,745)
Security deposits received	15.1	-	(2,258,173)	(10,674,337)	(25,128,472)	(25,128,472)
Rendering of services	15.1	127,750,635	127,753,385	61,122,501	82,173,827	54,249,565
Management services	15.3	228,607,746	200,682,199	63,807,804	(310,353,006)	(146,452,966)
Key management personnel –						
Compensation	15.5	5,469,780	5,469,780	2,734,890	5,469,780	-

15.1 Rendering of Services to Related Parties

The Company leases some of its investment properties to the Parent Company and other related parties under common ownership with rental payments mutually agreed generally before the commencement of the lease. Most of the leases have terms ranging from 5 to 25 years, with renewal options, and include annual escalation rates of 5% to 10%, except for contingent rent. The revenues earned from these related parties are included as part of Rental income under Revenues section in the statements of comprehensive income for the years ended December 31, 2023 and 2022 and the six months ended December 31, 2021 (see Note 11). The related outstanding receivables from these transactions, which are collectible on demand, unsecured and noninterest-bearing, are presented as part of Trade receivables under the Trade Receivables account in the statements of financial position (see Note 5). Advanced rentals and security deposits relating to this transaction are presented as part of current and non-current portion of Deposits and Other Liabilities account in the statements of financial position (see Note 9).

15.2 Land Lease Agreement

In 2021 and 2022, the Company entered into land lease agreements with MC over the land on which its investment properties stood for a period of 25 years, renewable for another 25 years, at the option of the Company, on terms and conditions mutually acceptable to the parties. As consideration for the land lease, the Company shall pay MC rent equivalent to: (a) 2.5% of gross rental income for office, retail and commercial properties for the period July 1, 2023 and until June 30 2025, and 5% thereafter; and, (b) 1.5% of gross rental income for hotel properties for the period July 1, 2023 and until June 30 2025, and 3% thereafter.

Deposit paid by the Company from the land lease agreement was presented as Security deposit under Other Non-current Assets in the statements of financial position (see Note 7). This deposit will be refunded at the end of the lease term at its face value amounting to P77.0 million.

The Company incurred a total of P39.5 million land lease for the year ended December 31, 2023 (nil in 2022 and 2021), which is presented as part of Cost of Services in the 2023 statement of comprehensive income. The outstanding balance of P20.0 million as of December 31, 2023 is presented as part of Accounts payable under Accounts and Other Payables account in the 2023 statement of financial position (see Note 8).

15.3 Management Services

The fund management function of the Company is handled by MREIT Fund Managers, Inc., a subsidiary of MC, in exchange for a fee. Management fee is payable annually equivalent to 3.5% of the Company's gross revenues but shall not exceed 1% of the net asset value of the properties under management.

The operations and management of the properties and facilities of the Company are handled by MREIT Property Managers, Inc., a subsidiary of MC, in exchange for a fee. Property management fee is payable quarterly equivalent to 2% of the Company's gross revenues but shall not exceed 1% of the net asset value of the properties under management.

The Company recognized a total of P228.6 million and P200.7 million management fees for the years ended December 31, 2023 and 2022 and P63.8 million for the six months ended December 31, 2021, which is presented as part of Cost of Services in the statements of comprehensive income. The outstanding balance of P310.4 million as of December 31, 2023 and P146.5 million as of December 31, 2022 are presented as part of Accounts payable and Accrued expenses under Accounts and Other Payables account in the statements of financial position (see Note 8).

15.4 Property-for-share Swap

In line with the Company's investment plan to infuse around 100,000 square meters of additional office gross leasable area in 2022, the BOD approved on April 1, 2022 the subscription of MC to 263,700,000 shares of the Company to be paid by way of transfer of four grade A buildings in PEZA-registered zones (see Note 6). Pursuant to the Amended Deed of Exchange of Property for Shares between the two parties, all collections of rental fees, security deposits and advanced rent from January 1, 2023 on the covered properties shall be remitted by MC to the Company. In 2023, MC remitted P207.3 million to the Company.

15.5 Key Management Personnel Compensation

Key management personnel compensation pertains to payment for outsourced management services included within Outside services under Other Operating Expenses (see Note 13). The outstanding balance of P5.5 million as of December 31, 2023 is presented as part of Accounts payable under Accounts and Other Payables account in the 2023 statement of financial position (see Note 8).

16. EQUITY

16.1 Capital Stock

Capital stock consists of:

	Shares			Amount		
	2023 (One Year)	2022 (One Year)	2021 (One Year)	2023 (One Year)	2022 (One Year)	2021 (One Year)
Common shares						
Authorized	<u>5,000,000,000</u>	<u>5,000,000,000</u>	<u>5,000,000,000</u>	<u>P 5,000,000,000</u>	<u>P 5,000,000,000</u>	<u>P 5,000,000,000</u>
Issued and outstanding						
Balance at beginning of period	<u>2,532,121,381</u>	<u>2,532,121,381</u>	<u>2,532,121,381</u>	<u>P 2,532,121,381</u>	<u>P 2,532,121,381</u>	<u>P 2,522,121,381</u>
Issuance	<u>263,700,000</u>	<u>-</u>	<u>-</u>	<u>263,700,000</u>	<u>-</u>	<u>-</u>
Balance at end of period	<u>2,795,821,381</u>	<u>2,532,121,381</u>	<u>2,532,121,381</u>	<u>P 2,795,821,381</u>	<u>P 2,532,121,381</u>	<u>P 2,532,121,381</u>

On October 2, 2020, the Company was incorporated with a total authorized capital stock of P5,000,000,000 divided into 50,000,000 common shares with a P100 par value per share, of which P10,000,000 had been subscribed and paid.

On February 1, 2021, MC has subscribed to and paid for 12,400,000 shares with par value of P100 per share or a total of P1,240,000,000.

On April 7, 2021, majority of the members of the BOD and stockholders of MREIT approved the amendments to the Articles of Incorporation and By-Laws of MREIT, which include, among others, the change in par value of common shares from P100 to P1, resulting in an increase in the number of authorized common shares from 50,000,000 to 5,000,000,000 and subscribed common shares from 12,500,000 to 1,250,000,000. On May 19, 2021, the Company obtained approval of the amendments from the SEC (see Note 1).

On May 28, 2021, an individual stockholder subscribed and paid 1,000 common shares of the Company with par value of P1 per share or a total subscription price of P1,000.

On June 2, 2021, on consummation of the Deed of Exchange of Property and Shares in relation to the Property-for-Share Swap transaction with MC, the Company issued 1,282,120,381 common shares at par value of P1 per share (see Notes 1 and 6). In addition, the Company recognized APIC amounting to P47,920,287,239, less shares issuance costs amounting to P12.8 million.

On June 16, 2021, the Company filed its application with the PSE for the listing of its 2,532,121,381 existing common shares. The listing application was approved by PSE on August 9, 2021 which includes the Secondary Offer Shares of 844,300 common shares with an Overallotment Option of up to 105,537,500 common shares to be offered and sold by MC to the public, under the Main Board of the PSE with an offer price of P16.10 per share. The PSE approved the listing application of the Company on August 9, 2021.

Also on June 16, 2021, the Company filed a Registration Statement covering the registration of 2,532,121,381 existing common shares, in accordance with the requirements of the SEC's Securities Regulation Code. The Registration Statement was rendered effective on September 13, 2021.

On October 1, 2021, the common shares of the Company were listed as a REIT company under the Main Board of the PSE.

On April 1, 2022, the BOD of the Company approved the proposed subscription of MC to 263,700,000 common shares of the Company for a total subscription price of P5.3 billion to be paid by way of transfer of four prime, grade A, office properties in PEZA-accredited zones. On March 23, 2023, the SEC issued its confirmation of the valuation of the property-for-share swap. Consequently, on March 31, 2023, the Company issued 263,700,000 common shares.

On May 22, 2023, the Company filed the application for listing of the additional shares with the PSE, which is still pending as of the issuance date of the Company's financial statements. In addition, the Company recognized APIC in 2023 amounting to P5,010,300,000, less issuance cost amounting to P134,952,150.

There are 25,989 and 25,096 shareholders of at least one board lot of the listed shares as of December 31, 2023 and 2022, respectively. As of December 29, 2023 and December 29, 2022, the last trading dates for both years, the shares closed at P12.30 and P14.48 per share, respectively.

16.2 Dividends

The details of the Company's cash dividend declarations are as follows:

	<u>Q4 2023</u>	<u>Q3 2023</u>	<u>Q2 2023</u>	<u>Q1 2023</u>	<u>Q4 2022</u>
Declaration date/approved by BOD	Nov. 6, 2023	Aug. 8, 2023	May 12, 2023	Jan. 6, 2023	Nov. 11, 2022
Date of record	Nov. 20, 2023	Aug. 23, 2023	May 29, 2023	Jan. 24, 2023	Nov. 25, 2022
Date of payment	Dec. 14, 2023	Sept. 14, 2023	June 19, 2023	Feb. 15, 2023	Dec. 15, 2022
Amounts declared to common	P 687,772,060	P 692,245,374	P 692,245,374	P 614,799,071	P 618,850,466
Per share value	P 0.2460	P 0.2476	P 0.2476	P 0.2428	P 0.2444

16.3 Distributable Income

The computation of the distributable income of the Company for the year ended December 31, 2023 is shown below.

Net income	P	168,343,855
Fair value adjustment of investment property resulting to loss		2,732,200,000
Unrealized gains or adjustments to income as a result of certain transactions accounted for under PFRS	(97,293,999)
Adjustments due to any prescribed accounting standard which result to a loss		<u>40,881,185</u>
Distributable income	P	<u>2,844,131,041</u>

17. EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share amounts were computed as follows:

	<u>2023</u> <u>(One Year)</u>	2022 <u>(One Year)</u>	2021 <u>(Six Months)</u>
Net profit (loss) for the period	P 168,343,855	(P 176,553,547)	P 2,014,216,186
Divided by weighted number of outstanding common shares	<u>2,729,896,381</u>	<u>2,532,121,381</u>	<u>2,532,121,381</u>
Basic and diluted earnings (loss) per share	<u>P 0.06</u>	<u>(P 0.07)</u>	<u>P 0.80</u>

The Company has no potential dilutive common shares as of and for the years ended December 31, 2023 and 2022 and for the six months ended December 31, 2021.

18. COMMITMENTS AND CONTINGENCIES

18.1 Operating Lease Commitments – Company as a Lessor

The Company is a lessor under several operating leases covering real estate properties for office and commercial use (see Note 6). The future minimum lease receivable under these agreements as of December 31, 2023 and 2022 are shown below.

	<u>2023</u>	<u>2022</u>
Within one year	P 2,917,612,931	P 2,981,191,290
After one year but not more than two years	2,547,489,544	2,497,739,835
After two years but not more than three years	1,740,895,275	1,875,531,163
After three years but not more than four years	1,051,335,041	1,111,478,803
After four years but not more than five years	673,081,114	657,254,881
More than five years	<u>2,598,259,220</u>	<u>2,778,752,188</u>
	<u>P 11,528,673,125</u>	<u>P 11,901,948,160</u>

The Company is subject to risk incidental to the operation of its office and commercial properties, which include, among others, changes in market rental rates, inability to renew leases upon lease expiration, and inability to collect rent from tenants due to bankruptcy or insolvency of tenants. Majority of the Company's revenue from rental properties are derived from commercial and BPO-based tenants. If the expected growth, particularly from BPO-based tenants, does not meet management's expectations, or in the case of commercial tenants more stringent health measures are imposed resulting to further temporary or permanent closures of commercial establishments, the Company may not be able to lease their properties in a timely manner or collect rent at profitable rates.

To mitigate these risks, the Company requires security deposits and advanced rentals representing three months' and six months' rent from office and commercial tenants, respectively (see Note 9).

18.2 Operating Lease Commitments – Company as a Lessee

The Company entered into a land lease agreement with MC over the land on which its investment properties stood for a period of 25 years, renewable for another 25 years. (see Note 15.2). Variable lease payments will commence on July 1, 2023. The lease agreement does not contain any fixed lease payments. In addition, the lease agreement involves payment for security deposit (see Note 7). The related variable lease expense incurred amounting to P39.5 million in 2023 is presented as Land lease under the Cost of Services account in the 2023 statement of comprehensive income (see Note 12).

18.3 Others

There are commitments and contingent liabilities that may arise in the normal course of the Company's operations, which are not reflected in the financial statements. Management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Company's financial statements.

19. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks in relation to its financial instruments. The Company's financial assets and financial liabilities by category are summarized in Note 20. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated with its parent company, in close coordination with the BOD, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial risks.

The Company does not engage in trading of financial assets for speculative purposes. The relevant financial risks to which the Company is exposed are discussed below.

19.1 Market Risk

As of December 31, 2023 and 2022, the Company is exposed to market risk through its cash in banks, which are subject to changes in market interest rates. However, management believes that the related interest rate risk exposure is not significant. All other financial assets and financial liabilities are either noninterest-bearing or subject to fixed interest rates.

19.2 Credit Risk

The Company's credit risk is attributable to trade and other receivables and other financial assets. The Company maintains defined credit policies and continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties. In addition, for trade receivables, security deposits and advance payments are received to mitigate credit risk.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position (or in the detailed analysis provided in the notes to financial statements), as summarized below.

	Notes	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	4	P 1,678,912,046	P 1,380,526,060
Trade and other receivables	5	451,266,601	309,841,031
Security deposit	7	<u>20,649,401</u>	<u>19,488,462</u>
		<u>P 2,150,828,048</u>	<u>P 1,709,855,553</u>

(a) Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum of P0.5 million for every depositor per banking institution.

(b) Trade and Other Receivables

The Company applies the simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The other receivables relate to receivables from third parties other than trade receivables and have substantially the same risk characteristics as the trade receivables. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other assets.

Management considers the ECL on the Company's trade and other receivables to be negligible taking into consideration the counterparties' ability to repay at the reporting date and the actual collection from such counterparties during the reporting periods.

Furthermore, the Company considers credit enhancements in determining the expected credit loss. Trade receivables are collateralized by advance rental and security deposits received from lessees.

The estimated fair value of collateral and other security enhancements held against trade and other receivables as of December 31, 2023 and 2022 is presented below.

	<u>Gross Maximum Exposure</u>	<u>Fair Value of Collaterals</u>	<u>Net Exposure</u>
As of December 31, 2023	<u>P 451,266,601</u>	<u>P 1,253,261,792</u>	<u>P -</u>
As of December 31, 2022	<u>P 309,841,031</u>	<u>P 1,192,694,675</u>	<u>P -</u>

(c) *Security Deposit*

The credit risk for security deposit is considered negligible as the Company has ongoing lease agreement with the counterparty and the latter is considered to be with sound financial condition and sufficient liquidity. The security deposit can also be applied against future rental payments in cases of default.

19.3 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week, as well as on the basis of a rolling 30-day projection. Long-term needs for a 6-month and one-year period are identified monthly.

The Company maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits, or short-term marketable securities.

As at December 31, 2023 and 2022, the Company's financial liabilities have contractual maturities which are presented below.

	<u>Within 1 Year</u>	<u>1 to 5 Years</u>	<u>More than 5 Years</u>
<u>December 31, 2023</u>			
Interest-bearing loan	P 257,347,079	P 1,978,800,374	P 8,572,225,343
Security deposits	179,856,807	582,625,738	81,535,377
Accounts payable	460,332,383	-	-
Accrued expenses	<u>240,679,842</u>	<u>-</u>	<u>-</u>
	<u>P 1,138,216,111</u>	<u>P 2,561,426,112</u>	<u>P 8,653,760,720</u>
<u>December 31, 2022</u>			
Interest-bearing loan	P 260,116,227	P 1,087,645,108	P 8,234,613,600
Security deposits	188,900,183	535,675,064	73,381,164
Accounts payable	411,064,691	-	-
Accrued expenses	<u>53,027,572</u>	<u>-</u>	<u>-</u>
	<u>P 913,108,673</u>	<u>P 1,623,320,172</u>	<u>P 8,307,994,764</u>

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods.

20. CATEGORIES, FAIR VALUES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

20.1 Carrying Amounts and Fair Value by Category

The carrying values and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are shown below.

	Notes	2023		2022	
		Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets					
Financial assets at amortized cost:					
Cash and cash equivalents	4	P 1,678,912,046	P 1,678,912,046	P 1,380,526,060	P 1,380,526,060
Trade and other receivables	5	451,266,601	451,266,601	309,841,031	309,841,031
Security deposit	7	20,649,401	19,570,069	19,488,462	18,408,488
		<u>P 2,150,828,048</u>	<u>P 2,149,748,716</u>	<u>P 1,709,855,553</u>	<u>P 1,708,755,579</u>
Financial liabilities					
Financial liabilities at amortized cost:					
Interest-bearing loan	10	P 7,206,697,580	P 7,206,697,580	P 7,201,241,354	P 7,201,241,354
Security deposits	9	779,152,958	744,498,127	712,839,074	678,065,572
Accounts payable	8	460,332,383	460,332,383	411,064,691	411,064,691
Accrued expenses	8	240,679,842	240,679,842	53,027,572	53,027,572
Interest payable	8	8,055,636	8,055,636	8,055,636	8,055,636
		<u>P 8,694,918,399</u>	<u>P 8,660,263,568</u>	<u>P 8,386,228,327</u>	<u>P 8,351,454,825</u>

A description of the Company's risk management objectives and policies for financial instruments is provided in Note 19.

20.2 Offsetting of Financial Assets and Financial Liabilities

Except when applicable for the offsetting of rental receivables and rental deposits arising from the normal course of the Company's leasing activities, the Company has not set off financial instruments and do not have relevant offsetting arrangements. Currently, all other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and shareholders. As such, the Company's outstanding receivables from and payables to the same related parties can be potentially offset to the extent of their corresponding outstanding balances.

21. FAIR VALUE MEASUREMENT AND DISCLOSURE

21.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

21.2 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The Company's financial assets which are not measured at fair value in the statements of financial position but for which fair value is disclosed only include cash and cash equivalents categorized as Level 1. All other financial assets and financial liabilities are categorized under Level 3.

For financial assets with fair values included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short-term duration.

The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability based on the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data.

21.3 Fair Value Measurement of Investment Properties

As of December 31, 2023 and 2022, the Company's investment properties amounting to P59.0 billion and P56.4 billion, respectively, are classified under Level 3 of the hierarchy of fair value measurements.

The fair values of the Company's investment properties (see Note 6) 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. Briefly describing the valuation method used, the approach converts anticipated future gains to present worth by projecting reasonable income and expenses for the properties. In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Company's investment property is its current use.

Fair value as determined by independent appraisers are based on the Income Approach. Under the 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 and 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. The most significant inputs used in this model are the estimated expected future annual cash inflow and outgoing expenses, anticipated increase in market rental, discount rate and terminal capitalization rate.

The fair value is sensitive to changes in discount rate, terminal capitalization rate and market rental. A change in these unobservable inputs would have the following impact on fair value:

	<u>Increase</u>	<u>Decrease</u>
Discount rate	Decrease	Increase
Terminal capitalization rate	Decrease	Increase
Increase in market rental	Increase	Decrease

The discount rates and terminal capitalization rates were determined with reference to published risk free rates and risk premium rates at the date of valuation.

Also, there were no transfers into or out of Level 3 fair value hierarchy.

22. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern.

The Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and liabilities. The Company manages the capital structure and makes adjustment to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company's total liabilities and total equity are presented below.

	<u>2023</u>	<u>2022</u>
Total liabilities	P 9,312,561,087	P 8,972,087,728
Total equity	52,138,558,919	49,518,229,093

Under REIT Act, the Company is subject to external capital requirement to have a minimum paid-up capital of P300.0 million, which was complied with as of the reporting periods presented.

23. OPERATING SEGMENT

The Company has determined that it operates as one operating segment. The Company's only income-generating activity is the lease of its buildings, which is the measure used by the Chief Operating Decision Maker in allocating resources.

