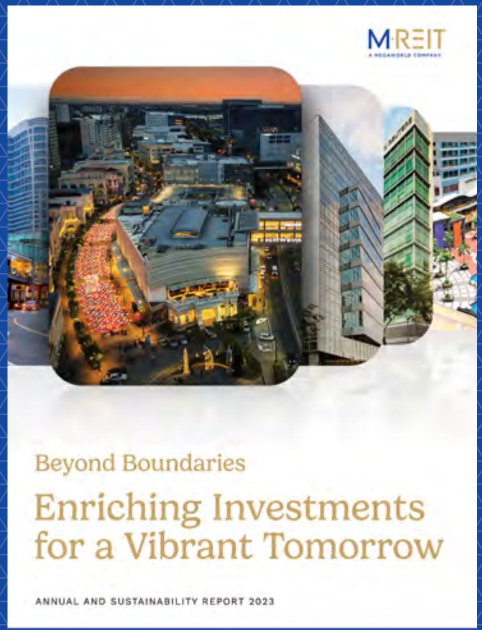
Beyond Boundaries

Enriching Investments for a Vibrant Tomorrow

ANNUAL AND SUSTAINABILITY REPORT 2023



About the Cover

Beyond Boundaries: Enriching Investments for a Vibrant Tomorrow represents MREIT's tactical approach, highlighting the Company's commitment to transcending traditional constraints and enhancing asset value, aimed at delivering excellent returns to shareholders and providing high-quality assets to clients. This reflects MREIT's strategic focus on sustainable and socially responsible investments, underpinning its efforts to boost operational efficiency, adaptability, and customer-centricity—the key drivers of its organic growth. The Company's strong synergy with its Sponsor, guided by a shared vision for progress and sustainable development, is instrumental in MREIT's ambition to become the leading office and commercial real estate investment trust in Southeast Asia, ensuring long-term success and industry leadership.

About the Report

Reporting Framework

This report follows the Philippines' Securities and Exchange Commission (SEC) Sustainability Reporting Guidelines for Publicly Listed Companies and has been prepared in accordance with the Global Reporting Initiative (GRI) Standards.

Period Covered

January 1, 2023, to December 31, 2023

Scope of the Report

This Annual and Sustainability Report (ASR) covers the financial, economic, environmental, and social performance of MREIT, Inc. in 2023.

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About the Company

MREIT operates as a real estate investment trust (REIT), specializing in leasing office and commercial assets to a diverse array of tenants throughout the Philippines. As the designated REIT vehicle of its Sponsor, Megaworld Corporation, MREIT was registered with the Securities and Exchange Commission (SEC) on October 2, 2020, originally as Megaworld Holdings, Inc. Subsequently, it listed its shares on the Philippine Stock Exchange (PSE) and launched an initial public offering (IPO) on October 1, 2021. Aiming to become one of Southeast Asia's largest REITs, MREIT is actively expanding its portfolio, which comprises properties strategically situated within Megaworld's townships.

Vision

We envision eventually becoming one of the largest, most impactful office and commercial real estate investment trusts in Southeast Asia. We aim to strategically create value through a portfolio of best-in-class office and hotel properties centrally located within our sustainable master-planned township developments.