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Financial Statements

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

**The Board of Directors and Stockholders
MREIT, Inc.**

(A Subsidiary of Megaworld Corporation)

18th Floor, Alliance Global Tower
36th Street cor. 11th Avenue
Uptown Bonifacio, Taguig City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of MREIT, Inc. (the Company) as at and for the year ended December 31, 2023 and have issued our report thereon dated February 26, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68 and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Company's management. The supplementary information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO



By: John Endel S. Mata
Partner

CPA Reg. No. 0121347
TIN 257-622-627
PTR No. 10076144, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 121347-SEC (until financial period 2023)
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002551-040-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 26, 2024

MREIT, INC.
List of Supplementary Information
December 31, 2023

<u>Schedule</u>	<u>Content</u>	<u>Page No.</u>
A	Financial Assets	1
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	2
C	Amounts Receivable/Payable from/to Related Parties which are Eliminated during the Consolidation of Financial Statements	3
D	Long-term Debt	4
E	Indebtedness to Related Parties (Long-term Loans from Related Companies)	5
F	Guarantees of Securities of Other Issuers	6
G	Capital Stock	7

Other Required Information

Reconciliation of Retained Earnings Available for Dividend Declaration

Map Showing the Relationship Between the Company and its Related Entities

MREIT, Inc.
Schedule A - Financial Assets
December 31, 2023

The Company does not have financial assets classified under fair value through other comprehensive income, fair value through profit or loss and held to maturity as of December 31, 2023.

MREIT, Inc.
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders
(Other than Related Parties)
December 31, 2023

The Company does not have amounts receivable from directors, officers, employees, related parties and principal stockholders (other than related parties) above P1 million or 1% of total assets as of December 31, 2023.

MREIT, Inc.
 Schedule C - Amounts Receivable/ Payable from/ to Related Parties which are Eliminated
 During the Consolidation of Financial Statements
 December 31, 2023

<i>Name and Designation of Debtor</i>	<i>Balance at Beginning of Period</i>	<i>Additions</i>	<i>Deductions</i>		<i>Current</i>	<i>Not Current</i>	<i>Balance at End of Period</i>
			<i>Amounts Collected</i>	<i>Amounts Written Off</i>			
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

MREIT, Inc.
Schedule D - Long-Term Debt
December 31, 2023

<i>Title of Issue and Type of Obligation</i>	<i>Amount Authorized by Indenture</i>	<i>Amount shown under Caption "Interest-bearing loan" in related Balance Sheet</i>	<i>Amount shown under Caption "Interest-bearing loan" in related Balance Sheet</i>
Long-term loan (Domestic)	P 7,250,000,000	p -	P 7,206,697,580

MREIT, Inc.
Schedule E - Indebtedness to Related Parties (Long-term Loans from Related Companies)
December 31, 2023

<i>Name of Related Party</i>	<i>Balance at Beginning of Period</i>	<i>Balance at End of Period</i>
N/A	N/A	N/A

MREIT, Inc.
Schedule F - Guarantees of Securities of Other Issuers
December 31, 2023

<i>Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed</i>	<i>Title of Issue of Each Class of Securities Guaranteed</i>	<i>Total Amount Guaranteed and Outstanding</i>	<i>Amount Owned by Person for which Statement is Filed</i>	<i>Nature of Guarantee</i>
N/A	N/A	N/A	N/A	N/A

MREIT, Inc.
Schedule G - Capital Stock
December 31, 2023

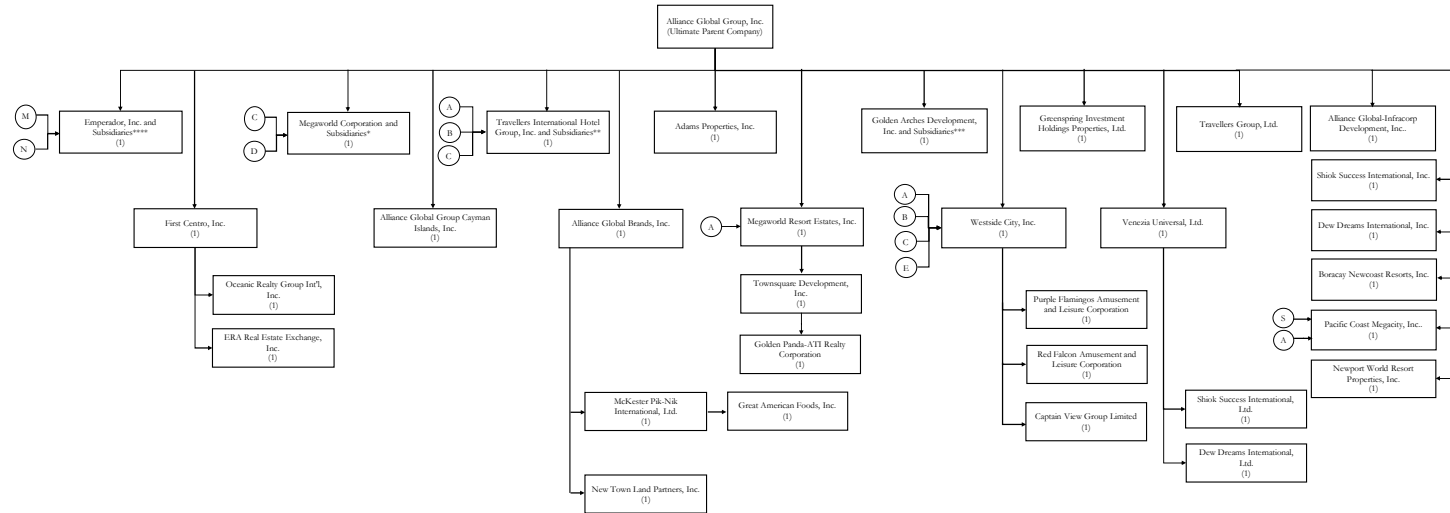
<i>Title of Issue</i>	<i>Number of Shares Authorized</i>	<i>Number of Shares Issued and Outstanding as shown under the related Balance Sheet Caption</i>	<i>Number of Shares Reserved for Options, Warrants, Conversion and other Rights</i>	<i>Number of Shares Held by</i>		
				<i>Related Parties</i>	<i>Directors, Officers and Employees</i>	<i>Others</i>
Common shares - P1 par value	5,000,000,000	2,795,821,381	-	1,584,235,781	10,001,000	1,201,584,600

MREIT, INC.
(A Subsidiary of Megaworld Corporation)
 18th Floor, Alliance Global Tower,
 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City

**Reconciliation of Retained Earnings Available for Dividend Declaration
 December 31, 2023**

Unappropriated Retained Earnings at Beginning of Year, as Adjusted based on prior year reconciliation		<u>P 865,337,592</u>
Distributable Net Income		
Net Income for the current year		168,343,855
Add: Fair value adjustment of investment property resulting to loss	<u>2,732,200,000</u>	2,732,200,000
Less: Unrealized gains or adjustments to income as a result of certain transactions accounted for under PFRS		
PFRS 16 straight-line adjustment on rental income	(62,687,508)	
Rental income on amortization of deferred credits	(34,606,492)	(97,293,999)
 Add: Adjustments due to any prescribed accounting standard which result to a loss		
Interest expense on amortization of security deposit (liability)	34,223,800	
Interest expense from amortization of loan transaction costs	5,456,226	
Rental expense on amortization of deferred charges	2,362,098	
Interest income on amortization of security deposit (asset)	(<u>1,160,939</u>)	<u>40,881,185</u>
		<u>2,844,131,041</u>
 Dividends declared during the year		 (<u>2,687,061,879</u>)
 Unappropriated Retained Earnings Available for Dividend Distribution at End of Year		 <u>P 1,022,406,754</u>

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
 Map Showing the Relationship Between Alliance Global Group, Inc.
 and its Related Parties
 December 31, 2023

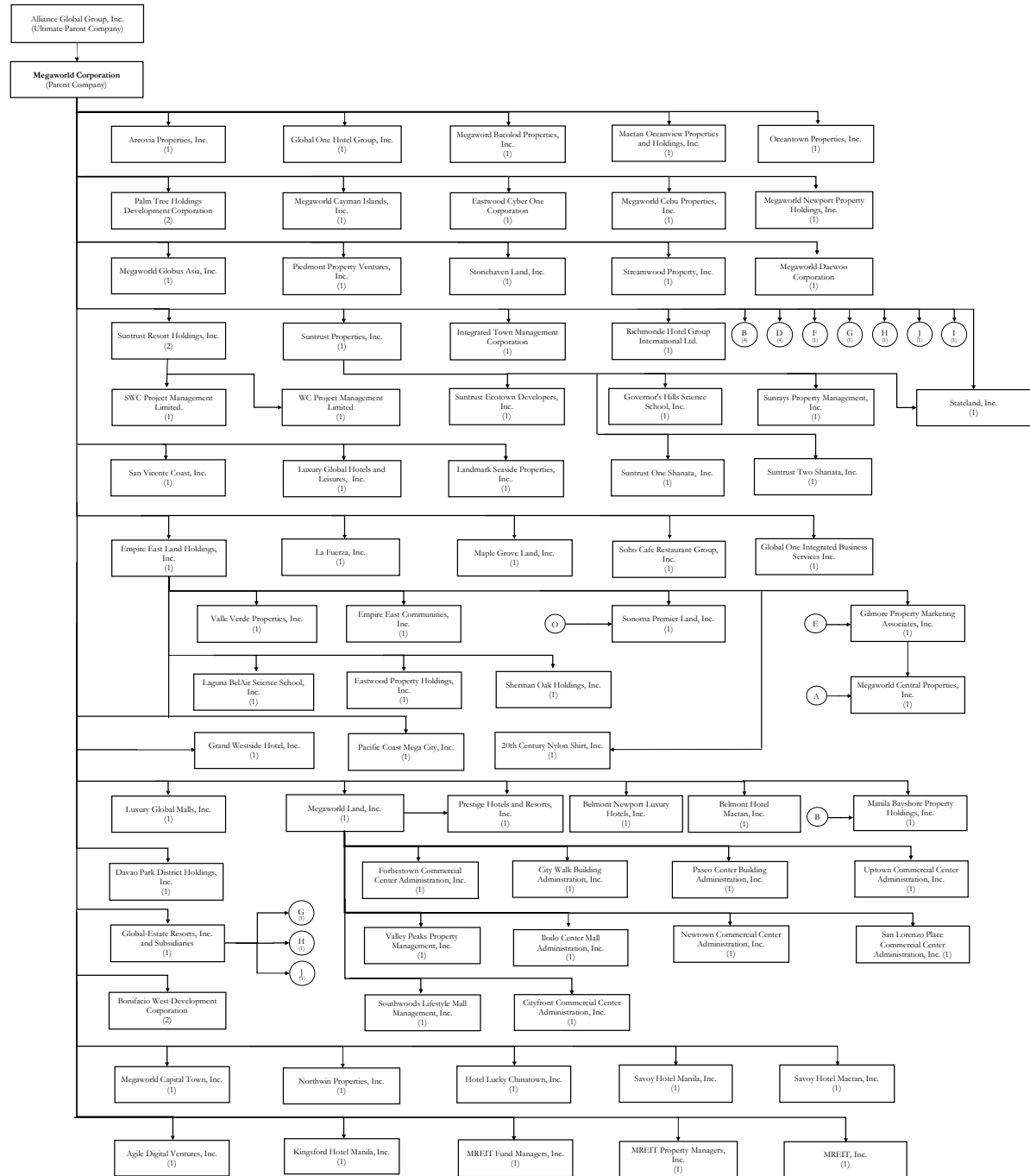


Legend					
(1) Subsidiary	A Megaworld Corporation	F Manila Bayshore Property Holdings, Inc.	K Megaworld Global Estates, Inc.	P Sonoma Premier Land, Inc.	
(2) Associate	B Adams Properties, Inc.	G Westside City Resorts World, Inc.	L Megaworld Central Properties, Inc.	Q Gilmore Property Marketing Associates, Inc.	
(3) Jointly Controlled Entity	C First Centra, Inc.	H Tomesquare Development, Inc.	M Shik Success International, Ltd.	R Emperor Inc.	
	D Newtown Land Partners, Inc.	I Megaworld Resort Estates, Inc.	N Dew Dreams International, Ltd.	S Empire East Land Holdings, Inc.	
	E Travellers International Hotel Group, Inc.	J Twin Lakes Corporation	O Southwoods Mall, Inc.	T Summit Home Developers, Inc.	

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES

Map Showing the Relationship Between Alliance Global Group, Inc.
and Megaworld Corporation Group

December 31, 2025

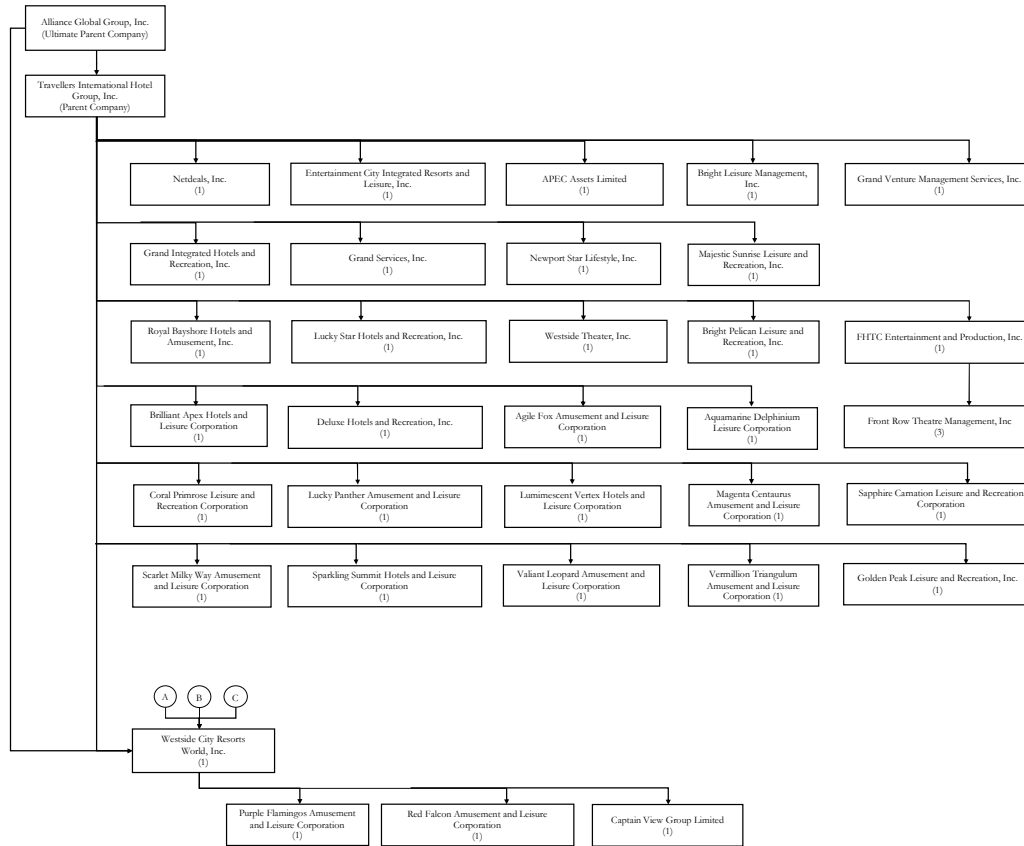


Legend
Relationship with Megaworld Corporation

- (1) Subsidiary
- (2) Associate
- (3) Jointly Controlled Entity
- (4) FVOGI

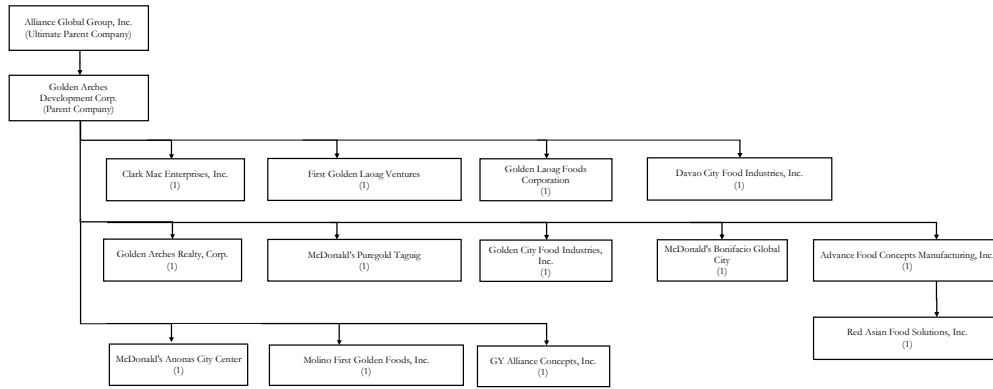
A Megaworld Corporation	E Townsquare Development, Inc.	I Megaworld Central Properties, Inc.	M Empire East Land Holdings, Inc.
B Travellers International Hotel Group	F Megaworld Resort Estates, Inc.	J Southwoods Mall, Inc.	N Suntrust Resort Holdings, Inc.
C Manila Bayshore Property Holdings, Inc.	G Twin Lakes Corporation	K Sonoma Premier Land, Inc.	O First Centro, Inc.
D Westside City Resorts World, Inc.	H Megaworld Global Estates, Inc.	L Gilmore Property Marketing Associates, Inc.	

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
 Map Showing the Relationship Between Alliance Global Group, Inc.
 and Travellers Group
 December 31, 2025



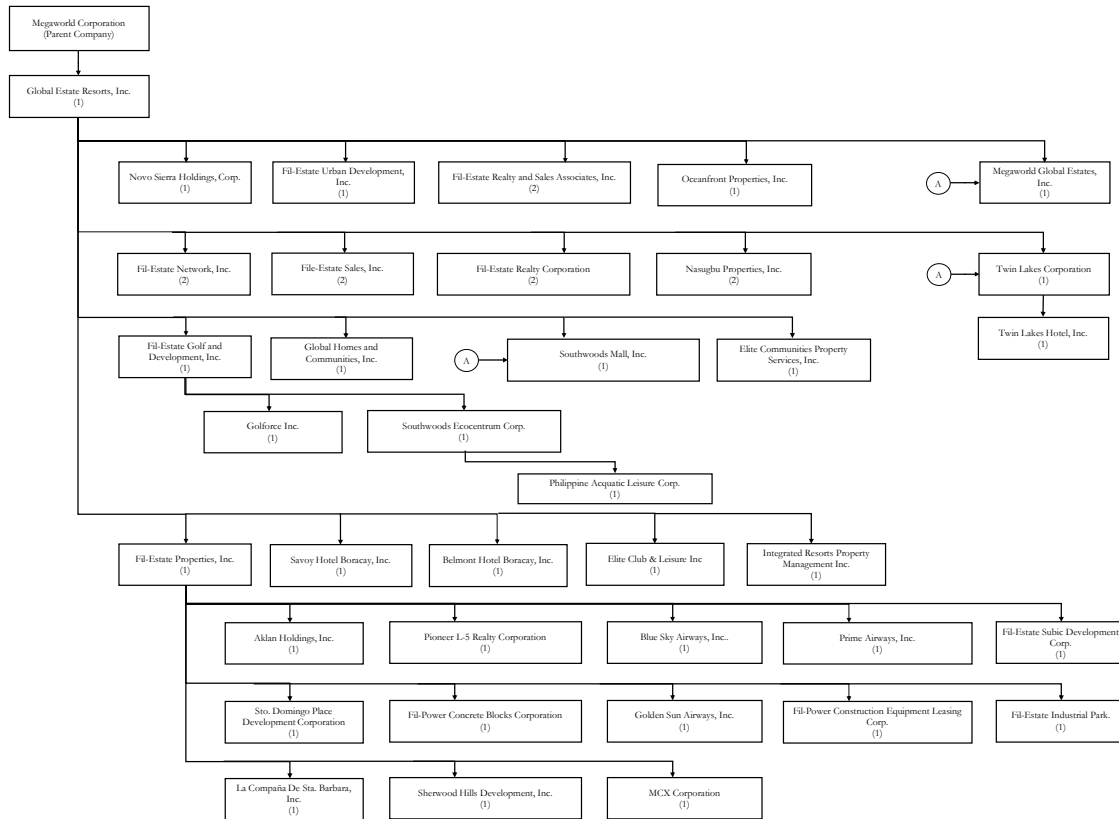
Legend	
Relationship with Travellers International Hotel Group, Inc.	
(1)	Subsidiary
(2)	Associate
(3)	Jointly Controlled Entity
(4)	FVOCI
A	Megaworld Corporation
B	Adams Properties, Inc.
C	First Centro, Inc.
D	Newtown Land Partners, Inc.
E	Travellers International Hotel Group, Inc.
F	Manila Bayshore Property Holdings, Inc.
G	Westside City Resorts World, Inc.
H	Townsquare Development, Inc.
I	Megaworld Resort Estates, Inc.
S	Empire East Land Holdings, Inc.
J	Twin Lakes Corporation
K	Megaworld Global Estates, Inc.
L	Megaworld Central Properties, Inc.
M	Shook Success International, Ltd.
N	Dew Dreams International, Ltd.
O	Southwoods Mall, Inc.
P	Sonoma Premier Land, Inc.
Q	Gilmore Property Marketing Associates, Inc.
R	Empirestar Inc.
T	Sonnet Home Developers, Inc.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
 Map Showing the Relationship Between Alliance Global Group, Inc.
 and Golden Arches Development Corporation Group
 December 31, 2025



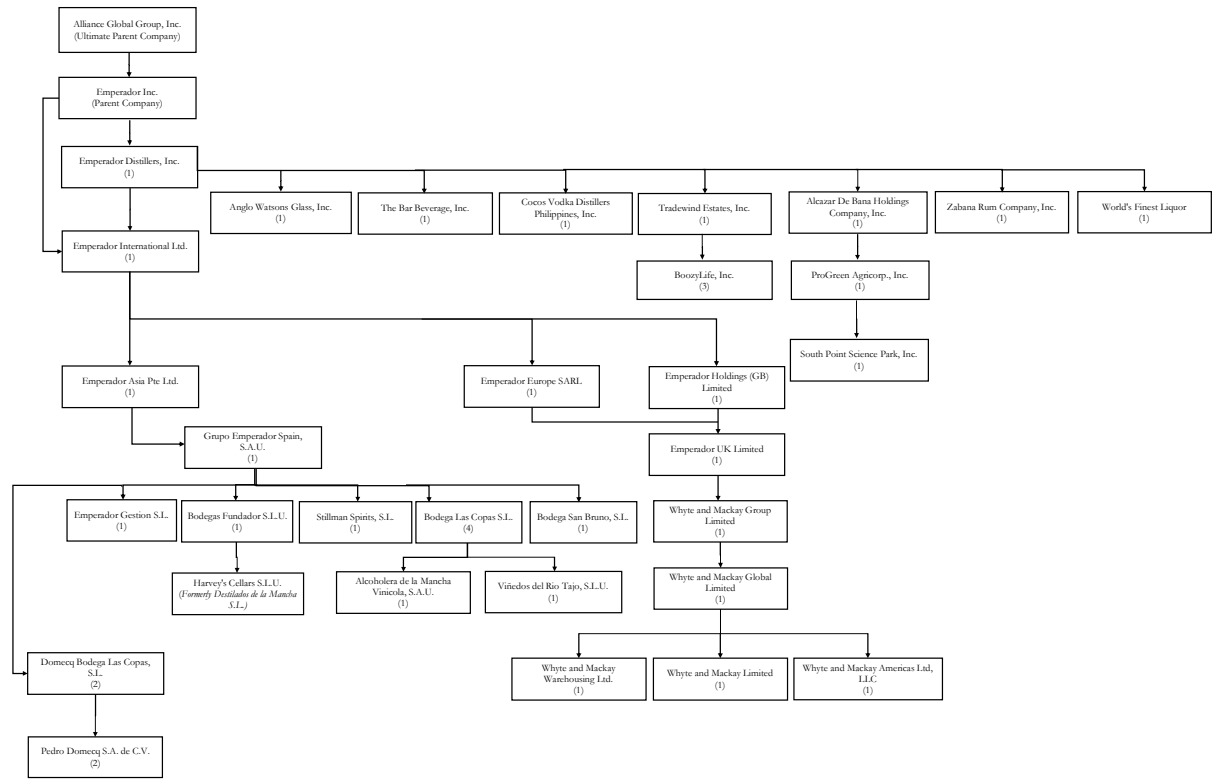
Legend	
<i>Relationship with Golden Arches Development Corporation</i>	
(1)	Subsidiary
(2)	Associate
(3)	Jointly Controlled Entity
(4)	FVOCI
A	Megworld Corporation
B	Adams Properties, Inc.
C	First Centre, Inc.
D	Newtown Land Partners, Inc.
E	Travellers International Hotel Group, Inc.
F	Manila Bayshore Property Holdings, Inc.
G	Westside City Resort World, Inc.
H	Towensquare Development, Inc.
I	Megworld Resort Estates, Inc.
S	Empire East Land Holdings, Inc.
J	Twin Lakes Corporation
K	Megworld Global Estates, Inc.
L	Megworld Central Properties, Inc.
M	Shook Success International, Ltd.
N	Dew Dreams International, Ltd.
O	Southwoods Mall, Inc.
P	Sorsoma Premier Land, Inc.
Q	Gilmore Property Marketing Associates, Inc.
R	Emperador Inc.
T	Suntrust Home Developers, Inc.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
 Map Showing the Relationship Between and
 Among Megaworld and Global Estate Resorts Inc. Group
 December 31, 2025



Legend	
(1)	Subsidiary
(2)	Associate
(3)	Jointly Controlled Entity
(4)	FVOCI
A	Megaworld Corporation
B	Adams Properties, Inc.
C	First Centro, Inc.
D	Newtown Land Partners, Inc.
E	Travelers International Hotel Group, Inc.
F	Manila Bayshore Property Holdings, Inc.
G	Westside City Resorts World, Inc.
H	Townsquare Development, Inc.
I	Megaworld Resort Estates, Inc.
S	Empire East Land Holdings, Inc.
J	Twin Lakes Corporation
K	Megaworld Global Estates, Inc.
L	Megaworld Central Properties, Inc.
M	Shook Success International, Ltd.
N	Dew Dreams International, Ltd.
O	Southwoods Mall, Inc.
P	Sonoma Premier Land, Inc.
Q	Gilmon Property Marketing Associates, Inc.
R	Empirestar Inc.
T	Suntrust Home Developers, Inc.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
 Map Showing the Relationship Between Alliance Global Group, Inc.
 and Emperador Group
 December 31, 2025



Legend
 Relationship with Emperador Inc.
 (1) Subsidiary (100%)
 (2) Subsidiary (50%)
 (3) Subsidiary (51%)
 (4) Jointly Controlled Entity

Report of Independent Auditors on Components of Financial Soundness Indicators

The Board of Directors and Stockholders
MREIT, Inc.

(A Subsidiary of Megaworld Corporation)

18th Floor, Alliance Global Tower
36th Street cor. 11th Avenue
Uptown Bonifacio, Taguig City

Punongbayan & Araullo

20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of MREIT, Inc. (the Company) as at and for the year ended December 31, 2023 and have issued our report thereon dated February 26, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as at and for the year ended December 31, 2023, 2022 and six months ended December 31, 2021 and no material exceptions were noted.

PUNONGBAYAN & ARAULLO



By: John Endel S. Mata
Partner

CPA Reg. No. 0121347

TIN 257-622-627

PTR No. 10076144, January 3, 2024, Makati City

SEC Group A Accreditation

Partner - No. 121347-SEC (until financial period 2023)

Firm - No. 0002 (until financial period 2024)

BIR AN 08-002551-040-2023 (until Jan. 24, 2026)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 26, 2024

MREIT, INC.
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
For the year ended December 31, 2023

Ratio	Formula	December 31, 2023 (One Year)	December 31, 2022 (One Year)	December 31, 2021 (Six Months)
Current ratio	Current assets / Current liabilities	1.90	2.52	3.43
Acid test ratio	Quick assets / Current liabilities (Quick assets include cash and current portion of trade receivables - net)	1.68	2.16	3.27
Debt-to-equity ratio	Total debt / Total stockholders' equity (Total debt includes interest bearing loans and borrowings and bonds and notes payable)	0.14	0.15	0.14
Asset-to-equity ratio	Total assets / Total stockholders' equity	1.18	1.18	1.17
Solvency ratio	EBITDA / Total debt (Total debt includes interest bearing loans and borrowings and bonds and notes payable)*	0.45	0.41	0.17
Interest rate coverage ratio	EBIT / Total Interest (Total interest includes interest expense and capitalized interest)**	10.49	9.57	51.88
Return on equity	Net profit / Average total stockholders' equity	0.0033	-0.0035	0.0391
Return on assets	Net profit / Average total assets	0.0028	-0.0030	0.0357
Net profit margin	Net profit / Total revenues	0.0405	-0.0484	1.3789

*EBITDA refers to earnings before interest, taxes, depreciation, amortization and excludes net fair value change in investment properties

**EBIT refers to earnings before interest and taxes and excludes net fair value change in investment properties



Sustainability Report 2023

Annex A: Reporting Template

Contextual Information

Company Details	
Name of Organization	MREIT, Inc. (MREIT) (the Company)
Location of Headquarters	18th Floor, Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City.
Location of Operations	Philippines
Report Boundary: Legal entities (e.g., subsidiaries) included in this report	MREIT is a subsidiary of Megaworld Corporation
Business Model, including Primary Activities, Brands, Products and Services	<p>MREIT is a specialized investment vehicle of Megaworld Corporation (the Sponsor) functioning as a Real Estate Investment Trust (REIT). MREIT is primarily engaged in the acquisition and management of income-generating real estate properties, with a mandate to distribute a significant portion of its earnings to shareholders in the form of dividends.</p> <p>The Company's portfolio comprises a diverse array of properties, including office buildings, a hotel, and retail spaces, strategically located in key urban centers across the Philippines. As of December 31, 2023, MREIT manages a total of 18 properties, collectively offering a total gross leasable area (GLA) of 325,424 square meters, providing ample space to accommodate various commercial activities.</p>
Reporting Period	01 January 2023 to 31 December 2023
Highest Ranking Person responsible for this report	Kevin Andrew L. Tan, President and CEO

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.

Process in Determining Material Topics

In 2023, MREIT reviewed its vital business activities, risks, and impacts and reassessed its data management tools to measure the Company's significant effects on the economy, environment, and society. Revisiting the 2022 material topics, MREIT evaluated the ongoing relevance to the present reporting period.

The Company's board, executive committee, and management committee conducted the MREIT's list of material topics was based on a review of its references containing information on specific positive and negative impacts that could directly affect the economy, environment, or society. The Company carefully evaluated the positive and negative effects to ensure compliance with the Global Reporting Initiative Standards. These impacts were further classified into actual results, which pertain to those that have already occurred, and potential impacts, which may arise in the future.

MREIT is committed to evaluating and meeting its sustainability targets and remains receptive to changes and updates in the economic, environmental, and social landscape. The Company is in line with the direction and strategy of its Sponsor, Megaworld Corporation.

The material topics are as follows:

1. Business Ethics And Integrity
2. Regulatory Compliance
3. Data Privacy
4. Market Presence
5. Procurement Practices
6. Tax
7. Climate Change
8. Energy Management
9. Waste Management
10. Water Management
11. Accessibility
12. Air Quality
13. Greenhouse Gas Emissions
14. Occupational Health And Safety
15. Customers
16. Economic Performance
17. Employee Welfare
18. Diversity And Equal Opportunity
19. Human Rights

Approach to Stakeholder Engagement

MREIT recognizes the importance of building strong relationships with its stakeholders and the significance of engagement programs to understand the issues, concerns, and matters critical in providing decision-makers baseline information. Through different engagement channels and initiatives, the Company ensures that relevant concerns are identified by its stakeholders, investors, tenants, and suppliers through open communication. Maximizing different communication channels to be in-person and virtual platforms enables the Company to assess the needs and contributions to the identified stakeholders' economy, environment, and community.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure (in millions)	2023	2022	Unit
Direct Economic Value Generated (revenue)	4,156.50	3,648.77	Php
Economic Value Distributed			
Operating Costs	936.07	667.38	Php
Employee Wages and Benefits	2.87	3.11	Php
Payments to Providers of Capital	3,027.34	2,733.90	Php
Payments to Government by Country	76.41	47.47	Php
Community Investments	0	0	Php
Economic Value Retained	113.82	196.91	Php

MREIT, Inc., a subsidiary of Megaworld Corporation, showcases a strong economic performance through its 2023 financial metrics, reflecting a robust growth trajectory and strategic asset management.

In 2023, MREIT generated a direct economic value of approximately Php4.16 billion, an increase from Php3.65 billion in 2022, highlighting its continued expansion and effective asset utilization within the real estate investment trust sector. This revenue is primarily derived from rental incomes, signifying stable tenant occupancy and effective property management.

The distribution of this economic value includes operating costs of Php936.07 million, significantly higher than the previous year, which reflects the company's ongoing investment in property maintenance and operational efficiency. Employee wages and benefits were relatively stable at about Php2.87 million, indicating a consistent commitment to its workforce.

A substantial portion of the generated revenue, approximately Php3.03 billion, was allocated as payments to providers of capital, which increased from Php2.73 billion in 2022, underscoring MREIT's robust investor returns and strategic financial management. Additionally, payments to government increased to Php76.41 million from Php47.47 million, showing a greater contribution to public finances likely due to higher operational outputs and compliance with regulatory standards.

MREIT retained about Php113.82 million in economic value by the end of 2023, compared to Php196.91 million in 2022. This retention supports future growth and operational sustainability, reinforcing MREIT's strategic initiatives to enhance asset value and shareholder returns.

MREIT's Management Approach on Economic Performance

MREIT's management approach to economic performance is strategically aligned with the broader objectives of its Sponsor, Megaworld Corporation (Megaworld), focusing on enhancing revenue growth while contributing positively to the sustainable growth of local economies and communities. This is supported by a strong tenant base, primarily consisting of Business Process Outsourcing (BPO) companies, which have been increasingly returning to office, thereby boosting office utilization and increasing foot traffic within and around MREIT's properties. This increase actively not only benefits MREIT but also stimulates the local economy by enhancing the income of suppliers and vendors in nearby areas.

MREIT is committed to expanding its portfolio in a manner that minimizes concentration risk by diversifying both geographically and in terms of tenant mix. This approach ensures stability and sustained growth, positioning MREIT as a resilient player in the real estate investment trust market.

Ethics and integrity are core to MREIT's business operations, fostering trust and confidence among employees, customers, investors, and tenants. This commitment to ethical practices is complemented by stringent adherence to regulatory compliance and standards, enhancing MREIT's reputation and operational credibility.

Furthermore, MREIT's commitment to environmental sustainability is evident in its participation in the MEGreen Program, which focuses on achieving carbon neutrality. The Company actively implements and monitors cost-saving and effective sustainability initiatives, particularly in areas of electricity usage, water conservation, and waste management. These initiatives are not only environmentally beneficial but also contribute to MREIT's economic performance by optimizing operational efficiency and reducing costs.

Climate-related Risks and Opportunities

MREIT, recognizing the significance of climate change, has integrated a comprehensive approach to manage both risks and opportunities associated with it, ensuring the resilience and sustainability of its operations.

MREIT faces risks of property damage and operational disruptions due to extreme weather. However, this challenge also presents the opportunity to upgrade infrastructure, enhancing the appeal and resilience of properties. The company strategically invests in robust building structures and improved drainage systems to mitigate these risks while ensuring business continuity through comprehensive disaster preparedness plans.

Additionally, as regulations tighten around emissions and energy efficiency, compliance costs may rise. Yet, this also offers MREIT the chance to lead the market by adopting these standards early, potentially benefiting

from related incentives. The company's proactive measures include retrofitting properties with sustainable materials and technologies to meet and exceed these emerging requirements.

Moreover, the shift towards a low-carbon economy poses financial risks, particularly in asset stranding. Conversely, it provides growth opportunities in the green building sector. MREIT is enhancing energy efficiency across its portfolio and investing in renewable energy, aligning with the MEGreen Program to significantly reduce its carbon footprint.

Furthermore, water scarcity raises operational costs and imposes usage constraints. Addressing this, MREIT has invested in water-efficient technologies and recycling systems, which not only cut costs but also bolster its sustainability credentials.

MREIT demonstrates its dedication to environmental stewardship and gains a competitive advantage in the real estate market by effectively managing climate-related risks and opportunities. The adoption of this approach not only enables the company to proactively address future challenges but also showcases its leadership in implementing sustainable practices. This, in turn, plays a significant role in ensuring the company's long-term business success and resilience in the face of climate change.

Procurement Practices

Proportion of Spending on Local Suppliers

Disclosure	Quantity		Units
	2023	2022	
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers.	100	100	%

In both 2023 and 2022, the company allocated 100% of its procurement budget to local suppliers at significant locations of operations. This consistent policy underscores MREIT's strategy to foster economic growth within the communities where it operates, ensuring that the benefits of its spending contribute directly to the local economy.

MREIT's Management Approach on Procurement Practices

MREIT is committed to supporting local economies and strengthening community relationships through its strategic procurement practices, which prioritizes the utilization of local suppliers.

The implementation of such a practice not only serves to stimulate local business and make a positive contribution to regional economic stability, but it also aligns with broader sustainability objectives by

effectively reducing the impacts associated with long-haul transportation. The emphasis on local procurement assists MREIT managing supply chain risks, resulting in improved reliability and operational efficiency. MREIT can enhance its ability to adapt to market changes and maintain operational flexibility in the dynamic REIT market by actively involving local suppliers.

Furthermore, MREIT places a premium on ethical procurement standards, prioritizing suppliers that are not just locally based but also committed to sustainability and quality standards. The dual focus of MREIT enhances the integrity and resilience of its supply chain, aligning with its corporate values of environmental stewardship and sustainability development.

Anti-Corruption

Training on Anti-Corruption Policies and Procedures

Disclosure	Quantity		Unit
	2023	2022	
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	100	%
Percentage of directors and management that have received anti-corruption training	100	100	%
Percentage of employees that have received anti-corruption training	100	100	%

**Training related to anti-corruption is done through employee onboarding activities.*

MREIT has effectively communicated its anti-corruption policies and procedures to all employees and business partners. The organization prioritizes ensuring that everyone associated with MREIT is aware of and understands these policies, with the goal of fostering a transparent and ethical business environment. All directors and management have received training on anti-corruption measures. MREIT prioritizes equipping its leadership with comprehensive knowledge and skills to uphold and enforce anti-corruption standards within the company.

Additionally, employees, including directors and management, have received anti-corruption training, resulting in a 100% training rate. This training introduces employees to the company's commitment to integrity and ethical practices during employee onboarding activities.

Incidents of Corruption

Disclosure	Quantity		Unit
	2023	2022	
Number of incidents in which directors were removed or disciplined for corruption	0	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	0	#

The table shows zero incidents for both years, suggesting that no directors faced discipline or removal due to corruption. Similarly, the table shows zero incidents for both years, implying that corruption did not lead to any employee dismissal or discipline during this period. Additionally, no business partnerships were terminated due to corruption-related issues, as indicated by the zero incidents reported for both years.

MREIT's Management Approach on Anti-Corruption

MREIT has a well-structured management approach to address and mitigate corruption within its operation. It emphasizes rigorous adherence to business ethics and integrity, fundamental to maintaining high standards of corporate governance and building trust among its employees, customers, investors, and tenants.

The Company has established comprehensive anti-corruption policies and procedures communicated across all levels of the organization through regular training sessions. These policies are integral to MREIT's operational guidelines and are strictly enforced to ensure all business practices are conducted ethically. This framework includes monitoring mechanisms and strict disciplinary actions against any corrupt activities, demonstrating MREIT's commitment to a corruption-free business environment.