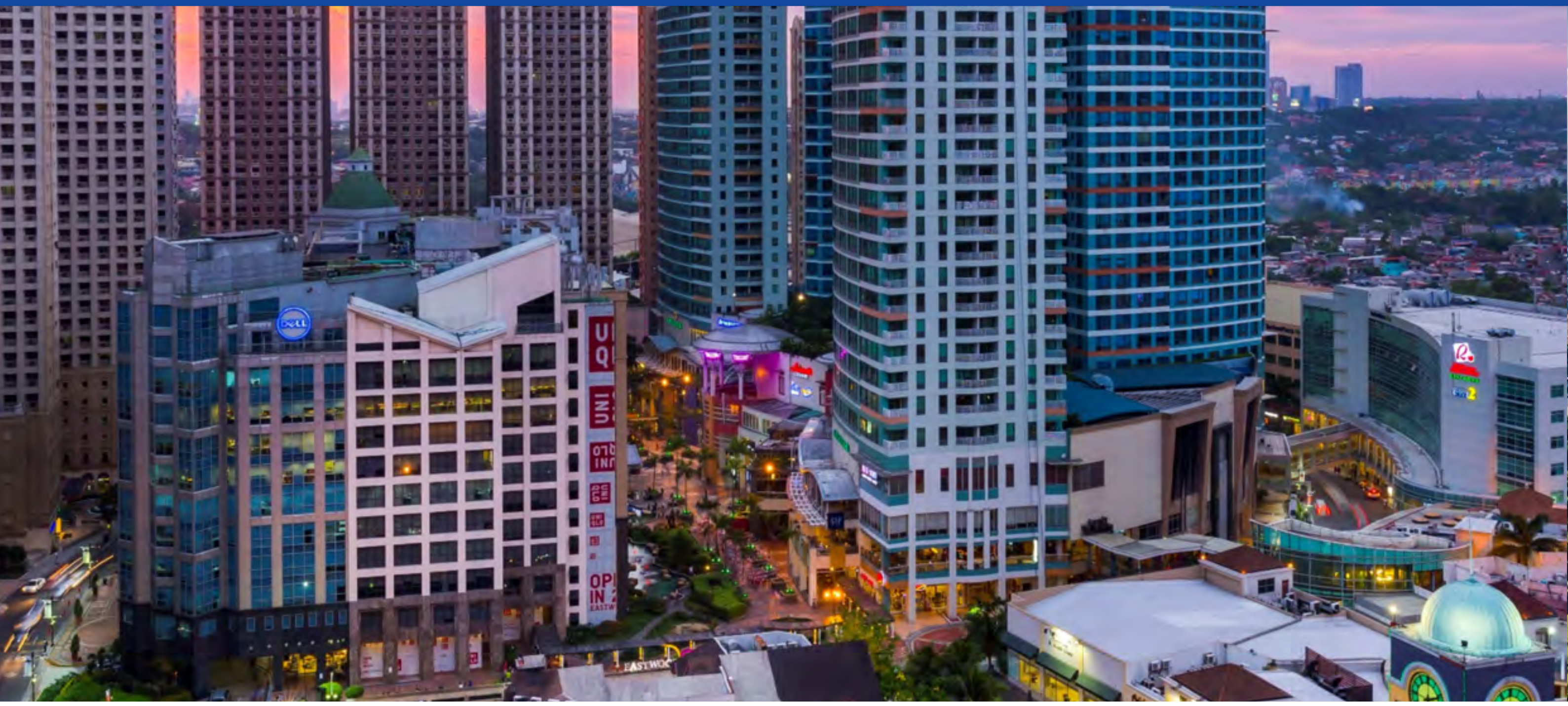
Mission

We deliver the best value to our stakeholders long-term by:

1. Anchoring our business strategies on excellence, creativity, and innovation
2. Building on the trust of our stakeholders through transparency and good governance
3. Cultivating sustainability and environmental stewardship through our properties
4. Defining and dominating the real estate landscape through consistently high-quality assets
5. Enhancing the communities in and around our developments

MREIT Portfolio

MREIT currently boasts a combined Gross Leasable Area (GLA) of 325,424 sqm across 18 investment properties strategically located in core business districts and Philippine Economic Zone Authority (PEZA) registered sites. These prime assets are strategically situated within Megaworld's townships, particularly McKinley Hill and McKinley West in Taguig City, Eastwood City in Quezon City, and Iloilo Business Park in Iloilo City.



Eastwood City

1800 Eastwood Avenue
(34,738 sqm)

1880 Eastwood Avenue
(33,744 sqm)

E-Commerce Plaza
(21,032 sqm)

McKinley Hill

One World Square
(30,482 sqm)

Two World Square
(21,286 sqm)

Three World Square
(21,222 sqm)

8/10 Upper McKinley
(19,938 sqm)

18/20 Upper McKinley
(19,413 sqm)

World Finance Plaza
(25,067 sqm)

MREIT Portfolio

McKinley West

One West Campus
(9,704 sqm)

Five West Campus
(10,257 sqm)

Iloilo Business Park

One Global Center
(10,301 sqm)

One Techno Place
(9,549 sqm)

Three Techno Place
(9,568 sqm)

Two Global Center
(9,903 sqm)

Two Techno Place
(11,393 sqm)

Richmonde Tower and Hotel
(13,124 sqm)

Festive Walk 1B
(14,703 sqm)

2023 at a Glance

Financial Highlights

GROSS REVENUE:
PHP 4,157 million, +14% year-on-year

NET INCOME:
PHP 168 million

DISTRIBUTABLE INCOME:
PHP 2,844 million, + 13% year-on-year

ANNUAL DIVIDEND:
PHP 0.9872 per share

PROPERTY VALUE:
PHP 59,672 million

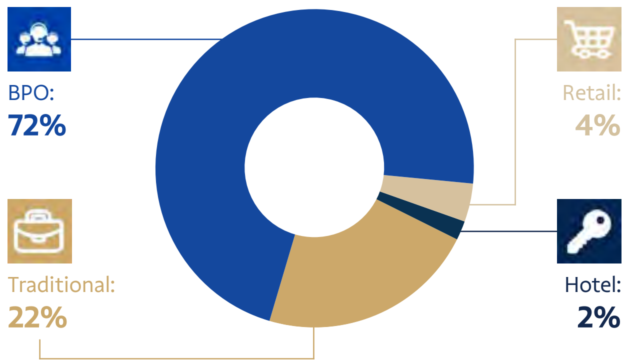
Operational Highlights

OCCUPANCY RATE:
96%

WEIGHTED AVERAGE LEASE EXPIRY (WALE):
2.80 years

TOTAL CLOSED TRANSACTIONS:
70,000

TENANT MIX (BY GLA):



Award

ASEAN Corporate Governance Scorecard (ACGS) Golden Arrow Award

On September 28, 2023, the Institute of Corporate Directors (ICD) awarded MREIT a single-arrow recognition, indicating its strong performance in corporate governance among publicly-listed companies (PLCs) in 2022.

Message from the CEO

Today, I am proud to share MREIT's remarkable performance in 2023. We achieved a strong 13% increase in distributable income to almost PHP 3 billion, and a 14% rise in revenues to more than PHP 4 billion. MREIT's growth was driven by the full-year contributions from the additional four Grade-A office buildings acquired in 2023 and the uninterrupted rental escalations on our existing tenants.

Despite challenging office market conditions, MREIT maintained a high occupancy rate of 96% through successful renewals, tenant acquisitions, and sustained asset quality. This is significantly above the industry average occupancy rate of around 80%, underscoring the quality of our assets and the strength of our tenant relationships.