ENVIRONMENTAL

Resource Management

Energy consumption within the organization:

Disclosure	Quantity		Units
	2023	2022	
Energy consumption (renewable sources - biodiesel)	0	0	GJ
Energy consumption (gasoline)	0	0	GJ
Energy consumption (LPG)	0	0	GJ
Energy consumption (diesel)	5,305.23	7,877.54	GJ
Energy consumption (electricity)	295,711.39	229,090.26	GJ

Reduction of energy consumption

Disclosure	Quantity		Units
	2023	2022	
Energy reduction (gasoline)	0	Not Available	GJ
Energy reduction (LPG)	0	Not Available	GJ
Energy reduction (diesel)	0	Not Available	GJ
Energy reduction (electricity)	2,572.31	Not Available	GJ
Energy reduction (gasoline)	0	Not Available	GJ

In 2023, the majority of MREIT's properties experienced a notable increase in tenant office business activities which caused the demand for energy to increase across various property locations. The increase in energy demand is also due to the increase of building operations of MREIT.

MREIT's Management Approach on Energy Consumption

MREIT's management approach to energy consumption aligns with broad environmental sustainability goals, emphasizing efficiency and responsible use of resources. This approach is informed by a comprehensive strategy that mirrors the practices of its sponsor particularly under initiatives like the MEGreen Program. MREIT aims to minimize its environmental footprint by integrating energy-efficient technologies and sustainable practices across its operations.

The primary focus includes significant investments in energy-efficient building materials and systems, the implementation of advanced energy management systems, and regular energy audits to identify further improvements. These efforts are part of a broader commitment to reducing energy consumption across all properties, contributing to lower operational costs and promoting environmental sustainability.

Additionally, MREIT is dedicated to transparency in its energy use and actively engages in reporting and monitoring to track its progress against established energy consumption targets. This not only helps in managing operational efficiencies but also aligns with global best practices, enhancing stakeholder confidence and supporting long-term sustainability objectives.

In compliance with RA 11285 or the Energy Efficiency and Conservation Act of the Philippines, the Company successfully audited 100% of its establishments and was able to comply with the Department of Energy’s deadline on the submission of Energy Audit Reports. Through these energy audits, the Company was able to identify priority projects that helped in reducing energy consumption in properties.

An internal audit conducted in July-August 2023 revealed a misclassification in the categorization of electricity consumption for tenants and retailers. Previously recorded under Scope 2, which covers indirect emissions from purchased electricity used directly by the organization, this consumption was found to be more accurately categorized as Scope 3 Other Indirect Emissions, which includes emissions not directly controlled by the organization. The audit disclosed that, on average, 73% of the electricity consumption and corresponding emissions previously attributed to Scope 2 should have been reported under Scope 3.

Water

Water consumption within the organization

Disclosure	Quantity		Units
	2023	2022	
Water withdrawal	371.15	724.18	cubic meter
Water consumption	92.79	0	cubic meter
Water recycled and reused	Not Available	Not available	cubic meter

Effluents

Disclosure	Quantity		Units
	2023	2022	
Total volume of water discharges	278.36	Not available	Megaliters
Percent of wastewater recycled	Not Available	Not Available	%

MREIT’s Management Approach on Water and Effluents

Efficient water management and responsible effluent treatment are critical components of MREIT's environmental sustainability efforts. Recognizing the importance of conserving water resources and minimizing wastewater impacts, the company implements a series of practices aimed at optimizing water use and ensuring proper wastewater management across its extensive property portfolio.

Key strategies include the installation of water-saving fixtures and systems to reduce water consumption, the maintenance of infrastructure to prevent leaks, and the implementation of water recycling processes where feasible. These measures not only help conserve valuable water resources but also reduce the operating costs associated with water use.

In addition to conserving water, MREIT prioritizes the effective treatment of wastewater. The company has established systems to treat effluents before discharge, ensuring compliance with environmental regulations and minimizing the impact on local water bodies. This commitment to environmental stewardship is reflected in MREIT’s regular monitoring and reporting of water usage and wastewater management practices, which align with global sustainability standards and enhance the company's reputation as a responsible real estate investor.

Through these initiatives, MREIT demonstrates a proactive approach to environmental management, underscoring its commitment to sustainable operations and the well-being of the communities it serves.

Materials

Materials used by the organization

Disclosure	Quantity		Units
	2023	2022	
Materials used by weight or volume			
Renewable			cubic meters
Paper		2,286.67	
Ron-renewable			liters
Paint		11,127.85	
Percentage of recycled input materials used to manufacture the organization’s primary products and services	Not Available	Not Available	%

This is not considered material to MREIT since it is primarily engaged in the leasing business, which does not require significant use of input materials in its operations.

Ecosystem and Biodiversity

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity		Units
	2023	2023	
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not Available	Not Available	#
Habitats protected or restored	Not Available	Not Available	ha
IUCN ¹⁷ Red List species and national conservation list species	Not Available	Not Available	

with habitats in areas affected by operations			
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This is not considered material to MREIT since it does not have any property that are within or adjacent to watersheds or coastal and marine areas.

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity		Units
	2023	2022	
Direct (Scope 1) GHG Emissions Diesel Generator	516.16	585.64	Tonnes CO2e
Energy indirect (Scope 2) GHG Emissions	58,501.57	45,321.69	Tonnes CO2e
Emissions of ozone-depleting substances (ODS)	Not Available	Not Available	Tonnes CO2e

Air pollutants

Disclosure	Quantity		Units
	2023	2022	
NOx	Not Available	Not Available	kg
SOx	Not Available	Not Available	kg
Persistent organic pollutants (POPs)	Not Available	Not Available	kg
Volatile organic compounds (VOCs)	Not Available	Not Available	kg
Hazardous air pollutants (HAPs)	Not Available	Not Available	kg
Particulate matter (PM)	Not Available	Not Available	kg

Moving forward, MREIT is also aligning with Megaworld's commitment to become carbon neutral. The first step undertaken by MREIT is to ensure accuracy of its data and this was done by joining Megaworld in employing a software that will collect and store ESG data that can be verified, reviewed, and audited. For 2023, MREIT focused on improving its Scope 1 and 2 emissions inventory and strategized, continued implementing existing programs, and implemented new ones to reduce its GHG emissions.

96% of MREIT's emissions within the organization is coming from electricity hence, MREIT's main strategy, aside from reducing its energy consumption, is to transition its electricity source to renewable energy through power purchase agreements. MREIT's contestable properties will transition to renewable energy by 2026. Emissions from fuel that cannot be transitioned to renewable sources yet are aimed to be avoided through nature-based solutions like reforestation projects.

MREIT's Management Approach on Emissions

MREIT remains aligned with Megaworld Corporation and Alliance Global Group, Inc. in its efforts to achieve shared carbon neutrality by 2035. The Company is dedicated to making a significant impact in materializing sustainable practices as a part of its operations and involving its people in the process.

Carbon emission reduction strategies are being strengthened by the Company through resources utilization. MREIT maximizes natural lighting and green spaces for full optimal efficiency.

With the combined efforts of Megaworld Corporation and its subsidiaries, MREIT integrates carbon emission programs towards achieving the set goals of carbon neutrality.

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity		Units
	2023	2022	
Total weight of solid waste generated	1,239.28	7,617.03	metric tonnes
Reusable	Not Available	Not Available	metric tonnes
Recyclable	382.02	Not Available	metric tonnes
Composted	143.94	Not Available	metric tonnes
Incinerated	Not Available	Not Available	metric tonnes
Residuals/Landfilled	713.31	7,617.03	metric tonnes

Hazardous Waste

Disclosure	Quantity		Units
	2023	2022	
Total weight of hazardous Waste Generated	15.28	20.30	metric tonnes
Total Weight of Hazardous Waste Transported		0.02	metric tonnes

MREIT's Management Approach on Waste Management

MREIT maintains its practice of directing wastes from its properties to DENR-accredited third-party haulers and recyclers. The Company recognizes the importance of potential environmental risks associated with improper waste management that may cause significant issues and impact in the various locations of MREIT properties. Property managers consistently monitor and evaluate the waste management protocol to ensure effectiveness of the Company's commitment to waste reduction.

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity		Units
	2023	2022	
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	None	None	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	None	None	#
No. of cases resolved through dispute resolution mechanism	None	None	#

It is noteworthy that in 2023, MREIT had no incidents of non-compliance with environmental laws and regulations. This underscores the Company's commitment to compliance to environmental compliance certificates and operating permits, which are vital for the maintenance and continued growth of MREIT's leased properties. The Company has an utmost regard in maintaining the highest standard on environmental compliance.

SOCIAL

[Employee Management](#)

[Employee Hiring and Benefits](#)

Employee data

Disclosure	Quantity		Units
	2023	2022	
Total number of employees ¹⁸	9	2	
a. Number of female employees	6	2	#
b. Number of male employees	3	0	#
Attrition rate ¹⁹	0	0	rate
Ratio of lowest paid employee against minimum wage	Not Available	Not Available	ratio

[2023 Employee benefits](#)

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	0.00%	0.00%
PhilHealth	Y	0.00 %	0.00%
Pag-ibig	Y	0.00 %	0.00%
Parental leaves	Y	0.00 %	0.00%
Vacation leaves	Y	0.00 %	0.00%
Sick leaves	Y	0.00%	0.00%
Medical benefits (aside from PhilHealth)	Y	0.00%	0.00%
Housing assistance (aside from Pag-ibig)	Y	0.00%	0.00%
Retirement fund (aside from SSS)	Y	0.00%	0.00%
Further education support	Y	0.00%	0.00%
Company stock options	N	0.00%	0.00%
Telecommuting	Y	0.00%	0.00%
Flexible-working Hours	N	0.00%	0.00%
Life insurance	Y	0.00%	0.00%
Disability and invalidity coverage	Y	0.00%	0.00%

MREIT's Management Approach on Employment

MREIT is covered by Megaworld Corporation employment policies. Valuing the welfare and indispensable contribution of its employees between productivity and well-being, the Company acknowledges the significant role of its employees.

The robust implementation of existing Health Policy, Safety and Welfare of employees reflects the unwavering commitment of the Company to safeguard the health and vitality of MREIT's employees. The

Company partners with a reputable Health Maintenance Organization (HMO) with a comprehensive life insurance policy. MREIT acknowledges and celebrates the commitment to excellence demonstrated by its employees through annual performance evaluations.

Training and Development

Employee Training and Development

Disclosure	Quantity		Units
	2023	2022	
Total training hours provided to employees			
a. Female employees	182.13	8	hours
b. Male employees	75.49	0	hours
Average training hours provided to employees			
a. Female employees	30.35	4	hours/employee
b. Male employees	25.16	0	hours/employee

MREIT's Management Approach on Training and Development

MREIT continues to value its employees despite the dynamic changes of the industry in property development. The Company benefits from the Megaworld Corporation training and development programs through the Megaworld Learning Academy such as frequent employee engagement activities held in 2023.

The Company believes in cultivating personal and professional growth and diligently assesses the needs of its workforce through tailored training initiatives to meet the dynamic need of MREIT. Integral to the Company's performance management system, MREIT provides a systematic feedback intervention of its employees to the overarching objectives of Megaworld Corporation.

A more comprehensive post-training evaluation and feedback mechanisms are regularly held every after-engagement initiative to improve and ensure that the training endeavor remains aligned with the industry and workforce development.

Labor-Management Relations

Disclosure	Quantity		Units
	2023	2022	
% of employees covered with Collective Bargaining Agreements	0	0	%
Number of consultations conducted with employees concerning employee-related policies	<i>Min. of 1/year</i>	<i>Min. of 1/year</i>	#

MREIT fosters a positive working relationship with its workforce regarding labor management. While collective bargaining agreements are not in place, the Company ensures at least annual meetings and consultations are carried out to understand the concerns and needs of employees.

Diversity and Equal Opportunity

Disclosure	Quantity		Units
	2023	2022	
% of female workers in the workforce	33	100	%
% of male workers in the workforce	67	0	%
Number of employees from indigenous communities and/or vulnerable sector*	Data unavailable	Data unavailable	#

*Vulnerable sectors include, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

MREIT's Management Approach on Diversity and Equal Opportunity

MREIT maintains to enrich the capacity of its people to new opportunities to thrive and excel in the Company. Also, the Company sees inclusivity as a significant measure for employee retention.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity		Units
	2023	2022	
Safe Man-Hours	Not Available	Not Available	Man-hours
No. of work-related injuries	0	0	#
No. of work-related fatalities	0	0	#
No. of work related ill-health	0	0	#
No. of safety drills	Not Available	Not Available	#

MREIT'S Management Approach on Occupational Health and Safety

MREIT underscores the importance of employee well-being in providing maintained value for its stakeholders. This is in accordance with the updated Policy on Health, Safety, and Welfare of MREIT that is aligned with the Occupational Health and Safety (OHS) of Megaworld Corporation. Fostering a safe and secure work environment influences the overall status productivity of employees.

The Megaworld Corporation remains within the low-risk spectrum of the OHS risk category, wherein, the Company implements routine monitoring and evaluation mechanisms. This is to ensure proactive management and mitigation protocols aiming to reduce occurrences of accidents and illnesses.

Labor Laws and Human Rights

Disclosure	Quantity		Units
	2023	2022	
No. of legal actions or employee grievances involving forced or child labor	0	0	#

MREIT maintains its commitment to anti-harassment and employee welfare policies based on Megaworld Corporation overarching labor laws. The Company ensures effective communication to employees and tenants of its policies.

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Yes	Megaworld Group mandates the conduct of thorough audits on its vendors and contractors to ensure that underage workers are not employed in their operation.
Child labor	Yes	
Human Rights	Yes	<ul style="list-style-type: none"> ● MREIT's Anti-Harassment Policy ● MREIT's Policy on Health, Safety and Welfare of Employees ● Megaworld Corporation's Policy for Supporting Breastfeeding Employees ● Megaworld Corporation's Policy supporting the Magna Carta for Women ● Megaworld Corporation's Policy in support of the Family Welfare Act ● Megaworld Corporation's Special Leave Benefits for Women Employees ● Megaworld Corporation's Workplace policy and program on Hepatitis B - Megaworld Corporation's Anti-Discrimination Policy

Supply Chain Management

Continuous engagement with a wide network of suppliers of MREIT has been maintained in 2023. Property or fund managers of the Company ensure that the suppliers meet the standards through the accreditation process set by Megaworld Corporation procurement policy. The suppliers play a significant role in the supply chain operations of MREIT and provide maintenance works.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Yes	The Company has a third-party accreditation firm that handles the screening process and ensures that these metrics are considered.
Forced labor	Yes	
Child labor	Yes	
Human rights	Yes	
Bribery and corruption	Yes	

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Leasing
Location	Quezon City, Taguig City, Iloilo City
Vulnerable groups, if applicable	PWDs, Senior Citizens, solo parents
Does the particular operation have impacts on indigenous people (Y/N)?	Does not directly impact indigenous people since all of its properties are located in developed area
Collective or individual rights that have been identified that or particular concern for the community	MREITs buildings are designed to adhere to green building standards, which promotes employee well-being and increases productivity in the workplace. These types of developments attract multinational corporations to locate in the country contributing to the government’s efforts to provide more job opportunities in the country.
Mitigating measures (if negative) or enhancement measures (if positive)	Not Applicable

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available:

Certificates	Quantity	Units
FPIC process is still undergoing	Not Applicable	#
CP secured	Not Applicable	#

MREIT's Management Approach on Local Communities

MREIT remains steadfast in its contribution to Megaworld Corporation's dedication for nation-building and countryside development. The economic contribution of the Company plays a vital role in economic growth from various MREIT properties across the country. The company believes that fostering local development while prioritizing environmental conservation will support community development.

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third-party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	Not Available	

No customer satisfaction survey has been conducted in 2023.

Health and Safety

Disclosure	Quantity		Units
	2023	2022	
No. of substantiated complaints on product or service health and safety*	0	0	#
No. of complaints addressed	0	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

MREIT's Management Approach on Customer Health and Safety

The continued unwavering commitment of MREIT adhering to government laws and regulations in health and safety has been monumental to safeguard customer's well-being. The present health protocols are consistently adhered to and monitored past the pandemic era.

Marketing and Labeling

Disclosure	Quantity		Units
	2023	2022	
No. of substantiated complaints on marketing and labelling*	0	0	#
No. of complaints addressed	0	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Marketing and labeling was not identified as material to the organization.

Customer privacy

Disclosure	Quantity		Units
	2023	2022	
No. of substantiated complaints on customer privacy*	0	0	#
No. of complaints addressed	0	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	None	#

MREIT's Management Approach on Customer Privacy and Data Security

MREIT ensures that customer privacy and data security are safeguarded against data breaches as the Company understands that the trust and confidence of customers hinge on the sense of security with the Company. Furthermore, the Company guarantees that the adherence of National Privacy Commission and Data Privacy Act are consistent with the implementation of privacy and security protocols.

UN SUSTAINABLE DEVELOPMENT GOALS

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Office rentals	<p>SDG 3: Good Health and Well-being Safety seals for all MREIT properties</p> <p>SDG 5: Gender Equality Equal opportunities in employment, skills training, and career advancement</p> <p>SDG 7: Affordable and Clean Energy Adapting DOE's Energy Efficiency Program</p> <p>SDG 8: Decent work and Economic Growth indirect employment through its tenants</p> <p>SDG 10: Reduced Inequalities providing job opportunities to vulnerable sector of the community</p>		

** None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

The stated product and services on sustainable development goals are of Megaworld. MREIT is also committed to the world in achieving such goals as our top priority by establishing and implementing the plans for sustainable business.

Annex B: Topic Guide

In line with the Disclosure Topic and Management Approach discussion above, this Annex will provide a guide on what to disclose in the Topics provided in the Reporting Template. The guide is based on the GRI Standards, SASB Standards and Recommendations of the Task Force on Climate-related Financial Disclosures.

ECONOMIC

Economic disclosures relate to how the company directly increases the pool of economic resources that flows in the local and national economy. Included in the disclosures are the risks and opportunities due to climate change, procurement practices with respect to local suppliers and anti-corruption.

Economic Performance

Measuring the direct economic value generated, measured as revenue and distributed (costs) shows that an organization does not just create economic value for itself but also ensures that this value flows back to its various stakeholders such as stockholders, suppliers, employees, government, and the community. This also discloses the remaining value that is retained in the company for liquidity and for future investments. Figures for this disclosure can be derived using the audited financial statement with the revenue as the economic value generated for the reporting period.

This disclosure answers the questions:

- How much direct economic value (revenue) did you generate?
- How much of this flowed back to society (costs disaggregated according to stakeholders)?
- How much of this was retained in the company for liquidity and to fund future investments?

See [*GRI 201-1*](#) for more guidance on the disclosure.

Disclosure of an organization's climate-related issues helps stakeholders make sound and reasonable assessments of the impact climate change may have on the organization. Companies should disclose the climate-related risks and opportunities they have identified and how they assess and manage those issues. See [*GRI 201-2*](#) and [*the Recommendations of the Task Force on Climate-related Financial Disclosures*](#) for more guidance on the disclosure.

Procurement Practices

Disclosure on the proportion of spending on local suppliers show an organization's support for local groups, including those owned by women or members of vulnerable sectors. Supporting local suppliers can indirectly attract additional investments to the local economy. The disclosure describes the policies and practices used to select locally-based suppliers and to promote economic inclusion when selecting suppliers. See [*GRI 204*](#) for more guidance on disclosures

Anti-corruption

Disclosures on training on anti-corruption policies and procedures show how the company ensures that it has the necessary capability to fight against corruption through proper training and awareness building for its directors, management, employees and business partners. Disclosures on incidents of corruption and how the company responded on the incidents show how serious an organization is on combatting corruption. See [*GRI 205*](#) and [*SASB Standards General Issue Category: Business Ethics*](#) for more guidance on the disclosures.

ENVIRONMENT

Environmental disclosures relate to how the company manages the natural resources it needs for its business, as well as how it minimizes its negative impacts to the environment, including biodiversity. The company's ability to access materials needed for its operations is critical to the company's long-term success.

Resource Management

Disclosures on resource management such as energy consumption, water consumption, and materials use show how efficiently an organization uses scarce natural resources, which has implications on reduction of environmental impacts from extraction and processing of these resources. The efficiency of managing resources relates to profitability of the organization. See [GRI 301](#), [GRI 302](#), [GRI 303](#) and [SASB Standards General Issue Categories: Energy Management; Water and Wastewater Management; Material Sourcing and Efficiency](#) for more guidance on the disclosures.

Ecosystems and Biodiversity

Disclosure on activities that show how an organization protects, conserves, or rehabilitates ecosystems and biodiversity therein such as in watersheds and coastal and marine areas gives an idea of how that organization appreciates the ecosystem and the services it gives that make business thrive. Ecosystems and Biodiversity is vital to human existence. Companies have the responsibility and clear business case for ensuring ecosystems and biodiversity around its sites are protected and restored. See [GRI 303](#), [GRI 304](#) and [SASB Standards General Issue Category: Ecological Impacts](#) for more guidance on the disclosures.

Environmental Impact Management

Reporting on an organization's impact on air, soil, and water through emissions, wastes, and effluents provides a basis for companies to manage these impacts. Responsible companies take an effort to minimize such impacts through cleaner production and pollution prevention measures. Companies should disclose their performance on these topics including how well the organization mitigates, reduces, and/or prevents these impacts to the environment in compliance to Philippine Environmental Laws or on efforts beyond compliance. See [GRI 305](#), [GRI 306](#) and [SASB Standards General Issue Categories: GHG Emissions; Air Quality; Water & Wastewater Management; Waste & Hazardous Materials Management](#) for more guidance on the disclosures.

Environmental Compliance

Disclosure on an organization's compliance with environmental laws and/or regulations shows an organization's ability to conform to certain performance parameters. The strength of an organization's compliance indicates its concern for environmental protection. See [GRI 307](#) and [SASB Standards General Issue Categories: Ecological Impacts; Air Quality; Water & Wastewater Management; Waste and Hazardous Materials Management](#) for more guidance on the disclosures

SOCIAL

Disclosures on social topics relate to how the organization relates and manages its relationship with its stakeholders such as employees, communities, customers, and suppliers.

Employee Management

Disclosing on employee management indicates of how good an employer the organization is in engaging its employees. It also provides a sense on how the organization develops its employees and gives equal opportunity for all, such as indigenous people and those coming from vulnerable groups which include

elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E). See [GRI 401](#), [GRI 402](#), [GRI 404](#), [GRI 405](#), [GRI 406](#), [GRI 407](#), [GRI 102-8](#), [GRI 102-41](#) and [SASB Standards General Issue Categories: Labor Practices; Employee, Engagement Diversity & Inclusion](#) for more guidance on the disclosures.

Workplace Conditions, Labor Standards and Human Rights

Disclosures on workplace conditions and labor standards show how an organization gives importance to occupational health and safety and how it upholds labor standards and human rights in the workplace. See [GRI 403](#), [GRI 408](#), [GRI 409](#), [GRI 412](#) and [SASB Standards General Issue Category: Employee Health & Safety](#) for more guidance on the disclosures.

Supply Chain Management

Disclosures on supply chain management is most relevant for companies with a significant portion of value creation carried out by suppliers. Organizations can report on how the reporting company ensures that supplier upholds with sustainability standards and practices including compliance to Philippine laws. The reporting company may also disclose how it influences its suppliers to be sustainable through supplier accreditation processes, among other approaches. See [GRI 308](#), [GRI 414](#) and [SASB Standards General Issue Category: Supply Chain Management](#) for more guidance on the disclosures.

Relationship with Community

These disclosures show how an organization meaningfully engages the community around their sites and how it aims to create a net positive impact to its host or neighbors. These also includes how the company contributes in addressing issues of indigenous people and those coming from vulnerable groups [youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)] in its business operations. See [GRI 411](#), [GRI 412](#), [GRI 413](#) and [SASB Standards General Issue Category: Human Rights & Community Relations](#) for more guidance on the disclosures.

Customer Management

Disclosing on customer management shows how well an organization upholds the rights of its customers to privacy, safety, and security from probable negative impacts of its products and services. See [GRI 416](#), [GRI 417](#), [GRI 418](#) and [SASB Standards General Issue Categories: Product Quality & Safety; Customer Welfare; Selling Practices & Product Licensing](#) for more guidance on the disclosure

Data Security

Reporting on the number of data breaches, including leaks, thefts and losses of data shows how much importance an organization places on keeping data secure. Organizations can indicate how they manage risks related to the collection, retention and use of sensitive information. See [SASB Standards General Issue Category: Data Security](#) for more guidance on the disclosure.

UN SUSTAINABLE DEVELOPMENT GOALS

The SDG Compass can be used as guidance for companies on how they can align their strategies as well as measure and manage their contribution to the realization of the SDGs. The SDG Compass can be accessed at <https://sdgcompass.org/>

Moreover, a recent publication with the title: *Integrating the SDGs into Corporate Reporting: A Practical Guide*,²⁰ helps companies of all sizes to prioritize SDG targets to act and report on, set related business objectives, and measure and report on progress. This is a co-production between GRI and UN Global Compact (UNGC).

Companies may also use the following framework to determine which area of sustainable development its company is contributing to improve people's quality of life.



For more information on how the private sector can contribute to sustainable development, companies may visit www.sdgsbiz.ph.

Disclosures for REIT Companies¹

(a) Real Estate Transactions for 2023

There were no real estate transactions in the fourth quarter of 2023.

(b) Schedule of Properties as of 31 December 2023

Property and Location	Purchase Price	Latest Appraisal *	Remaining Land Lease Term	Gross Leasable Area***	Leased Area	Occupancy Rate****	Rental Income	Gross Revenue	Cost of Services	Gross Profit
	in Php millions	in Php millions	Years	in sqm	in sqm	%	in Php millions	in Php millions	in Php millions	in Php millions
Eastwood, Quezon City										
1800 Eastwood Avenue	6,749	6,912	47.50	34,738	31,895	92%	347.0	474.3	105.9	368.3
1880 Eastwood Avenue	6,948	6,124	47.50	33,744	26,416	78%	261.4	373.9	89.9	284.0
E-Commerce Plaza	4,188	4,020	47.50	21,032	21,032	100%	175.1	221.9	45.6	176.3
McKinley Hill, Taguig										
One World Square	7,529	6,853	47.50	30,482	30,210	99%	370.3	447.2	99.2	348.0
Two World Square	5,258	5,064	47.50	21,286	21,282	100%	267.9	372.0	91.8	280.3
Three World Square	5,241	4,341	47.50	21,222	21,222	100%	221.6	325.6	91.8	233.8
8/10 Upper McKinley	4,925	4,636	47.50	19,938	19,772	99%	281.2	333.8	53.8	280.0
18/20 Upper McKinley	4,795	4,031	47.50	19,413	19,413	100%	244.0	285.8	44.8	241.0
World Finance Plaza	5,153	5,279	48.92	25,067	24,787	99%	310.6	364.7	66.9	297.9
McKinley West, Taguig										
One West Campus**	1,293	1,583	49.00	9,704	9,704	100%	81.2	99.4	20.2	79.2
Five West Campus**	1,507	1,873	49.00	10,257	10,257	100%	92.7	112.0	21.7	90.3
Iloilo Business Park, Iloilo										
Richmonde Tower	2,062	1,318	47.50	13,124	13,124	100%	112.0	126.1	34.2	91.9
One Techno Place	1,509	1,061	47.50	9,549	9,287	97%	59.5	82.6	26.5	56.1
Two Techno Place	1,465	1,487	48.92	11,393	11,393	100%	84.0	110.0	26.1	83.9
Three Techno Place	1,242	1,155	48.92	9,568	9,305	97%	67.3	91.1	28.9	62.2
One Global Center	1,256	1,278	48.92	10,301	9,957	97%	73.3	101.3	28.3	73.0
Festive Walk 1B	1,473	1,524	49.00	14,703	13,687	93%	99.9	133.1	40.4	92.7
Two Global Center	1,001	1,133	49.00	9,903	9,903	100%	74.6	101.8	24.6	77.2
Total	63,592	59,672		325,424	312,645	96%	3,223.4	4,156.5	940.6	3,215.9

¹ Pursuant to Section 6.2 of the Amended Listing Rules for REITs

* The latest appraisal reports for the properties are issued in April 2024.

** The purchase price indicated in this report for these properties represent the price of the 80% pro indiviso ownership transferred to the Company pursuant to the Deed of Exchange of Property for Shares dated 5 April 2022.

*** Additional retail spaces identified with a total area of 295 sqm (290 sqm and 5 sqm for Two Techno Place and Three World Square, respectively)

**** Certain contracts of lease pertaining to 25,796.80 sqms have been finalized at the time of valuation and not included in the analysis.

(c) The comparative summary of the Company's financial performance for various time periods can be found in the SEC Form 17-A and in the Audited Financial Statements for the year ended 2023.

(d) Reinvestment Plan Progress Report as of 31 December 2023

On 21 July 2023, the Company's Parent and Sponsor, Megaworld Corporation, sold 279,400,000 common shares of MREIT, Inc. in a block sale. On 27 July 2023, Megaworld Corporation filed the corresponding Reinvestment Plan for the proceeds from the block sale. The details are as follows:

Relevant Transaction	Date of Reinvestment Plan	Amount of Funds for Reinvestment	Estimated Date of Full Compliance
Block Sale by Megaworld Corporation of 279,400,000 Common Shares of MREIT, Inc. on 21 July 2023	25 July 2023	Php3.6 billion	Q2 2024

COVER SHEET

SEC Registration Number

C	S	2	0	2	0	5	2	2	9	4
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Company Name

M	R	E	I	T	,	I	N	C	.											

Principal Office (No./Street/Barangay/City/Town/Province)

1	8	/	F	,	A	L	L	I	A	N	C	E	G	L	O	B	A	L	T	O	W	E	R	,	
3	6	T	H	S	T	.		C	O	R	.	1	1	T	H	A	V	E	.						
U	P	T	O	W	N	B	O	N	I	F	A	C	I	O	,	T	A	G	U	I	G	C	I	T	Y

KRIZELLE MARIE F. POBLACION

Contact Person

(632) 8894-6300/6400

Company Telephone Number

1	2
---	---

Month

3	1
---	---

Day

Fiscal Year

--	--

Month

--	--

Day

Annual Meeting

S	E	C	F	O	R	M	1	7	-	Q														
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Form Type

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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

Total Amount of Borrowings

To be accomplished by SEC Personnel Concerned

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File Number

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PSE Security Code _____
SEC Number CS202052294
File Number _____

MREIT, INC.

(Company's Full Name)

**18TH FLOOR ALLIANCE GLOBAL TOWER, 36TH STREET CORNER
11TH AVENUE, UPTOWN BONIFACIO, TAGUIG CITY 1634,
METRO MANILA, PHILIPPINES**

(Company's Address)

(02) 88946400

(Company's Telephone Number)

DECEMBER 31

(Fiscal Year Ending)
(Month & Day)

SEC FORM 17-Q (Q1 2024)

(Form Type)

(Amendment Designation, if Applicable)

Period Ended Date

PERMIT TO OFFER SECURITIES FOR SALE

(Secondary License Type, if any)

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE
SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. For the quarterly period ended **31 March 2024**
2. SEC Identification Number: **CS202052294** 3. BIR Tax Identification No. **502-228-971**
4. **MREIT, INC.**
Exact name of issuer as specified in its charter
5. **Taguig City, Metro Manila, Philippines**
Province, country or other jurisdiction of incorporation or organization
6. (SEC Use Only)
Industry Classification Code
7. **18th Floor, Alliance Global Tower, 36th Street cor.
11th Avenue, Uptown Bonifacio, Taguig City 1634**
Address of principal office
8. **(02) 88946400**
Registrant's telephone number, including area code
9. Former name, former address and formal fiscal year, if changed since last report:
N/A
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Stock Outstanding
Common	2,795,821,381¹

11. Are any or all of these securities listed on a Stock Exchange?

Yes **No**

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Philippine Stock Exchange Common Shares

12. Check whether the issuer:

- . has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months.

Yes **No**

- . has been subject to such filing requirements for the past ninety (90) days.

Yes **No**

¹ As of 31 March 2023, MREIT, Inc. has a total of 2,795,821,381 common shares issued and outstanding. 2,532,121,381 common shares are listed in the Philippine Stock Exchange, while the 263,700,000 common shares issued in March 2023 are pending listing with the Exchange.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Interim financial statements are attached as Exhibits hereof and incorporated by reference:

- Exhibit 1 - Consolidated Statements of Financial Position as of 31 March 2024
- Exhibit 2 - Consolidated Statements of Income and Consolidated Statements of Comprehensive Income for the Three Months Ended 31 March 2024 and 2023
- Exhibit 3 - Consolidated Statements of Changes in Equity for the Three Months Ended 31 March 2024 and 2023
- Exhibit 4 - Consolidated Statements of Cash Flows for the Three Months Ended 31 March 2024 and 2023
- Exhibit 5 - Notes to Interim Financial Information for the Three Months Ended 31 March 2024

Item 2. Management's Discussion and Analysis of the Financial Condition and Results of Operations

Please refer to Exhibit 6 hereof.

Item 3. Aging of Accounts Receivables

Please refer to Exhibit 7 hereof.

Item 4. Schedule of Financial Soundness Indicators

Please refer to Exhibit 8 hereof.

PART II – OTHER INFORMATION

The Company is not in possession of information which have not been previously reported in a report on SEC Form 17-C and with respect to which a report on SEC Form 17-C is required to be filed.

SIGNATURE

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 thereunto duly authorized.

MREIT, INC.
Issuer

By:



ENGLEBERT G. TEH
Chief Financial Officer
14 May 2024

EXHIBIT 1

MREIT, INC.
(A Subsidiary of Megaworld Corporation)
INTERIM STATEMENT OF FINANCIAL POSITION
MARCH 31, 2024
(With Comparative Figures as of December 31, 2023)
(Amounts in Philippines Pesos)

	<u>Notes</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	4	P 2,078,303,448	P 1,678,912,046
Trade and other receivables	5	545,387,497	321,244,295
Other current assets	7	<u>337,216,064</u>	<u>261,593,381</u>
Total Current Assets		<u>2,960,907,008</u>	<u>2,261,749,722</u>
NON-CURRENT ASSETS			
Trade receivables	5	161,802,051	130,022,306
Investment properties	6	58,980,800,000	58,980,800,000
Other non-current assets	7	<u>112,181,353</u>	<u>78,547,978</u>
Total Non-current Assets		<u>59,254,783,404</u>	<u>59,189,370,284</u>
TOTAL ASSETS		<u>62,215,690,412</u>	<u>61,451,120,006</u>
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Accounts and other payables	8	1,613,998,730	785,682,360
Deposits and other liabilities	9	<u>422,867,487</u>	<u>402,219,629</u>
Total Current Liabilities		<u>2,036,866,217</u>	<u>1,187,901,989</u>
NON-CURRENT LIABILITIES			
Interest-bearing loan	10	7,208,058,543	7,206,697,580
Deposits and other liabilities	9	<u>786,843,913</u>	<u>917,961,518</u>
Total Non-current liabilities		<u>7,994,902,456</u>	<u>8,124,659,098</u>
Total Liabilities		<u>10,031,768,673</u>	<u>9,312,561,087</u>
EQUITY			
Capital stock	12	2,795,821,381	2,795,821,381
Additional paid-in capital	12	52,782,813,885	52,782,813,885
Retained earnings (deficit)		(3,394,713,527)	(3,440,076,347)
Total Equity		<u>52,183,921,739</u>	<u>52,138,558,919</u>
TOTAL LIABILITIES AND EQUITY		<u>P 62,215,690,412</u>	<u>P 61,451,120,006</u>

See Notes to Financial Statements.

EXHIBIT 2

MREIT, INC.
(A Subsidiary of Megaworld Corporation)
INTERIM STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2024 and 2023
(Amounts in Philippine Pesos)
(UNAUDITED)

	<u>Notes</u>	<u>March 31, 2024</u> <u>(3 months)</u>	<u>March 31, 2023</u> <u>(3 months)</u>
REVENUES			
Rental income	6	P 837,095,355	P 811,510,308
Income from dues - net		<u>239,264,091</u>	<u>224,411,108</u>
		1,076,359,447	1,035,921,416
COST OF SERVICES	7, 11	<u>273,382,353</u>	<u>217,303,600</u>
GROSS PROFIT		802,977,094	818,617,816
OTHER OPERATING EXPENSES		<u>11,896,218</u>	<u>20,197,279</u>
OPERATING PROFIT		<u>791,080,876</u>	<u>798,420,537</u>
OTHER INCOME (CHARGES)			
Interest expense	10	(74,083,609)	(75,242,622)
Interest income	4, 7	18,839,602	8,866,227
Miscellaneous income		<u>972,668</u>	<u>84,821</u>
		(<u>54,271,339</u>)	(<u>66,291,574</u>)
PROFIT (LOSS) BEFORE TAX		736,809,537	732,128,963
TAX INCOME (EXPENSE)		(<u>3,674,658</u>)	(<u>1,711,651</u>)
NET PROFIT (LOSS)		733,134,879	730,417,313
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS)		<u>P 733,134,879</u>	<u>P 730,417,313</u>
BASIC AND DILUTED EARNINGS			
(LOSS) PER SHARE	13	<u>P 0.26</u>	<u>P 0.26</u>

See Notes to Financial Statements.

EXHIBIT 3

MREIT, INC.
(A Subsidiary of Megaworld Corporation)
INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Amounts in Philippine Pesos)
(UNAUDITED)

	Notes	March 31, 2024 (Three Months)	March 31, 2023 (Three Months)
CAPITAL STOCK			
Balance at beginning of period		P 2,795,821,381	P 2,532,121,381
Issuance of shares during the period	12	<u>-</u>	<u>263,700,000</u>
Balance at end of period		<u>2,795,821,381</u>	<u>2,795,821,381</u>
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning of period		52,782,813,885	47,907,466,035
Addition during the period	12	<u>-</u>	<u>4,875,347,850</u>
Balance at end of period		<u>52,782,813,885</u>	<u>52,782,813,885</u>
RETAINED EARNINGS (DEFICIT)			
Balance at beginning of period		(3,440,076,352)	(921,358,323)
Net profit (loss) during the period		733,134,879	730,417,311
Dividends declared during the period	12	<u>(687,772,054)</u>	<u>(614,799,071)</u>
Balance at end of period		<u>(3,394,713,527)</u>	<u>(805,740,083)</u>
TOTAL EQUITY		<u>P 52,183,921,739</u>	<u>P 54,772,895,183</u>

See Notes to Financial Statements.

EXHIBIT 4

MREIT, INC.
(A Subsidiary of Megaworld Corporation)
INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Amounts in Philippine Pesos)
(UNAUDITED)

Notes	March 31, 2024 (Three Months)	March 31, 2023 (Three Months)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before tax	P 736,809,537	P 732,128,963
Adjustments for:		
Interest expense	9, 10 102,226,844	75,242,622
Interest income	4, 7 (19,700,460)	(8,866,227)
Operating profit before working capital changes	819,335,921	798,505,359
Decrease in trade and other receivables	(256,438,703)	(297,832,863)
Decrease (increase) in other current assets	(75,622,681)	63,884,916
Decrease (increase) in other non-current assets	(32,472,437)	426,264
Increase in accounts and other payables	828,316,368	183,751,773
Decrease (increase) in deposits and other liabilities	(144,693,548)	88,403,066
Cash generated from operations	1,138,424,920	837,138,514
Interest received	19,055,276	8,764,505
Income tax paid	(3,674,658)	(1,711,651)
Net Cash From Operating Activities	<u>1,153,805,538</u>	<u>844,191,368</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	12 (687,772,054)	(614,798,996)
Proceeds from availment of loan, net of transaction costs	-	(134,952,150)
Interest paid	10 (66,642,081)	(65,909,750)
Net Cash From (Used in) Financing Activities	(754,414,135)	(815,660,896)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	399,391,403	28,530,473
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>1,678,912,045</u>	<u>1,380,526,060</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>P 2,078,303,448</u>	<u>P 1,409,056,533</u>

Supplemental Information on Non-cash Investing and Financing Activity —

In 2023, the Company and Megaworld Corporation (the Parent Company) entered into a property-for-share swap transaction. Accordingly, the Parent Company transferred certain real properties for lease to the Company amounting to P5,274.0 million. In exchange for the properties transferred, the Company issued 263,700,000 common shares with a par value of P1.0 per share to the Parent Company which resulted in recognition of Capital Stock and Additional Paid-in Capital amounting to P263.7 million and P4,875.3 million, net of P135.0 million stock issuance cost, respectively (see Note 12).