Our success is also fueled by our seasoned team, the exceptional service of our property managers, our high-quality assets, and the invaluable leasing industry expertise of our Sponsor, Megaworld. This partnership allows us to navigate the market effectively and seize opportunities. Our transparent relationship with Megaworld enhances our growth potential, giving MREIT access to nearly two million square meters of quality leasing space. With this, MREIT is uniquely positioned to expand and innovate within the industry.

Just recently, we announced the acquisition of six office properties valued at over PHP 13 billion. Pending SEC approval, this will expand MREIT's portfolio by around 157,000 sqm or by 48%. This positions us closer to our 2024 goal of reaching 500,000 sqm, and we are actively pursuing further acquisitions to achieve this target by year-end. Since our IPO, MREIT's portfolio more than doubled in size to 482,000 sqm and by 52% in value to PHP 75 billion.

Looking ahead, we remain dedicated to expanding our portfolio to one million square meters of GLA by 2030, continuously enhancing our assets, and deepening tenant relationships.

By 2030, we plan to further diversify our portfolio by exploring new property types available through our Sponsor, ensuring MREIT's sustained growth and cementing our position as one of the market leaders.

Our focus on strengthening tenant relationships through enhanced customer service and tailored leasing solutions keeps us agile and responsive to market changes. Our properties are strategically located in prime and geographically diverse Megaworld townships such as Eastwood City, McKinley Hill, McKinley West, Iloilo Business Park, and soon, Davao Park District. This advantageous positioning, combined with our diversified tenant mix, has not only allowed us to withstand industry challenges but also to thrive and excel in the office sector.

As a proud subsidiary of Megaworld, MREIT is committed to aligning with and advancing the Group's sustainability initiatives. MREIT's crucial role in advancing the Group's environmental, social, and governance goals is a cornerstone of our operations. In 2023, MREIT successfully achieved a significant milestone by transitioning two of our office buildings to operate entirely on renewable energy, reflecting our commitment to sustainable development. Looking ahead, we have set an ambitious target: by 2027, we aim to power all MREIT properties exclusively with renewable energy.

Looking ahead, we remain dedicated to expanding our portfolio to one million square meters of GLA by 2030, continuously enhancing our assets, and deepening tenant relationships. Starting this 2024, we will begin to acquire retail assets from our Sponsor, capitalizing on the strong rebound in tenant sales, rental rates, and occupancy rates at Megaworld Lifestyle Malls. By 2030, we plan to further diversify our portfolio by exploring new property types available through our Sponsor, ensuring MREIT's sustained growth and cementing our position as one of the market leaders.

I extend my deepest gratitude to all our stakeholders for your continued trust and support. Your invaluable contributions have been instrumental in our achievements, and we look forward to progressing together.

Thank you.

Kevin Andrew L. Tan
President and Chief Executive Officer

Business Review

In 2023, MREIT, Inc. demonstrated strong economic performance, achieving notable growth and strategic asset management. The Company generated revenues of PHP 4,156.5 million, marking a 14% increase from PHP 3,648.8 million in 2022. This growth was primarily driven by rental income, which rose by 10% to PHP 3,223.4 million, due to the addition of four new office properties at the beginning of the year. The Company's income from dues-net also saw a significant increase of 28%, amounting to PHP 933.1 million.

Operating costs rose to PHP 940.6 million, a 39% increase from the previous year, reflecting ongoing investments in property maintenance and operational efficiency. General and administrative expenses increased by 66% to PHP 62.2 million, primarily due to fees related to the Property for Share Swap transaction. Despite these cost increases, MREIT maintained a strong net operating income of PHP 3,153.7 million, a 7% increase from PHP 2,935.2 million in 2022.

Interest income surged by 180% to PHP 64.7 million, driven by higher returns from short-term placements. Meanwhile, interest expenses remained stable at PHP 307.0 million. The Company also recognized fair value losses of PHP 2,732.2 million, improving from the previous year's PHP 2,822.0 million.

MREIT's net income for 2023 was PHP 168.3 million, a significant turnaround from the net loss of PHP 176.6 million in 2022. This improvement was aided by the reversal of deferred tax expenses, resulting in a tax income of PHP 99.6 million compared to a tax expense of PHP 4.3 million in the previous year.

The Company's total equity increased to PHP 52,138.6 million from PHP 49,518.2 million in 2022, reflecting a solid financial position. This growth was bolstered by the issuance of new shares worth PHP 263.7 million and an additional paid-in capital of PHP 4,875.3 million.

MREIT's existing portfolio continued to perform robustly with a high occupancy level and ongoing rent escalations. The weighted average lease expiry (WALE) stood at 2.80 years, with significant office transactions amounting to 70,000 sqm signed. The Company's strategic asset acquisition was a key driver of growth, with the full-period recognition of income from newly acquired assets beginning January 1, 2023.

Despite the competitive conditions of the office leasing industry, MREIT continued to navigate the market and deliver improved value for stakeholders successfully. Moving forward, the Company aims to put more effort into enhancing its assets' retail quality and sustainability while adding more high-quality properties to its portfolio.

Strategic Block Sale Fuels MREIT's Expansion Opportunities

In July 2023, Megaworld (the Sponsor) completed the block sale of 279.4 million shares of MREIT. This pivotal move ensures the Company's compliance with national REIT regulations and increases MREIT's free float, providing additional headroom for future asset acquisitions through a Property for Share Swap.

The successful sale demonstrates its confidence in MREIT's potential as a strong and attractive long-term investment opportunity. The block sale improves share liquidity, potentially attracting new investors and benefiting existing shareholders by enhancing the market participation.

Overall, the block sale boosts MREIT's financial flexibility and growth prospects while ensuring regulatory compliance, positioning the Company for continued expansion and success in the real estate investment trust sector.

Committing to a Sustainable Future

The MEGreen Program, an initiative of its Sponsor, Megaworld, serves as a cohesive platform, unifying all sustainability endeavors of the Megaworld Group, alongside its social, governance, environmental, and economic objectives. This initiative not only consolidates Megaworld's commitment to sustainability but also cultivates a culture of environmental stewardship and social inclusivity across its operations. Guided by the MEGreen Circle, all subsidiaries, including MREIT, actively participate in this initiative, aligning their individual goals with the overarching sustainability targets set by Megaworld. A testament to this alignment, MREIT successfully shifted two of its office buildings to renewable energy sources in 2023, marking a significant stride towards achieving carbon neutrality by 2035.

Sustainable Townships

Promote green building, accessibility, and resource management

Road to Zero

- Transition 100% of contestable electricity to renewable energy by 2027
- Identify carbon forests for reforestation and protection
- Purchase carbon credits for unavoidable emissions

Inclusive Development

Support the social development of communities within and near Megaworld's townships

Generate 5 Million Jobs

Directly and indirectly contribute to generating livelihoods

Materiality

In 2023, MREIT undertook a comprehensive review of its list of material topics to ensure their ongoing relevance to the current reporting period. The Company conducted a thorough assessment of its business activities, identifying risks, and evaluating both the direct and potential impacts on the economy, environment, and society. Subsequently, the Board of Directors, alongside the executive, and management committees, meticulously evaluated and finalized the material topics. This process adheres to the Global Reporting Initiative (GRI) standards and is in strategic alignment with the directives and objectives of its Sponsor.

Economic

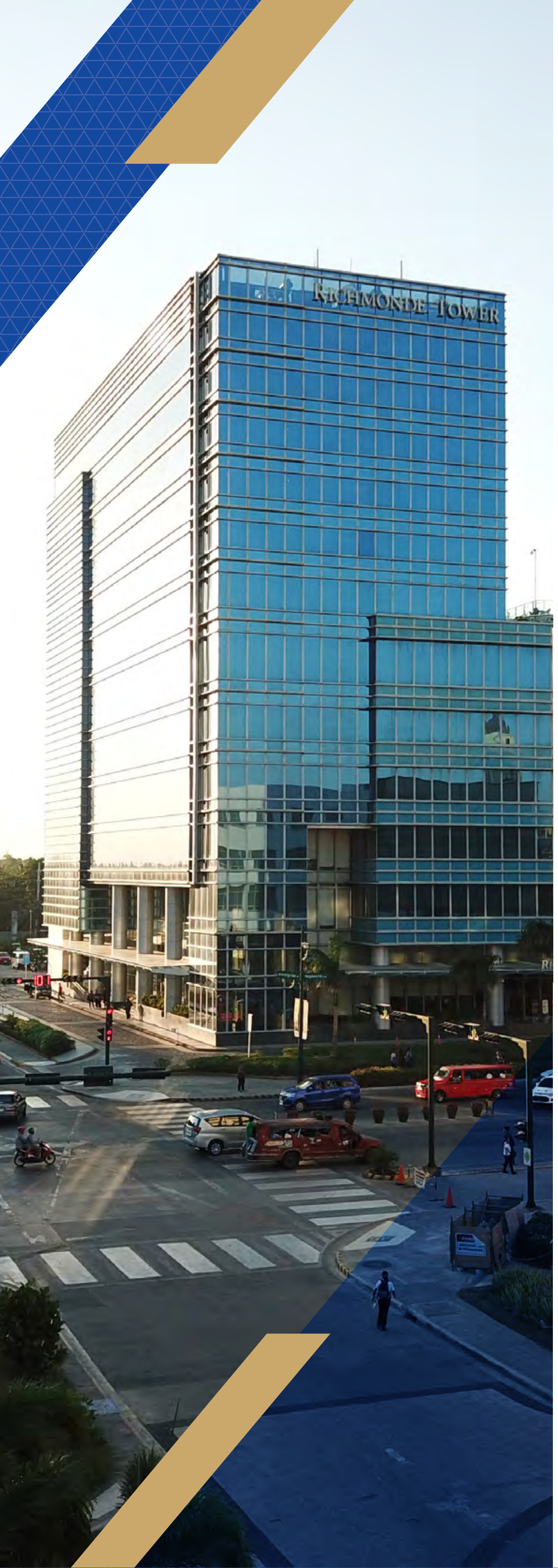
- Business Ethics and Integrity
- Data Privacy
- Market Presence
- Procurement Practices
- Regulatory Compliance
- Tax

Social

- Customers
- Diversity and Equal Opportunity
- Economic Performance
- Employee Welfare
- Human Rights
- Occupational Health and Safety

Environmental

- Accessibility
- Air Quality
- Climate Change
- Energy Management
- Greenhouse Gas Emissions
- Waste Management
- Water Management



Stakeholder Engagement

MREIT prioritizes strong stakeholder relationships, leveraging engagement programs to understand their concerns and inform decision-making. The Company utilizes diverse in-person and virtual channels to connect with stakeholders, investors, tenants, and contractors.