See Notes to Financial Statements.

EXHIBIT 5

MREIT, INC.
(A Subsidiary of Megaworld Corporation)
SELECTED EXPLANATORY NOTES TO
INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(With Comparative Figures as of December 31, 2024
and for the three months ended March 31, 2023)
(Amounts in Philippine Pesos)
(UNAUDITED)

1. GENERAL INFORMATION

MREIT, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 2, 2020. The Company's primary purpose is to engage in the business of a real estate investment trust, as provided under Republic Act (R.A.) No. 9856, *the Real Estate Investment Trust Act of 2009* (the "REIT Act"), including its implementing rules and regulations, and other applicable laws.

The Company is a subsidiary of Megaworld Corporation Inc. (MC) or the Parent Company owning 54.18% of the Company's outstanding capital stock.

MC is presently engaged in property-related activities such as project design, construction, and property management. MC's real estate portfolio includes residential condominium units, subdivision lots and townhouses, condominium-hotel projects, as well as office projects and retail spaces.

Alliance Global Group, Inc. (AGI) is the Company's ultimate parent company. AGI is a holding company presently engaged in the food and beverage, real estate development, quick-service restaurant, tourism-oriented and gaming businesses.

On April 7, 2021, majority of the members of the BOD and stockholders of the Company approved the amendments to the Articles of Incorporation and By-Laws of the Company, including the change in the fiscal year of the Company to begin on the first day of July and end on the last day of June of each year. The SEC and the Bureau of Internal Revenue (BIR) approved the amendments to the Company's Articles of Incorporation and By-Laws on May 19, 2021 and May 20, 2021, respectively.

On September 30, 2021, the BOD approved the change in the Company's accounting period to begin on the first day of January and end on the last day of December of each year. The Company applied with the SEC for an amendment of its By-laws in October 2021. The SEC and the BIR approved the change on November 4, 2021 and November 25, 2021, respectively.

The registered office address and principal place of business of the Company and MC are located at 18th and 30th Floors, respectively, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City. The registered office of AGI, which is also its principal place of business, is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City Cyberpark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

The Company's shares of stock are listed and traded in the Philippine Stock Exchange (PSE). MC and AGI are also publicly-listed entities in the Philippines.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to the periods presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The condensed interim financial statements of the Company for the three months ended March 31, 2024 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, Interim Financial Reporting. They do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the audited financial statements of the Company as at and for the period ended December 31, 2023.

The preparation of condensed interim financial statements in accordance with Philippine Financial Reporting Standards (PFRS) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

These condensed interim financial statements are presented in Philippine peso, the functional and presentation currency of the Company, and all values represent absolute amounts except when otherwise indicated.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income, expense and other comprehensive income or loss in a single statement of comprehensive income.

The Company presents a third statement of financial position as of the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Company's presentation and functional currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using the Company's functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

2.2 Adoption of Amended PFRS

(a) *Effective in 2023 that are Relevant to the Company*

The Company adopted for the first time the following amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

PAS 1 (Amendments)	:	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
PAS 1 and PFRS Practice Statement 2 (Amendments)	:	Presentation of Financial Statements – Disclosure of Accounting Policies
PAS 8 (Amendments)	:	Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
PAS 12 (Amendments)	:	Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

Discussed below are the relevant information about these pronouncements. None of these amendments did not have a significant impact on the interim financial statements.

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.
- (ii) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies*. The amendments replaced the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.
- (iii) PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates*. The amendments introduced the definition of accounting estimates and included other amendments to help entities distinguish changes in accounting estimates from changes in accounting policies.
- (iv) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of PAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments apply to transactions such as leases and decommissioning obligations.

- (b) *Effective in 2023 that are not Relevant to the Company*
 Among the new standards and amendments to PFRS which are mandatorily effective for annual periods beginning on or after January 1, 2023, only PFRS 17, *Insurance Contracts* is not relevant to the Company.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

In preparing the condensed interim financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. The judgments, estimates and assumptions applied in the condensed interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Company's last audited financial statements as at and for the period ended December 31, 2023.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash on hand and in bank	P 700,001,830	P 813,761,836
Short-term placements	<u>1,378,301,618</u>	<u>865,150,210</u>
	<u>P 2,078,303,448</u>	<u>P 1,678,912,046</u>

Cash in bank generally earns interest based on daily bank deposit rates.

Short-term placements are made for varying periods from 30 to 35 days and earn effective interest of 5% to 6%.

Interest earned from cash in bank and short-term placements for the three months ended March 31, 2024 and 2023 amounted to P14.7 million and P8.7 million, respectively. Interest earned is presented as part of Interest income under Other Income (Charges) in the interim statements of comprehensive income.

5. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Current –		
Trade receivables:		
Billed	P 301,297,635	P 165,668,420
Accrued	87,907,995	126,876,356
Others	<u>156,181,867</u>	<u>28,699,519</u>
	545,387,497	321,244,295
Non-current –		
Trade receivables –		
Accrued	<u>161,802,051</u>	<u>130,022,306</u>
	P 707,189,548	P 451,266,601

Billed receivables arise mainly from tenants for rentals of office, retail, hotel, and parking spaces, including dues. These are noninterest-bearing and are generally collectible on 30-day term.

Accrued receivables pertain to receivables resulting from the straight-line method of recognizing rental income.

All trade and other receivables are subject to credit risk exposure. However, there was no impairment losses recognized for the reporting periods presented as management believes that the remaining receivables are fully collectible [see Note 15.2(b)]. In addition, the receivables are secured to the extent of advance rent and security deposits received from lessees which provide credit enhancements.

6. INVESTMENT PROPERTIES

The Company's investment properties include several buildings for mixed use, which are being leased out as office, retail, and hotel, including the hotel's parking spaces.

A reconciliation of the carrying amounts of investment properties is shown below.

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period	P 58,980,800,000	P 56,439,000,000
Additions	-	5,274,000,000
Fair value losses	<u>-</u>	<u>(2,732,200,000)</u>
Balance at end of period	<u>P 58,980,800,000</u>	<u>P 58,980,800,000</u>

As of March 31, 2024 and December 31, 2023, the Company has a total of eighteen (18) investment properties consisting of the following:

Located at McKinley Hill, Fort Bonifacio, Taguig City:

- One World Square
- Two World Square
- Three World Square
- 8/10 Upper McKinley Building
- 18/20 Upper McKinley Building
- World Finance Plaza
- One West Campus (80% owned pro indiviso)
- Five West Campus (80% owned pro indiviso)

Located at Eastwood, Quezon City:

- 1880 Eastwood Avenue
- 1800 Eastwood Avenue
- E-Commerce Plaza

Located at Iloilo Business Park, Iloilo City:

- Richmonde Hotel Iloilo and Richmonde Iloilo Office Tower
- One Techno Place
- Two Techno Place
- Three Techno Place
- One Global Center
- Two Global Center
- Festive Walk 1B

On April 1, 2022, the BOD of the Company approved the proposed subscription of MC to 263,700,000 common shares of the Company for a total subscription price of P5.3 billion to be paid by way of transfer of four prime, grade A, office properties in PEZA-accredited zones.

On March 23, 2023, the SEC issued its confirmation of valuation of the four prime, grade A, office properties in PEZA-accredited zones transferred by MC to the Company in payment of its subscription to 263,700,000 common shares of the Company pursuant to the Deed of Exchange of Property for Shares dated April 5, 2022 (see Note 15.4). Accordingly, the subject properties were transferred to the Company, and 263,700,000 common shares of the Company were issued in the name of MC on March 31, 2023. Pursuant to the amended Deed of Exchange of Property for Shares for this transaction, the Company recognized the income from the four properties beginning January 1, 2023.

The details of the assets transferred to the Company are presented below.

	<u>Ownership</u>
Two Global Center, Megaworld Blvd. and Enterprise Rd., Iloilo Business Park, Manduriao Iloilo City	100%
Festive Walk 1B, Lot 5 Buhang Taft North Mandurriaio, Iloilo City	100%
One West Campus, 5 Le Grand Avenue, McKinley West, Fort Bonifacio, Taguig City	80% pro indiviso
Five West Campus, 15 Le Grand Avenue, McKinley West, Fort Bonifacio, Taguig City	80% pro indiviso

For the three months ended March 31, 2024 and 2023, rental income from investment properties amounted to P837 million and P811.5 million, respectively.

The direct operating costs incurred relating to investment properties, which pertains to repairs and maintenance and real property taxes, amounted to P53.5 million, P46.6 million for the three months ended March 31, 2024 and, 2023, respectively. These direct operating costs are presented as part of Cost of Services account in the statements of comprehensive income. All investment properties generate rental income.

The fair values of the investment properties were determined based on the latest appraisal reports by an independent real property appraiser, which uses the income approach (see Note 17.3).

7. OTHER ASSETS

The Company's other assets consist of the following:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Current:		
Prepaid expenses	P 127,995,914	72,156,399
Creditable withholding taxes	122,326,394	P 110,789,901
Deferred input VAT	85,613,594	76,157,097
Creditable VAT withheld	<u>1,280,161</u>	<u>2,489,984</u>
	<u>337,216,063</u>	<u>261,593,381</u>
Non-current:		
Deferred charges	53,082,401	53,671,308
Security deposit	40,749,482	20,649,401
Other non-current asset	<u>18,349,469</u>	<u>4,227,269</u>
	<u>112,181,352</u>	<u>78,547,978</u>
	<u>P 449,397,415</u>	<u>P 340,141,359</u>

Security deposit is related to the lease of certain parcels of land on which the investment properties stand (see Note 11.2). The related interest income recognized from subsequent amortization of the security deposit is presented as part of Interest income under Other Income (Charges) - net section in the interim statements of comprehensive income.

Deferred charges pertain to the difference between the nominal values of the security deposits and their fair values. These are initially measured at fair value and subsequently amortized using the straight-line method. Amortization of deferred charges is presented as part of Miscellaneous under Cost of Services account in the interim statements of comprehensive income. Other non-current asset consists of office machinery-net and advance payment to contractors for aircon related repairs and enhancement.

8. ACCOUNTS AND OTHER PAYABLES

The details of this account are as follows:

	Notes	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Dividends payable		P 676,313,293	-
Accounts payable	11.3, 11.5	584,016,474	460,332,383
Accrued expenses	11.3	248,221,199	240,679,842
Output VAT payable		44,170,571	49,652,443
Deferred output VAT		33,966,747	19,590,863
Withholding taxes payable		16,681,697	4,909,493
Interest payable	10	8,055,636	8,055,636
Others		2,573,112	2,461,700
		<u>P 1,613,998,729</u>	<u>P 785,682,360</u>

9. DEPOSITS AND OTHER LIABILITIES

The details of this account are as follows:

	Notes	March 31, 2024 (Unaudited)	December 31, 2023, (Audited)
Current:			
Security deposits	11.1, 18.1	210,044,649	148,131,106
Advance rent	11.1, 18.1	P 208,777,025	P 249,188,852
Deferred credits		4,045,813	4,899,671
		<u>422,867,487</u>	<u>402,219,629</u>
Non-current:			
Security deposits	11.1, 18.1	516,280,206	631,021,852
Advance rent	11.1, 18.1	209,527,322	224,919,982
Deferred credits		61,036,385	62,019,684
		<u>786,843,913</u>	<u>917,961,518</u>
		<u>P 1,209,711,400</u>	<u>P 1,320,181,147</u>

Security deposits represent deposits from lessees to secure the faithful compliance by lessees of their obligations under the lease contracts. These are equivalent to three months' rent for office and six months' rent for commercial spaces and will be refunded to the lessee at the end of the lease term. The related accretion of interest presented as part of Interest expense under Other Income (Charges) - net in the statements of comprehensive income.

Advance rentals from lessees represent cash received in advance representing three months' rent which will be applied to the last three months' rentals on the related lease contracts.

Deferred credits pertain to the difference between the nominal values of the deposits and their fair values. These are initially measured at fair value and subsequently amortized using the straight-line method.

10. INTEREST-BEARING LOAN

In December 2021, the Company obtained an unsecured, 10-year, P7.25 billion term loan from a local bank to finance the acquisition of investment properties (see Note 6). The principal is payable quarterly in installments beginning on the last quarter of the fifth year with a balloon payment at the end of the term. Interest is payable quarterly at 3.64% per annum subject to repricing in December 2024.

The Company is required to maintain certain financial ratios to comply with its debt covenants with a certain local bank. As of March 31, 2024 and December 31, 2023, the Company is in compliance with such financial covenant obligations.

Total capitalized loan origination costs amounted to P54.4 million. Amortization for the first three months of 2024 and 2023 amounted to P1.4 million and P1.3 million respectively, and is presented as part of Interest expense under Other Income (Charges) – net in 2024 and 2023 of statements of comprehensive income.

The related interest incurred amounted to P66.6million and P65.9 million for the three months of 2024 and 2023, respectively, and this is presented as part of Interest expense under Other Income (Charges) - net in the 2024 and 2023 statements of comprehensive income. The related accrual is presented as Interest payable under Accounts and Other Payables in the statements of financial position (see Note 8).

The reconciliation of the unamortized loan origination costs is presented below.

	March 31 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period	P 43,302,513	P 48,758,739
Amortization	(1,360,963)	(5,456,226)
Balance at end of period	P 41,941,550	P 43,302,513

11. RELATED PARTY TRANSACTIONS

The Company's related parties include the Parent Company and related parties under common ownership. A summary of the Company's transactions and outstanding balances with its related parties is presented below.

Related Party	Notes	Amounts of Transactions		Outstanding	
		March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Parent Company:					
Rendering of services	11.1	P 157,994,144	P 40,669,770	P 177,924,403	P 48,452,534
Property-for-share swap	11.4	-	207,263,800		
Advance rent	11.1	-	-	(3,716,355)	(3,716,355)
Security deposits received	11.1	-	-	(29,284,741)	(27,097,524)
Security deposits paid	11.2	300,081	-	20,949,482	20,649,401
Land lease	11.2	20,633,376	-	(23,109,381)	(19,981,967)
Related parties under common					
Ownership:					
Advance rent	11.1	29,968	(10,914,639)	(8,683,779)	(8,713,745)
Security deposits received	11.1	-	-	25,128,471	(25,128,472)
Rendering of services	11.1	32,004,430	31,928,349	90,353,469	82,173,827
Management services	11.3	59,199,770	(56,975,678)	(324,931,433)	(310,353,006)
Key management personnel –					
Compensation	11.5	1,367,445	1,367,445	(6,837,225)	5,469,780

11.1 Rendering of Services to Related Parties

The Company leases some of its investment properties to the Parent Company and other related parties under common ownership with rental payments mutually agreed generally before the commencement of the lease. Most of the leases have terms ranging from 5 to 25 years, with renewal options, and include annual escalation rates of 5% to 10%, except for contingent rent. The revenues earned from these related parties are included as part of Rental income under Revenues section in the statements of comprehensive income. The related outstanding receivables from these transactions, which are collectible on demand, unsecured and noninterest-bearing, are presented as part of Trade receivables under the Trade Receivables account in the statements of financial position (see Note 5). Advanced rentals and security deposits relating to this transaction are presented as part of current and non-current portion of Deposits and Other Liabilities account in the statements of financial position (see Note 9).

11.2 Land Lease Agreement

In 2021 and 2022, the Company entered into land lease agreements with MC over the land on which its investment properties stood for a period of 25 years, renewable for another 25 years, at the option of the Company, on terms and conditions mutually acceptable to the parties. As consideration for the land lease, the Company shall pay MC rent equivalent to: (a) 2.5% of gross rental income for office, retail and commercial properties for the period July 1, 2023 and until June 30 2025, and 5% thereafter; and, (b) 1.5% of gross rental income for hotel properties for the period July 1, 2023 and until June 30 2025, and 3% thereafter.

Deposit paid by the Company from the land lease agreement was presented as Security deposit under Other Non-current Assets in the statements of financial position (see Note 7). This deposit will be refunded at the end of the lease term at its face value

amounting to P96.8 million.

The Company incurred a total of P20.6 million and P39.5 million land lease for the first three months of 2024 and 2023, which is presented as part of Cost of Services in the 2023 statement of comprehensive income. The outstanding balance of P23.1 million as March 31, 2024 is presented as part of Accounts payable under Accounts and Other Payables account in the 2024 statement of financial position (see Note 8).

11.3 Management Services

The fund management function of the Company is handled by MREIT Fund Managers, Inc., a subsidiary of MC, in exchange for a fee. Management fee is payable annually equivalent to 3.5% of the Company's gross revenues but shall not exceed 1% of the net asset value of the properties under management.

The operations and management of the properties and facilities of the Company are handled by MREIT Property Managers, Inc., a subsidiary of MC, in exchange for a fee. Property management fee is payable monthly equivalent to 2% of the Company's gross revenues but shall not exceed 1% of the net asset value of the properties under management.

The Company recognized a total of P59.2 million and P57 million management fees for the three months March 31, 2024 and 2023, respectively, which is presented as part of Cost of Services in the interim statements of comprehensive income. The outstanding balance of P324.9 million as of March 31, 2024 and P310.4 million as of December 31, 2023 are presented as part of Accounts payable and Accrued expenses under Accounts and Other Payables account in the interim statements of financial position (see Note 8).

11.4 Property-for-share Swap

In line with the Company's investment plan to infuse 500,000 square meters of office gross leasable area by the end of 2024, the BOD approved on April 1, 2022 the subscription of MC to 263,700,000 shares of the Company to be paid by way of transfer of four grade A buildings in PEZA-registered zones (see Note 6). Pursuant to the Amended Deed of Exchange of Property for Shares between the two parties, all collections of rental fees, security deposits and advanced rent from January 1, 2023 on the covered properties shall be remitted by MC to the Company. In 2023, MC remitted P207.3 million to the Company.

11.5 Key Management Personnel Compensation

Key management personnel compensation pertains to payment for outsourced management services included within Outside services under Other Operating Expenses.

12. EQUITY

12.1 Capital Stock

On October 2, 2020, the Company was incorporated with a total authorized capital stock of P5,000,000,000 divided into 50,000,000 common shares with a P100 par value per share, of which P10,000,000 has been subscribed and paid.

On February 1, 2021, MC has subscribed to and paid for 12,400,000 shares with par value of P100 per share or a total of P1,240,000,000.

On April 7, 2021, majority of the members of the BOD and stockholders of MREIT approved the amendments to the Articles of Incorporation and By-Laws of MREIT, which include, among others, the change in par value of common shares from P100 to P1, resulting in an increase in the number of authorized common shares from 50,000,000 to 5,000,000,000 and subscribed common shares from 12,500,000 to 1,250,000,000. On May 19, 2021, the Company obtained approval of the amendments from the SEC (see Note 1).

On May 28, 2021, an individual stockholder subscribed and paid 1,000 common shares of the Company with par value of P1 per share or a total subscription price of P1,000.

On June 2, 2021, on consummation of the Deed of Exchange of Property and Shares in relation to the Property-for-Share Swap transaction with MC, the Company issued 1,282,120,381 common shares at par value of P1 per share (see Notes 1 and 6). In addition, the Company recognized APIC amounting to P47,920,287,239, less shares issuance costs amounting to P12.8 million.

On June 16, 2021, the Company filed its application with the PSE for the listing of its 2,532,121,381 existing common shares. The listing application was approved by PSE on August 9, 2021 which includes the Secondary Offer Shares of 844,300 common shares with an Overallotment Option of up to 105,537,500 common shares to be offered and sold by MC to the public, under the Main Board of the PSE with an offer price of P16.10 per share. The PSE approved the listing application of the Company on August 9, 2021.

Also on June 16, 2021, the Company filed a Registration Statement covering the registration of 2,532,121,381 existing common shares, in accordance with the requirements of the SEC's Securities Regulation Code. The Registration Statement was rendered effective on September 13, 2021.