STAKEHOLDER GROUP	COMMUNICATION CHANNELS
EMPLOYEES	• Bulletins • Emails • Social media platforms • Town Hall meetings
TENANTS, CUSTOMERS, AND HOTEL GUESTS	• Conference calls • Emails • In-person and virtual meetings • Satisfaction surveys • Visits
INVESTORS	• Annual and quarterly reports • In-person and virtual meetings • Quarterly earnings calls
LOCAL AND REGIONAL REGULATORY BODIES	• Email correspondences • In-person and virtual meetings with the respective representatives • Online portals of regulatory agencies (PSE EDGE and SEC EFAST)
CONTRACTORS	• Email correspondences • Point person from the property management office • Virtual meetings

Contributions to the UN Sustainable Development Goals (UN SDGs)

The Company's core business activities primarily consist of leasing office spaces, distributing income to shareholders, and managing its property portfolio. As its subsidiary, MREIT's operations and impacts overlap with those of Megaworld's as a property development company. Considering this, MREIT does its utmost to positively contribute to the UN SDGs.

1 NO POVERTY

8 DECENT WORK AND ECONOMIC GROWTH

SDG 1: No Poverty and SDG 8: Decent Work and Economic Growth

Through its operations, MREIT indirectly generates employment opportunities for local residents through its tenants. By providing clients with office spaces, the Company supports the local economy and improves the quality of life for those living in the area.

3 GOOD HEALTH AND WELL-BEING

SDG 3: Good Health and Well-being

The Company prioritizes its employees' and clients' safety and well-being by ensuring its indoor spaces are adequately maintained. As of 2023, MREIT has earned IMMUNE certifications from the Healthy by Design Building Institute (HDBI) for five office buildings. This includes properties in Eastwood City (1800 Eastwood Avenue, 1880 Eastwood Avenue, and E-Commerce Plaza) and McKinley Hill (One World Square, Two World Square, and Three World Square). The Company also expects 8/10 Upper McKinley and 18/20 Upper McKinley to receive IMMUNE certifications. This signifies compliance with the IMMUNE Building Standard, an evidence-based, third-party-certified rating for built environments that equips businesses with the tools to ensure the health of their properties.

5 GENDER EQUALITY

SDG 5: Gender Equality

MREIT prioritizes gender equality by implementing concrete initiatives ensuring equal employment opportunities, skills training, and career advancement opportunities. The Company implements its gender pay equity policy and mentorship program specifically designed for women, fostering an inclusive work environment.

7 AFFORDABLE AND CLEAN ENERGY

SDG 7: Affordable and Clean Energy

As a subsidiary of Megaworld, the Company supports the Road to Zero program to reduce greenhouse gas (GHG) emissions and energy use. Among its approaches is the transition of properties to renewable energy. Through its Sponsor, MREIT has contributed to transitioning the E-Commerce Plaza and 8/10 Upper McKinley buildings to renewable energy. MREIT also adopts the Department of Energy's (DOE) Energy Efficiency Program, which has improved the Company's energy efficiency.

10 REDUCED INEQUALITIES

SDG 10: Reduced Inequalities

MREIT champions equal opportunity employment, recognizing that a diverse workforce fosters a more positive and productive work environment. The Company has policies to prevent workplace discrimination and hires employees based on their capabilities, regardless of their background or circumstances.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

SDG 16: Peace, Justice, and Strong Institutions

The Company safeguards customer privacy and data security, understanding that this is essential to earning and maintaining customer confidence. MREIT implements comprehensive privacy and security protocols that adhere to the National Privacy Commission and the Data Privacy Act.

Promoting Environmental Stewardship to a Sustainable Future

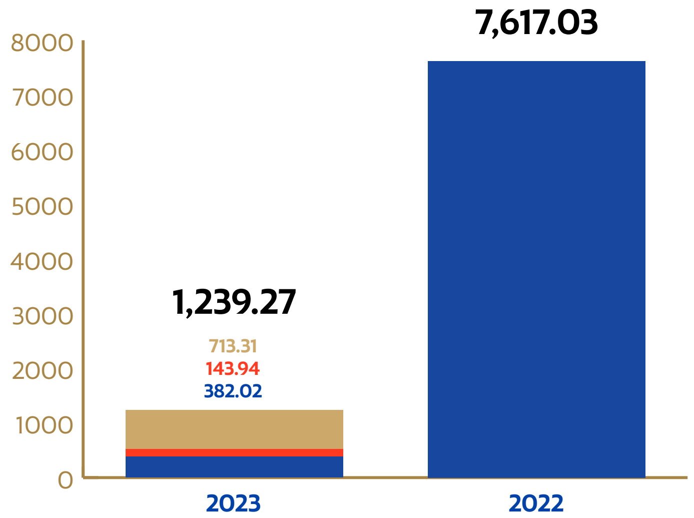
MREIT's dedication to sustainability is exemplified through its active participation in the MEGreen Program, a sustainability initiative established by the Sponsor. This program plays a crucial role in guiding MREIT's sustainability efforts, ensuring alignment with Megaworld's overall Sustainability and Carbon Neutrality Roadmap.

Given that MREIT's business operations primarily involve office space leasing, the Company focuses on energy and water use efficiency as well as waste management. In 2023, MREIT tr d achieve zero waste in line to achieve carbon neutrality targets in the future. Additionally, in 2023, the Company fully complied with environmental laws and regulations underscoring its commitment to obtaining the necessary environmental compliance certificates and operating permits for the maintenance and growth of its portfolio.

Material Use and Waste Management

Since MREIT's operations mainly involve leasing, the Company does not require a significant input of materials and generates minimal solid and hazardous waste. In 2023, MREIT achieved notable waste reduction, decreasing solid waste by approximately 83.7% and hazardous waste by 24.7%.

MREIT prioritizes responsible waste management by partnering with DENR-accredited haulers and recyclers. This mitigates environmental risks associated with improper disposal, thereby protecting the communities surrounding their properties. Property managers regularly monitor and refine waste protocols to ensure ongoing effectiveness and continued waste reduction. MREIT also diversion initiatives, including the Trash to Cash partnership with Basic Environmental Systems and Technologies, Inc.



SOLID WASTE GENERATED (IN METRIC TONNES)

LANDFILLED COMPOSTED RECYCLABLE

Disclosure	2023	2022
Hazardous Waste Generated	15.28	20.30
Hazardous Waste Transported	Not Available	0.02

HAZARDOUS WASTE GENERATED (IN METRIC TONNES)

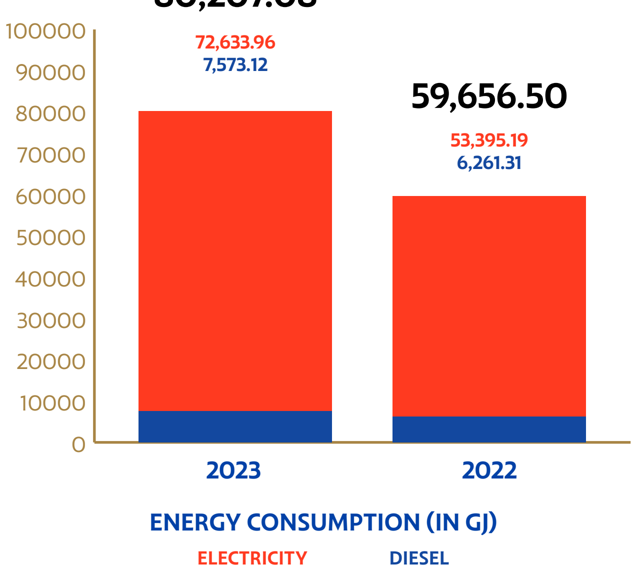
Energy Use

In 2023, MREIT's energy consumption increased significantly by 34.5% due to the acquisition of four new assets at the beginning of the year. However, despite the additional load from these new properties, the Company effectively implemented energy-efficient initiatives, successfully reducing the energy consumption of its existing assets by 2,572.31 GJ. This accomplishment highlights MREIT's commitment to sustainability and its proactive approach to mitigating energy use amid growth.

In compliance with the Energy Efficiency and Conservation Act (RA 11285), MREIT audited 100% of its establishments and promptly submitted energy audit reports to the Department of Energy. These audits go beyond mere compliance; they play a crucial role in informing MREIT's strategy for energy reduction by identifying priority projects across its properties.

MREIT aligns itself with the MEGreen Program, a comprehensive platform consolidating all sustainability initiatives within the Megaworld Group. As a company primarily engaged in office leasing, MREIT prioritizes responsible energy use by integrating energy-efficient technologies, implementing advanced management systems, and conducting regular audits to identify additional savings. These concerted efforts not only contribute to environmental sustainability but also significantly reduce operating costs.

The Company emphasizes transparency by actively reporting and monitoring energy use against established targets. This practice aligns with global best practices, enhancing stakeholder confidence and supporting long-term sustainability objectives.

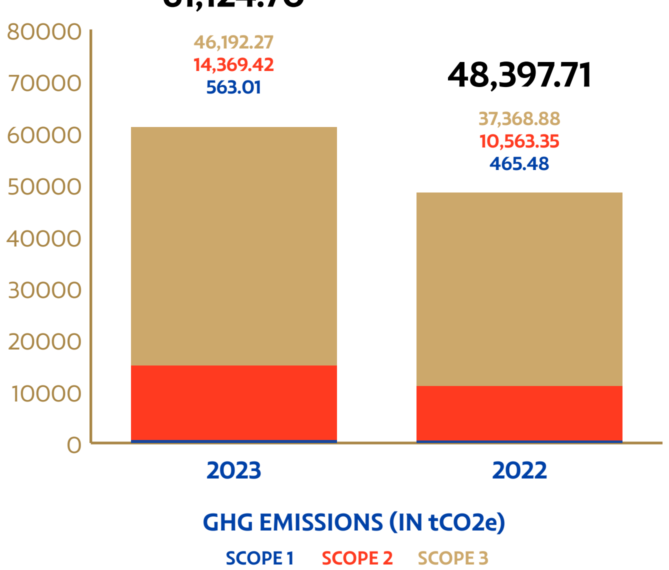


ENERGY CONSUMPTION (IN GJ)

Emissions

The Alliance Global Group, which includes MREIT and the Sponsor, has committed to achieving carbon neutrality by 2035. In collaboration with these companies, MREIT aims to make a significant impact on this goal by integrating carbon emission reduction programs into its business practices. The Company began its journey toward carbon neutrality by prioritizing the collection and storage of environmental data. It initiated a collaborative effort with Megaworld to pilot a software-driven initiative for collecting and storing ESG data, facilitating its verification, review, and auditability. This initiative will make MREIT's commitments, targets, and strategies more science-based.