On October 1, 2021, the common shares of the Company were listed as a REIT company under the Main Board of the PSE.

On April 1, 2022, the BOD of the Company approved the proposed subscription of MC to 263,700,000 common shares of the Company for a total subscription price of P5.3 billion to be paid by way of transfer of four prime, grade A, office properties in PEZA-accredited zones. On March 23, 2023, the SEC issued its confirmation of the valuation of the property-for-share swap. Consequently, on March 31, 2023, the Company issued 263,700,000 common shares.

On May 22, 2023, the Company filed the application for listing of the additional shares with the PSE, which is still pending as of the issuance date of this interim statements. In addition, the Company recognized APIC in 2023 amounting to P5,010,300,000, less issuance cost amounting to P134,952,150.

As of March 31, 2024 and December 29, 2023, there are 26,323 and 26,039 shareholders of at least one board lot of the listed shares, respectively. As of March 27, 2024 and December 29, 2023, the last trading dates for each period, the shares closed at P13.00 and P12.30 per share, respectively.

12.2 Dividends

The details of the Company’s cash dividend declarations are as follows:

	<u>Q1 2024</u>	<u>Q4 2023</u>	<u>Q3 2023</u>	<u>Q2 2023</u>	<u>Q1 2023</u>
Declaration date/approved by BOD	Mar. 1, 2024	Nov. 6, 2023	Aug. 8, 2023	May 12, 2023	Jan. 6, 2023
Date of record	Mar. 18, 2024	Nov. 20, 2023	Aug. 23, 2023	May 29, 2023	Jan. 24, 2023
Date of payment	Apr. 05, 2024	Dec. 14, 2023	Sept. 14, 2023	June 19, 2023	Feb. 15, 2023
Amounts declared to common	P 687,772,060	P 687,772,060	P 692,245,374	P 692,245,374	P 614,799,071
Per share value	P 0.2460	P 0.2476	P 0.2476	P 0.2476	P 0.2428

On March 1, 2024, the BOD approved the declaration of cash dividends of P0.2460 per share to stockholders on record as of March 18, 2024. The dividends were declared out of the unrestricted retained earnings for the year ending December 31, 2023. The cash dividends were paid on April 05, 2024.

12.3 Distributable Income

The computation of the distributable income of the Company for the months ended March 31, 2024 is shown below.

Net income	P 733,134,879
Unrealized gains or adjustments to income as a result of certain transactions accounted for under PFRS	1,068,309
Adjustments due to any prescribed accounting standard which result to a loss	<u>7,730,354</u>
Distributable income	<u>P 741,933,542</u>

13. EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share amounts were computed as follows:

	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Net profit for the period	P 733,134,879	P 730,417,311
Divided by weighted number Of outstanding common shares	<u>2,795,821,381</u>	<u>2,795,821,381</u>
Basic and diluted earnings (loss) per share	<u>P 0.26</u>	<u>P 0.26</u>

The Company has no potential dilutive common shares as of three months ended March 31, 2024 and 2023.

14. COMMITMENTS AND CONTINGENCIES

14.1 Operating Lease Commitments – Company as a Lessor

The Company is a lessor under several operating leases covering real estate properties for office and commercial use (see Note 6). The future minimum lease receivable under these agreements as of March 31, 2024 and December 31, 2023 are shown below:

	March 31, 2024 <u>(Unaudited)</u>	March 31, 2023 <u>(Unaudited)</u>
Within one year	P 3,362,743,794	P 3221,124,283
After one year but not more than two years	2,406,849,008	2,907,994,706
After two years but not more than three years	1,608,051,378	2,223,184,050
After three years but not more than four years	891,516,009	1,340,245,360
After four years but not more than five years	604,024,084	637,364,996
More than five years	<u>2,542,415,221</u>	<u>2,718,740,454</u>
	<u>P 11,415,599,494</u>	<u>P 13,048,653,849</u>

The Company is subject to risk incidental to the operation of its office and commercial properties, which include, among others, changes in market rental rates, inability to renew leases upon lease expiration, and inability to collect rent from tenants due to bankruptcy or insolvency of tenants. Majority of the Company’s revenue from rental properties are derived from commercial and BPO-based tenants. If the expected growth, particularly from BPO-based tenants, does not meet management’s expectations, or in the case of commercial tenants more stringent health measures are imposed resulting to further temporary or permanent closures of commercial establishments, the Company may not be able to lease their properties in a timely manner or collect rent at profitable rates.

To mitigate these risks, the Company requires security deposits and advanced rentals representing three months’ and six months’ rent from office and commercial tenants, respectively (see Note 9).

14.2 Operating Lease Commitments – Company as a Lessee

The Company entered into a land lease agreement with MC over the land on which its investment properties stood for a period of 25 years, renewable for another 25 years. (see Note 11.2). Variable lease payments commenced on July 1, 2023. The lease agreement does not contain any fixed lease payments. In addition, the lease agreement involves payment for security deposit (see Note 7).

14.3 Others

There are commitments and contingent liabilities that may arise in the normal course of the Company’s operations, which are not reflected in the financial statements.

Management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Company's financial statements.

15. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks in relation to its financial instruments. The Company's financial assets and financial liabilities by category are summarized in Note 16. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated with its parent company, in close coordination with the BOD, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial risks.

The Company does not engage in trading of financial assets for speculative purposes. The relevant financial risks to which the Company is exposed are discussed below.

15.1 Market Risk

As of March 31, 2024 and December 31, 2023, the Company is exposed to market risk through its cash in banks, which are subject to changes in market interest rates. However, management believes that the related interest rate risk exposure is not significant. All other financial assets and financial liabilities are either noninterest-bearing or subject to fixed interest rates.

15.2 Credit Risk

The Company's credit risk is attributable to trade and other receivables and other financial assets. The Company maintains defined credit policies and continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties. In addition, for trade receivables, security deposits and advance payments are received to mitigate credit risk.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position (or in the detailed analysis provided in the notes to financial statements), as summarized below.

		March 31, 2024	December 31, 2023
	Notes	(Unaudited)	(Audited)
Cash and cash equivalents	4	P 2,078,303,448	P 1,678,912,046
Trade and other receivables	5	707,189,548	451,266,601
Security deposit	7	40,749,482	20,649,401
		<u>P 2,826,242,478</u>	<u>P 2,150,828,048</u>

(a) *Cash and Cash Equivalents*

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum of P0.5 million for every depositor per banking institution.

(b) *Trade and Other Receivables*

The Company applies the simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The other receivables relate to receivables from third parties other than trade receivables and have substantially the same risk characteristics as the trade receivables. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other assets.

Management considers the ECL on the Company's trade and other receivables to be negligible taking into consideration the counterparties' ability to repay at the reporting date and the actual collection from such counterparties during the reporting periods.

Furthermore, the Company considers credit enhancements in determining the expected credit loss. Trade receivables are collateralized by advance rental and security deposits received from lessees.

The estimated fair value of collateral and other security enhancements held against trade and other receivables as of March 31, 2024 and December 31, 2023 is presented below.

	<u>Gross Maximum Exposure</u>	<u>Fair Value of Collaterals</u>	<u>Net Exposure</u>
As of March 31, 2024 (Unaudited)	<u>P 707,189,548</u>	<u>P 1,144,629,202</u>	<u>P -</u>
As of December 31, 2023 (Audited)	<u>P 451,266,601</u>	<u>P 1,253,261,792</u>	<u>P -</u>

(c) *Security Deposit*

The credit risk for security deposit is considered negligible as the Company has ongoing lease agreement with the counterparty and the latter is considered to be with sound financial condition and sufficient liquidity. The security deposit can also be applied against future rental payments in cases of default.

15.3 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week, as well as on the basis of a rolling 30-day projection. Long-term needs for a 6-month and one-year period are identified monthly.

The Company maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits, or short-term marketable securities.

As at December 31, 2023 and 2022, the Company's financial liabilities have contractual maturities which are presented below.

	<u>Within 1 Year</u>	<u>1 to 5 Years</u>	<u>More than 5 Years</u>
<u>March 31, 2024 (unaudited)</u>			
Interest-bearing loan	P 320,393,428	P 2,541,304,012	P 7,969,365,180
Security deposits	273,112,197	447,988,355	68,291,852
Accounts payable	582,935,090	-	-
Accrued expenses	<u>248,677,498</u>	<u>-</u>	<u>-</u>
	<u>P 1,425,118,213</u>	<u>P 2,989,292,367</u>	<u>P 8,037,657,032</u>
<u>December 31, 2023 (audited)</u>			
Interest-bearing loan	P 257,347,079	P 1,978,800,374	P 8,572,225,343
Security deposits	179,856,807	582,625,738	81,535,377
Accounts payable	460,332,383	-	-
Accrued expenses	<u>240,679,842</u>	<u>-</u>	<u>-</u>
	<u>P 1,138,216,111</u>	<u>P 2,561,426,112</u>	<u>P 8,653,760,720</u>

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods.

16. CATEGORIES, FAIR VALUES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

16.1 Carrying Amounts and Fair Value by Category

The carrying values and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are shown below.

Notes	<u>March 31, 2024 (unaudited)</u>		<u>December 31, 2023 (audited)</u>	
	<u>Carrying Values</u>	<u>Fair Values</u>	<u>Carrying Values</u>	<u>Fair Values</u>
Financial assets				
Financial assets at amortized cost:				
Cash and cash equivalents	4 P 2,078,303,448	P 2,078,303,448	1,678,912,046	P 1,678,912,046
Trade and other receivables	5 687,771,662	687,771,662	451,266,601	451,266,601
Security deposit	7 <u>40,749,482</u>	<u>40,449,401</u>	<u>20,649,401</u>	<u>19,570,069</u>
	<u>P 2,806,824,592</u>	<u>P 2,806,524,511</u>	<u>P 2,150,828,048</u>	<u>P 2,149,748,716</u>
Financial liabilities				
Financial liabilities at amortized cost:				
Interest-bearing loan	10 P 7,208,058,543	P 7,208,058,543	P7,206,697,580	P 7,206,697,580
Security deposits	9 726,324,855	720,244,291	779,152,958	744,498,127
Accounts payable	8 582,935,090	582,935,090	460,332,383	460,332,383
Accrued expenses	8 248,677,498	248,677,498	240,679,842	240,679,842
Interest payable	8 <u>8,055,636</u>	<u>8,055,636</u>	<u>8,055,636</u>	<u>8,055,636</u>
	<u>P 8,774,051,622</u>	<u>P 8,767,971,058</u>	<u>P 8,694,918,399</u>	<u>P 8,660,263,568</u>

A description of the Company's risk management objectives and policies for financial instruments is provided in Note 15.

16.2 Offsetting of Financial Assets and Financial Liabilities

Except when applicable for the offsetting of rental receivables and rental deposits arising from the normal course of the Company's leasing activities, the Company has not set off financial instruments and do not have relevant offsetting arrangements. Currently, all other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other

party through approval by both parties' BOD and shareholders. As such, the Company's outstanding receivables from and payables to the same related parties can be potentially offset to the extent of their corresponding outstanding balances.

17. FAIR VALUE MEASUREMENT AND DISCLOSURE

17.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

17.2 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The Company's financial assets which are not measured at fair value in the statements of financial position but for which fair value is disclosed only include cash and cash equivalents categorized as Level 1. All other financial assets and financial liabilities are categorized under Level 3.

For financial assets with fair values included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short-term duration.

The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability based on the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data.

17.3 Fair Value Measurement of Investment Properties

As of March 31, 2024 and December 31, 2023, the Company’s investment properties amounting to P59.0 billion both, are classified under Level 3 of the hierarchy of fair value measurements.

The fair values of the Company’s investment properties (see Note 6) 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. Briefly describing the valuation method used, the approach converts anticipated future gains to present worth by projecting reasonable income and expenses for the properties. In estimating the fair value of these properties, management takes into account the market participant’s ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Company’s investment property is its current use.

Fair value as determined by independent appraisers are based on the Income Approach. Under the 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 and 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. The most significant inputs used in this model are the estimated expected future annual cash inflow and outgoing expenses, anticipated increase in market rental, discount rate and terminal capitalization rate.

The fair value is sensitive to changes in discount rate, terminal capitalization rate and market rental. A change in these unobservable inputs would have the following impact on fair value:

	<u>Increase</u>	<u>Decrease</u>
Discount rate	Decrease	Increase
Terminal capitalization rate	Decrease	Increase
Increase in market rental	Increase	Decrease

The discount rates and terminal capitalization rates were determined with reference to published risk free rates and risk premium rates at the date of valuation.

Also, there were no transfers into or out of Level 3 fair value hierarchy.

18. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern.

The Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and liabilities. The Company manages the capital structure and makes adjustment to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company's total liabilities and total equity are presented below.

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Total liabilities	P 10,031,768,673	P 9,312,561,087
Total equity	52,183,921,739	52,138,558,919

Under REIT Act, the Company is subject to external capital requirement to have a minimum paid-up capital of P300.0 million, which was complied with as of the reporting periods presented.

19. OPERATING SEGMENT

The Company has determined that it operates as one operating segment. The Company's only income-generating activity is the lease of its buildings, which is the measure used by the Chief Operating Decision Maker in allocating resources.

EXHIBIT 6

Management's Discussion and Analysis of Results of Operations and Financial Condition (March 31, 2024)

Results of Operations (Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

Review of three Months ending March 31, 2024 versus three Months Ending March 31, 2023

In the three months ended March 31, 2024, the Company saw a decrease in net income to Php733 million from Php730 million in the same period last year. The increase in performance was primarily attributed to the maintaining the occupancy of the Company. It positioned the company for stronger performance in the future. By fortifying its foundations and ensuring the quality and reliability of its offerings, the Company aimed to establish a solid platform for sustainable growth and continued success in the competitive market landscape.

Revenues

Total revenue grew by 4% or Php21 million to Php1,076million in the first quarter of 2023 from Php1,035million in the first quarter of 2022. The Increase in total revenue can be primarily attributed to the substantial rise in rates within the Common Use Service Area (CUSA), which came into effect at the onset of this fiscal year. This increase in rates served as a significant driving force behind the overall growth in revenue, strengthening the financial performance of the company.

Cost and Expenses

The cost of services also grew by 26% from Php217 million during the first quarter of 2023 to Php273million in the first quarter of 2024. The increase in costs of services, driven by increases in professional fees, repairs, maintenance, and supplies, highlight a significant investment in infrastructure upkeep and enhancement. This reflects a dedication to maintaining operational integrity and improving service quality across sectors.

Other operating expenses decreased by 41% due to the reduction in costs from one-time expenditures.

Tax Expense

Tax expense increased by 115% to Php1.9 million. The increase is primarily due to the higher final tax expenditure and increased interest expense gained from short-term placements in the current period.

	March 31, 2024	December 31, 2023
Current Ratio ¹	1.45	1.9
Debt to Equity Ratio ²	0.14	0.14
Net Debt to Equity Ratio ³	0.15	0.15
Return on Assets ⁴	1.18%	0.28%
Return on Equity ⁵	1.40%	0.33%

*1 – Current Assets / Current Liabilities

*2 – Total Debt / Equity (Total debt includes interest bearing loans and borrowings and bonds payable)

*3 – Net Debt / Equity (Net debt is total debt less cash and cash equivalents)

*4 – Net Profit / Average Total Assets

*5 – Net Profit / Average Equity

- Due to the Company's sound financial condition, there is no foreseeable trend or event which may have a material impact on its short-term or long-term liquidity.
- Funding will be sourced from internally-generated funds and/or bank loans.
- There is no material commitment for capital expenditures other than those performed in the ordinary course of trade or business.
- There is no known trend, event or uncertainty that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.
- There is no known significant element of income or loss that did not arise from the Company's continuing operations, except as disclosed above and in the attached financial statements.
- There have not been any seasonal aspects that had a material effect on the financial condition or results of the Company's operations.

EXHIBIT 6

- There were no known events and uncertainties that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.

Material Changes in the Financial Statements

(Increase/decrease of 5% or more)

Statement of Financial Position (March 31, 2024 vs December 31, 2023)

Item	31 March 2024	Increase/ Decrease	% Change	Causes
Cash and cash equivalents	2,078,303,448	399,391,402	24%	Increase is primarily due to cash generated by the company's operations in the current quarter which is partially offset by dividend and loan interest payments during the same period.
Trade and other receivables	707,189,548	255,922,947	57%	The notable rise in trade receivables is primarily attributable to the inclusion of newly recognized lease agreements during the current quarter.
Other current assets	337,216,064	75,622,683	29%	Php55.84M of the increase in other current assets is attributable to additional balance of prepaid expenses which is composed of prepayments amounting to Php38M relating to business and real property taxes that will be amortized in the current year and the recognized input tax of Php9.1M as of end of quarter. Further, we also have additional provision of Php11.6M creditable withholding tax and Php9.5M deferred input tax earned in the current quarter.
Other non-current assets	112,181,353	33,633,375	43%	Upward movement of other non-current assets is mainly due to the payment of additional Php19.8M security deposit in relation to the contract of lease with Megaworld Corp. for the four additional properties injected in 2023. The Company also recognize additional cost of Php14.13M of on-going building enhancements and improvements for the current quarter.
Accounts and other payables	1,613,998,730	828,316,370	105%	The increase in accounts and other payables is triggered by the Company's dividend declaration in March 2024 with dividend payment date of April 5, 2024. Further, the company recognize additional trade payables in 1Q2024 due to on-going building enhancement projects.

EXHIBIT 6

Deposits and other liabilities	1,209,711,400	(110,469,747)	-8%	The decrease is attributable to the reduction in security deposits and advance rental payments from pre-terminated contracts, as well as adjustments made due to the renewal of tenant contracts.
--------------------------------	---------------	---------------	-----	---

Statement of Income (March 31, 2024 vs March 31, 2023)

Item	31 March 2024	Increase/ Decrease	% Change	Causes
Income from dues - net	239,264,091	14,852,983	7%	The increase is primarily driven by the increase in rates within the Common Use Service Area (CUSA), which became effective at the beginning of this year.
Cost of services	273,382,353	56,078,753	26%	The increase in costs across professional fees, repairs and maintenance, and supplies and materials indicate a significant expense in maintaining and enhancing infrastructure.
Other operating expenses	11,896,218	(8,301,061)	-41%	The decrease in costs is primarily attributed to a one-time transaction expense.
Interest income	18,839,602	9,973,375	112%	The increase is due to the interest collected from rolled-over short-term placements.
Miscellaneous income	972,668	887,847	1047%	The increase is attributed to the collection of penalties and non-recurring rental income from tenants.
Tax income (expenses)	(3,674,658)	(1,963,007)	115%	The increase is due to the higher final tax expenditure and elevated interest expense generated from short-term placements in the current period.

There are no other significant changes in the Group's financial position (5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would have impact or change the reported financial information and condition on the Group.

MREIT, INC.
Aging of Accounts Receivables
March 31, 2024

Exhibit 7

Type of Receivables:	Total	Current/ Not Yet Due	Past Due but not Impaired					Individually Impaired
			< 30 days	30-60 days	61-90 days	91-120 days	> 120 days	
a. Trade receivables	551,007,681	453,186,956	35,374,489	26,703,592	12,206,309	6,066,739	17,469,595	-
b. Other receivable	156,181,867	156,181,867	-	-	-	-	-	-
TOTAL	707,189,548	609,368,823	35,374,489	26,703,592	12,206,309	6,066,739	17,469,595	-

EXHIBIT 8

MREIT, INC.
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
MARCH 31, 2024

Ratio	Formula	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Current ratio	Current assets / current liabilities	1.45	1.90
Acid test ratio	Quick assets / Current liabilities (Quick assets include cash and current portion of trade receivables - net)	1.29	1.68
Debt-to-equity ratio	Total debt / Total stockholders' equity (Total debt includes interest bearing loans and borrowings and bonds and notes payable)	0.14	0.14
Asset-to-equity ratio	Total assets / Total stockholders' equity	1.19	1.18
		<u>March 31, 2024</u>	<u>December 31, 2023</u>
Solvency Ratio	EBITDA / Total debt (Total debt includes interest bearing loans and borrowings and bonds and notes payable) **	0.11	0.45
Interest rate coverage ratio	EBIT / Total Interest (Total interest includes interest expense and capitalized interest)	10.84	10.49
Return on equity	Net profit / Average Stockholders' equity	0.0140	0.003
Return on assets	Net profit / Average total assets	0.0118	0.0027
Net profit margin	Net profit / Total revenues	0.6811	0.04

Disclosures for REIT Companies¹

(a) Real Estate Transactions for Q1 2024

There were no real estate transactions in the First Quarter of 2024.

(b) Schedule of Properties as of 31 March 2024

Property and Location	Purchase Price	Latest Appraisal*	Remaining Land Lease Term	Gross Leasable Area***	Leased Area	Occupancy Rate	Rental Income	Gross Revenue	Cost of Services	Gross Profit
	in Php millions	in Php millions	Years	in sqm	in sqm	%	in Php millions	in Php millions	in Php millions	in Php millions
Eastwood, Quezon City										
1800 Eastwood Avenue	6,749	6,912	47.25	34,738	31,319	90%	101.3	133.5	32.1	101.4
1880 Eastwood Avenue	6,948	6,124	47.25	33,745	33,480	99%	84.6	114.9	28.4	86.5
E-Commerce Plaza	4,188	4,020	47.25	21,032	21,032	100%	51.7	62.8	19.4	43.4
McKinley Hill, Taguig										
One World Square	7,529	6,853	47.25	30,482	29,504	97%	65.6	84.0	21.2	62.7
Two World Square	5,258	5,064	47.25	21,286	21,282	100%	68.9	94.3	22.3	72.0
Three World Square	5,241	4,341	47.25	21,222	21,222	100%	57.6	83.0	20.5	62.5
8/10 Upper McKinley	4,925	4,636	47.25	19,938	19,892	100%	68.1	80.7	13.7	67.0
18/20 Upper McKinley	4,795	4,031	47.25	19,413	19,413	100%	58.3	68.3	10.9	57.3
World Finance Plaza	5,153	5,279	48.67	25,067	21,214	85%	90.1	100.5	26.3	74.2
McKinley West, Taguig										
One West Campus**	1,293	1,583	48.75	9,704	9,704	100%	20.5	26.8	5.2	21.6
Five West Campus**	1,507	1,873	48.75	10,257	10,257	100%	23.2	29.8	5.6	24.3
Iloilo Business Park, Iloilo										
Richmonde Tower	2,062	1,318	47.25	13,124	12,396	94%	29.0	33.2	8.0	25.2
One Techno Place	1,509	1,061	47.25	9,549	9,287	97%	15.7	22.4	8.8	13.6
Two Techno Place	1,465	1,487	48.67	11,393	11,393	100%	21.7	29.5	8.7	20.8
Three Techno Place	1,242	1,155	48.67	9,568	9,392	98%	17.1	23.9	7.7	16.2
One Global Center	1,256	1,278	48.67	10,301	9,957	97%	17.8	25.3	8.2	17.0
Festive Walk 1B	1,473	1,524	48.75	14,703	12,646	86%	26.7	35.6	15.7	20.0
Two Global Center	1,001	1,133	48.75	9,903	9,903	100%	19.4	28.0	11.0	16.9
Total	63,592	59,672		325,425	313,293	96%	837.1	1,076.4	273.6	802.7

* Latest appraisal for 10 IPO Properties and 4 assets injected last December 2021, issued in April 2024.

¹ Pursuant to Section 6.2 of the Amended Listing Rules for REITs

** The purchase price indicated in this report for these properties represent the price of the 80% pro indiviso ownership transferred to the Company pursuant to the Deed of Exchange of Property for Shares dated 5 April 2022.

*** Additional retail spaces identified with a total area of 295 sqm (290 sqm and 5 sqm for Two Techno Place and Three World Square, respectively)

(c) The comparative summary of the Company's financial performance for various time periods can be found in the SEC Form 17-Q and in the Unaudited Financial Statements for the first quarter of 2024.

(d) Reinvestment Plan Progress Report as of 31 March 2024

On 21 July 2023, the Company's Parent and Sponsor, Megaworld Corporation, sold 279,400,000 common shares of MREIT, Inc. in a block sale. On 27 July 2023, Megaworld Corporation filed the corresponding Reinvestment Plan for the proceeds from the block sale. The details are as follows:

Relevant Transaction	Date of Reinvestment Plan	Amount of Funds for Reinvestment	Estimated Date of Full Compliance
Block Sale by Megaworld Corporation of 279,400,000 Common Shares of MREIT, Inc. on 21 July 2023	25 July 2023	Php3.6 billion	Q2 2024

Copies of the Reinvestment Plan Progress Report as of March 31, 2024 is attached as Annex "A".



MEGAWORLD CORPORATION

30th Floor, Alliance Global Tower, 36th Street Corner 11th Avenue, Uptown Bonifacio, Fort Bonifacio, Taguig City, NCR, Fourth District Philippines 1630
Tels (632) 88946300 / 79052800 • www.megaworldcorp.com • Email customerservice@megaworldcorp.com

April 11, 2024

THE PHILIPPINE STOCK EXCHANGE

Philippine Stock Exchange Plaza
6th Floor, PSE Tower
Bonifacio Global City, Taguig

Attention: **MS. ALEXANDRA D. TOM WONG**
Head, Disclosure Department

Subject: 1st Quarter 2024 Progress Report on the Use of Proceeds from the Block Sale of 279,400,000 common shares of MREIT, Inc. (MREIT)

Dear Ms. Tom-Wong,


We hereby submit our Progress Report on the Use of Proceeds for the quarter ending March 31, 2024, duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

The proceeds are in connection with the Block Sale of 279,400,000 common shares of MREIT, Inc. which was settled on July 27, 2023, with the offer price of P13.00 per share, resulting in net proceeds at P3,606,018,012.74. Please be advised that as of March 31, 2024, the remaining balance of the proceeds from the block sale amounts to One Billion Two Hundred Ninety Million Nine Hundred Sixty-Six Thousand Fifty-Seven pesos and forty-four centavos (Php1,290,966,057.44) as indicated below:

Net Proceeds from the Block Sale	3,606,018,012.74
less:	
Disbursement from July 1 to Sept. 30, 2023	1,045,051,955.30
Disbursement from Oct. 1 to Dec. 31, 2023	630,000,000.00
Disbursement from Jan. 1 to Mar. 31, 2024 (Annex A)	640,000,000.00
<hr/> Balance of Proceeds from the Block Sale as of Mar. 31, 2024	<hr/> 1,290,966,057.44 <hr/>

Thank you.

Respectfully yours,


FRANCISCO C. CANUTO
Treasurer



ANNEX A: Disbursements from the Proceeds of the Block Sale for the period covering January 01 to March 31, 2024

Project Name	Township/ Location	Investment Type	Product	Disbursement	Disbursing Entity
Davao Park District	Davao City	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	100,000,000.00	Davao Park District Holdings, Inc
Bacolod Projects	Bacolod City	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	175,000,000.00	Megaworld Bacolod Properties, Inc
The Mactan Newtown	Cebu City	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	175,000,000.00	Oceantown Properties, Inc
Arcovia City	Pasig City	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	190,000,000.00	Arcovia Properties, Inc
TOTAL			PHP	640,000,000.00	

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
Makati City METRO MANILA) SS

At Makati City City, Metro Manila, on this APR 12 2024 day of , 20 , before me personally appeared:

Name	Competent Evidence of Identity	Date and Place Issued
For and on behalf of MEGAWORLD CORPORATION: FRANCISCO C. CANUTO	 SSS ID No. 035188143-1	

who made known and represented to me that they are the same persons who executed the foregoing report including the Annex A and this page on which this Acknowledgment is written, and are signed by the parties hereto, and acknowledged to me that the same is their free and voluntary act and deed as well as of the entities respectively represented by them.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this APR 12 2024 day of 20 .

NOTARY PUBLIC


BUENAVENTURA U. MENDOZA

NOTARY PUBLIC

Until December 31, 2025

PTR No. 10075560 Makati City-01/02/24

IBP No. 300994 01-02-2024 Roll No. 31206

MCLE Compliance No. VII-0020846 April 14, 2025

500-A Madrigal Bldg. Ayala Ave., Makati City

Doc. No. 64;
Page No. 14;
Book No. 14;
Series of 2024

Report of Independent Auditors on Factual Findings

The Board of Directors and Stockholders
Megaworld Corporation
30th Floor, Alliance Global Tower
36th Street cor. 11th Avenue
Uptown Bonifacio, Taguig City

We have performed the procedures agreed with you and enumerated below with respect to the attached Quarterly Progress Report (the Report) for the quarter ended March 31, 2024 on the application of proceeds received by Megaworld Corporation (the Company) from the block sale of 279,400,000 common shares of MREIT, Inc. (MREIT) which was settled on July 27, 2023, with the offer price of P13.00 per share (the Block Sale), resulting in a net proceeds estimated at P3.60 billion (the Block Sale Proceeds). The procedures were performed solely to enable the Company to comply with the requirement of the Philippine Stock Exchange (PSE) to submit the Report accompanied by an external auditor's report. Our engagement was undertaken and our report is issued in accordance with Philippine Standard on Related Services 4400 (Revised), *Agreed-Upon Procedures Engagements*.

Agreed-upon Procedures

The procedures we performed are as follows:

1. Obtained and checked the mathematical accuracy of the following:
 - a) The Report;
 - b) Schedule of planned application of proceeds from the Block Sale; and,
 - c) Detailed schedule of utilization of proceeds for the quarter ended March 31, 2024.
2. Compared the total amount of utilization appearing in the Report with the detailed schedule of utilization of proceeds.
3. Compared the schedule of planned application of the Block Sale Proceeds to the Reinvestment Plan. Inquired with the Company's management of the reason for the difference, if any, and requested a copy of the approval by the Board of Directors (BOD) and the PSE, as appropriate, i.e., if it involved reallocation or change in the use of proceeds.

- Traced to and examined supporting documents such as acknowledgement receipts and approved payment endorsement documents, of disbursements in the detailed schedule of utilization of proceeds and traced the total amount of disbursements per category to the Report.

Results of the Performance of Agreed-Upon Procedures

- With respect to item 1, we noted no exceptions on the mathematical accuracy of the Report and schedules.

We present below the summary of the application of the proceeds from the Block Sale for the quarter ended March 31, 2024, based on the information we obtained from the Company.

<u>Project Name</u>	<u>Township or Location</u>	<u>Products</u>	<u>Disbursing Entity</u>	<u>Amount</u>
Davao Park District	Davao	Malls, Offices, Land Development, and Other Developments	Davao Park District Holdings, Inc.	P 100,000,000
Bacolod Projects	Bacolod	Malls, Offices, Land Development, and Other Developments	Megaworld Bacolod Properties, Inc.	175,000,000
The Mactan Newtown	Mactan, Cebu	Malls, Offices, Land Development, and Other Developments	Megaworld Oceantown Properties, Inc.	175,000,000
Arcovia City	Pasig	Malls, Offices, Land Development, and Other Developments	Arcovia Properties, Inc.	<u>190,000,000</u>
				<u>P 640,000,000</u>

- With respect to item 2, we noted that the total amount of utilization appearing in the Report is in agreement with the amount in the detailed schedule of utilization of proceeds.
- With respect to item 3, we noted that the planned application of the Block Sale Proceeds is in agreement with the Reinvestment Plan dated July 25, 2023.
- With respect to item 4, we traced the utilization of the Block Sale Proceeds for the quarter ended March 31, 2024 to supporting acknowledgment receipts and approved payment endorsement documents.

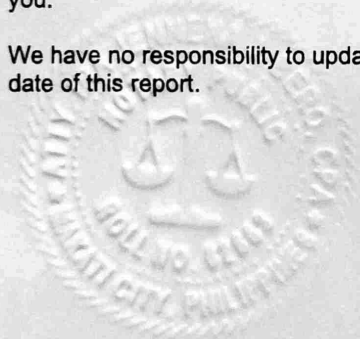
We noted that the Company granted advances to the following disbursing entities to be used in the projects specified:

<u>Disbursing Entity</u>	<u>Project Name</u>	<u>Township or Location</u>	<u>Amount</u>
Davao Park District Holdings, Inc.	Davao Park District	Davao	P 100,000,000
Megaworld Bacolod Properties, Inc.	Bacolod Projects	Bacolod	175,000,000
Megaworld Oceantown Properties, Inc.	The Mactan Newtown	Mactan, Cebu	175,000,000
Arcovia Properties, Inc.	Arcovia City	Pasig	<u>190,000,000</u>
			<u>P 640,000,000</u>

We traced the cash advances granted by the Company to the acknowledgement receipts issued by the entities. Moreover, we agreed the amounts presented in the Report to the accounting records of the Company.

Because the foregoing procedures do not constitute either an audit or review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standard on Review Engagements (PSRE), respectively, we do not express an assurance on the use of the Block Sale Proceeds based on the said standards. Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with PSA or PSRE, respectively, other matters might have come to our attention that would have been reported to you.

We have no responsibility to update this report for events or circumstances occurring after the date of this report.



Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the information and items specified above and does not extend to any financial statements of the Company, taken as a whole.

PUNONGBAYAN & ARAULLO



By: **John Endel S. Mata**
Partner

CPA Reg. No. 0121347

TIN: 257-622-627

PTR No. 10076144, January 3, 2024, Makati City

SEC Group A Accreditation

Partner - No. 121347-SEC (until financial period 2023)

Firm - No. 0002 (until financial period 2024)

BIR AN 08-002551-040-2023 (until Jan. 24, 2026)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 8, 2024

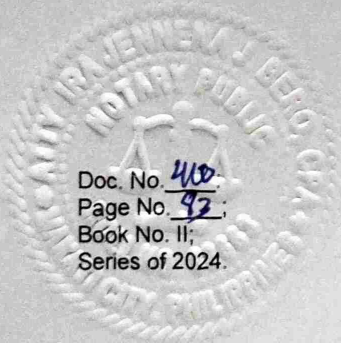


Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines


T +63 2 8988 2288

SUBSCRIBED AND SWORN to before me, in the City of Makati, on 8 April 2024, the affiant, **John Endel S. Mata**, exhibiting his Professional Regulatory Commission (PRC) License ID registration no. 0121347 valid until July 5, 2025.

IN WITNESS WHEREOF, I set unto my hand and seal on the date and place above written.



Doc. No. 410
Page No. 92
Book No. II;
Series of 2024.


ATTY. IRA JENNENA J. BERO, CPA
Notary Public for Makati City
Until December 31, 2024
Notarial Commission No. M-200
Roll No. 82663
IBP Number: 394290 01/03/2024, Cebu City
PTR No. 10079021 01/04/2024, Makati City
MCLE Compliance No. Admitted to the BAR on May 30, 2022
19th Flr., Tower 1, The Enterprise Center, 6766 Ayala Avenue, Makati City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ANTONIO E. LLANTADA, JR.**, Filipino, of legal age, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee to be an independent director of **MREIT, Inc.** (the "Corporation") and have been its independent director since April 2021.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Enderun Colleges Taguig	Professor – Accounting & Finance	June 2014 to present
Thames International School Quezon City	Professor – Accounting & Finance	March 2020 to present
Asian Institute of Management School of Executive Education and Lifelong Learning	Guest Lecturer	February 2020 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of the Corporation and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not subject of any pending criminal, civil, or administrative investigation of proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this 15 MAY 2024 day of _____, at MAKATI CITY.



ANTONIO E. LLANTADA, JR.

Affiant

15 MAY 2024

SUBSCRIBED AND SWORN to before me this ___ day of _____ at
MAKATI CITY, affiant personally appeared before me and exhibited to me his Passport No.
P5976428A issued at DFA NCR East on February 09, 2018.

Doc. No. 319 ;
Page No. 65 ;
Book No. 329 ;
Series of 2024.



RAYMOND A. RAMOS

COMMISSION NO. M-77

NOTARY PUBLIC FOR MAKATI CITY

UNTIL DECEMBER 31, 2024

2364 ANGONO STREET

BARANGAY POBLACION 1210, MAKATI CITY

SC Roll No. 62179/04-26-2013

IBP NO 374750/12-26-2023/Pasig City

PTR NO MKT 10074525/01-02-2024/Makati City

MCLE Compliance No. VII-0020180/04-14-2025

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **SERGIO R. ORTIZ-LUIS, JR.**, Filipino, of legal age, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee to be an independent director of **MREIT, Inc.** (the "Corporation") and have been its independent director since April 2021.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP
Alliance Global Group, Inc.	Independent Director
Employers' Confederation of the Philippines (ECOP)	President
Philippine Chamber of Commerce and Industry (PCCI)	Honorary Chairman and Treasurer
Philippine Exporters Confederation, Inc.	President and CEO
International Chamber of Commerce Philippines	Founding Director
The Wellex Group	Director
Forum Pacific, Inc.	Director
One Philippines Foundation, Inc.	President
Asia Pacific Chinese Media, Inc.	President
Philippine International Airways	Chairman
National Center for Mediation	Chairman
GS1 (Formerly Phil. Article Numbering Council)	Founding Director
Calapan Ventures, Inc.	Independent Director
Integrated Concepts & Solutions, Inc.	Honorary Chairman
Export Development Council	Vice Chairman
Philippine Estate Corporation	Director
B.A. Securities	Director
VC Securities Corporation	Vice Chairman/Independent Director
World Trade Center	Director
Rural Bank of Baguio	Director

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of the Corporation and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not subject of any pending criminal, civil, or administrative investigation of proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.


Done, this 15 MAY 2024, at MAKATI CITY.


SERGIO R. ORTIZ-LUIS, JR.
Affiant

15 MAY 2024

SUBSCRIBED AND SWORN to before me this _____ day of _____ at
MAKATI CITY, affiant personally appeared before me and exhibited to me his Passport ID
No. P5889673B issued at DFA Manila on 02 December 2020.

Doc. No. 318 ;
Page No. 65 ;
Book No. 324 ;
Series of 2024.


ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-77
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2024
2364 ANGONO STREET
BARANGAY POBLACION 1210, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO 374750/12-26-2023/Pasig City
PTR NO MKT 10074525/01-02-2024/Makati City
MCLE Compliance No. VII-0020180/04-14-2025

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JESUS B. VARELA**, Filipino, of legal age, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee to be an independent director of **MREIT, Inc.** (the "Corporation") and have been its independent director since April 2021.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Megaworld Corporation	Independent Director	June 2016 to present
Global Estate Resorts, Inc.	Independent Director	June 2016 to present
Global-Estate Resorts, Inc.,	Independent Director	2016 to present
Travellers International Hotel Group, Inc.	Independent Director	2016 to present
Suntrust Resorts Holdings	Independent Director	2021 to present
Unibersidad de Manila	Board Regent	2019 to present
International Chamber of Commerce Philippines	Director General	2016 to present
Philippine Peru Business Council	President	2008 to present
Euro Exim Consultancy Limited	Honorary Chairman	2019 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of the Corporation and its subsidiaries and affiliates.

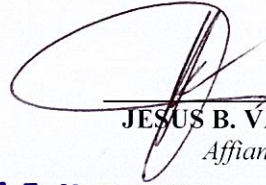
5. To the best of my knowledge, I am not subject of any pending criminal, civil, or administrative investigation of proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

15 MAY 2024

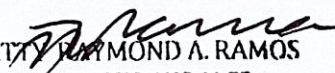
Done, this _____ day of _____, at **MAKATI CITY**.


JESUS B. VARELA
Affiant

15 MAY 2024

SUBSCRIBED AND SWORN to before me this _____ day of _____ at
MAKATI CITY, affiant personally appeared before me and exhibited to me his Senior
Citizen (OSCA) ID No. 11700 issued at Quezon City on 23 January 2017.

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Page No. 63 ;
Book No. 324 ;
Series of 2024.


ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-77
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2024
2364 ANGONO STREET
BARANGAY POBLACION 1210, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO 374750/12-26-2023/Pasig City
PTR NO MKT 10074525/01-02-2024/Makati City
MCLE Compliance No. VII-0020180/04-14-2025