MREIT focused on improving its inventory of Scope 1 and Scope 2 emissions while tracking its Scope 3 emissions. In 2023, MREIT generated 61,124.70 tCO2e, reflecting a 26.3% increase due to the electricity usage of tenants. Overall, 96% of MREIT's emissions stem from electricity, with indirect emissions from tenant and retailer energy use making a significant contribution. In response, MREIT's primary strategy has been to transition all contestable properties to renewable energy by 2027 through power purchase agreements. This strategy complements MREIT's existing programs to reduce power consumption by maximizing energy-efficient technologies, natural lighting, and green spaces.



GHG EMISSIONS (IN tCO2e)

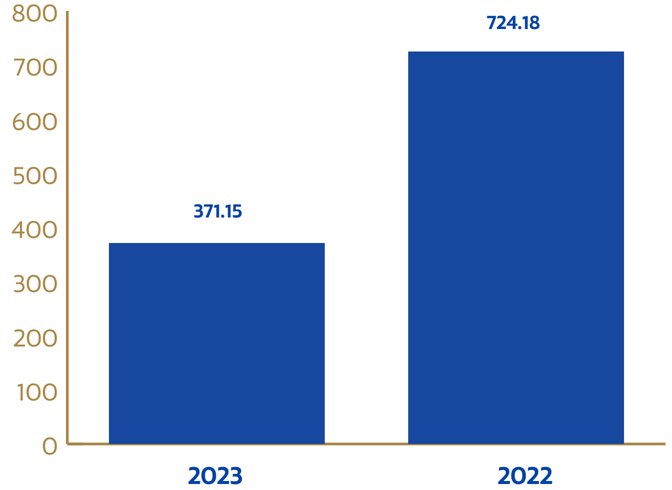
The Company conducted an internal audit from July to August 2023, which recategorized a significant portion of Scope 2 emissions as Scope 3. This accounted for around 73% of the electricity used and resulting emissions generated by tenants and retailers.

Water Use and Effluents

Recognizing the importance of conserving water resources and minimizing wastewater impacts, MREIT has implemented a series of practices to optimize water use and ensure proper wastewater management across its extensive property portfolio. Through the ESG data collection software developed in collaboration with its Sponsor, MREIT has effectively tracked its water use and effluents data.

In 2023, MREIT achieved a significant reduction in water withdrawal, decreasing by 48.7% from 724.18 cubic meters in the previous year to 371.15 cubic meters. This reduction was accomplished by installing water-saving fixtures and systems, maintaining infrastructure to prevent leaks, and implementing water recycling processes where feasible. The strategies not only conserve valuable water resources but also minimize the Company's operating costs associated with water consumption.

Regarding effluents, MREIT has established wastewater treatment systems to ensure compliance with environmental regulations. This includes regular monitoring and reporting of water use and wastewater management practices. Beyond compliance, MREIT implements measures to minimize its impacts on local water bodies, aligning with global sustainability standards and reflecting its commitment to environmental stewardship as a responsible real estate investor.



WATER WITHDRAWAL (IN CUBIC METERS)

Disclosure	2023	2022
Water Consumption	92.79	0
Water Discharged	278.36	Not available
Water Recycled	Not available	Not available

WATER CONSUMPTION AND EFFLUENTS (IN CUBIC METERS)

Investing in Stakeholder Relationships

MREIT places ethics and integrity at the core of its business, fostering trust with employees, customers, investors, and tenants. This unwavering commitment results in strong relationships and a solid reputation for reliability and ethical conduct. MREIT's strict adherence to regulations and standards further solidify this reputation, ensuring consistent and principled business practices.

Employees

The Company's proficient and reliable workforce is the cornerstone of its success, driving financial growth, operational excellence, and sustainability. MREIT's Human Resources department is integrated with Megaworld's larger team, leveraging this synergy to recruit, develop, and nurture its talents.

In 2023, MREIT invested significantly in employee engagement initiatives. These efforts included offering online and hybrid learning modules, conducting thorough employee evaluations, and implementing appraisal reviews. By fostering a culture of excellence, the Company ensures annual performance evaluations to recognize and celebrate employee achievements.

Hiring and Benefits

MREIT prioritizes employee well-being, acknowledging their critical role in the Company's success. This commitment is evident in the implementation of robust health policies and safety measures, engagement with a reputable Health Maintenance Organization (HMO), and the provision of comprehensive life insurance.

The Company offers a variety of work arrangements, allowing employees to choose between dedicated workspaces at the Eastwood City or Uptown Bonifacio offices. Additionally, flexible work hours are available, enabling employees to balance their work and personal lives more effectively.

Disclosure	2023	2022
Total Number of Employees	9	2
Female Employees	6 (67%)	2 (100%)
Male Employees	3 (33%)	0

EMPLOYEES DIRECTLY HIRED BY THE COMPANY

MREIT, as a subsidiary of Megaworld Corporation, can access its Parent company's talent pool for overlapping services such as property management, marketing and sales, and compliance. However, the data above excludes these seconded employees.

Employee Benefits

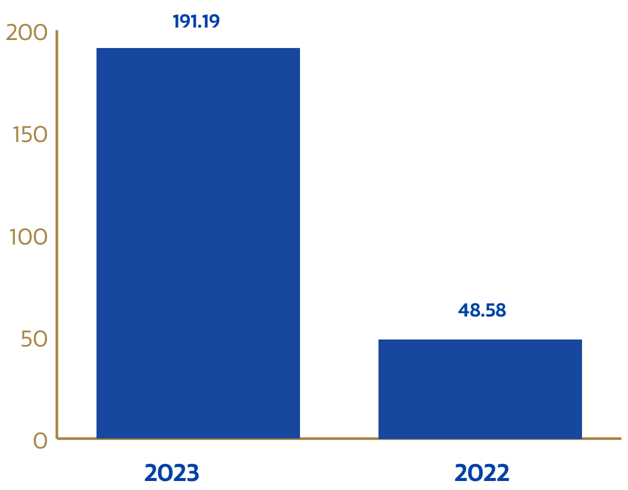
- Government Benefits: SSS, PhilHealth, and Pag-IBIG
- Leaves: Parental Leaves, Vacation Leaves, and Sick Leaves
- Telecommuting
- Medical Benefits
- Housing assistance
- Retirement Fund
- Education Support
- Disability and Invalidity Coverage
- Life Insurance

Training and Development

Recognizing the rapidly evolving property development landscape, MREIT invests in its employees' continuous learning and development to keep them apprised of important trends and best practices. The Company leverages the extensive training programs offered by the Megaworld Learning Academy, supplemented by additional seminars and engaging activities held throughout 2023.

MREIT fosters a culture of personal and professional growth. Through thorough assessments, MREIT designs targeted training initiatives that address the specific needs of its workforce and align with its dynamic goals. This focus on development is integrated with the Company's performance management system, ensuring feedback and growth opportunities for all employees.

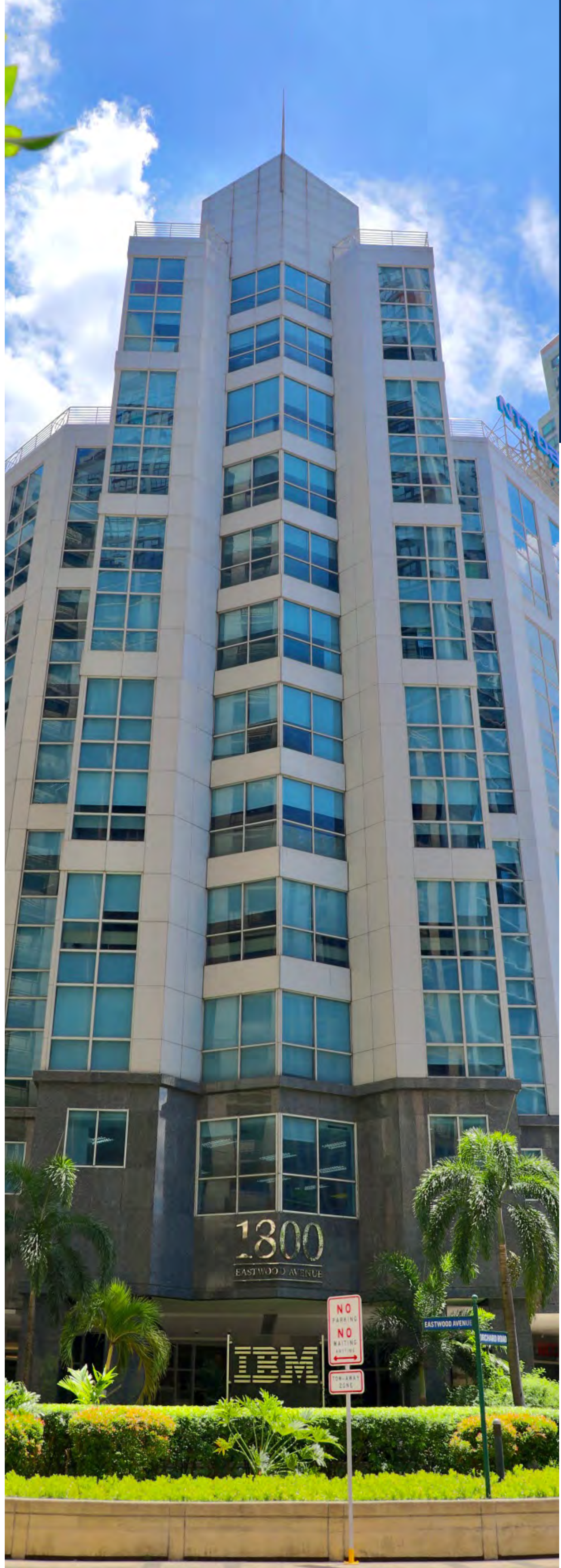
Furthermore, MREIT implements comprehensive post-training evaluations and feedback mechanisms after every engagement. This continuous improvement process guarantees that its training programs remain relevant to industry trends and empower the Company's workforce to excel.



TOTAL EMPLOYEE TRAINING HOURS (IN HOURS)

Disclosure	2023	2022
Female Employees	21.63	10.81
Male Employees	20.47	13.48

AVERAGE TRAINING HOURS (IN HOURS PER EMPLOYEE)



Occupational Health and Safety

MREIT prioritizes employee well-being, recognizing its critical role in generating long-term value for all stakeholders. This commitment is evident in the updated Health, Safety, and Welfare Policy, which aligns with Megaworld Corporation's Occupational Health and Safety (OHS) standards. Through proactive monitoring and mitigation protocols, MREIT consistently achieves a zero-incident workplace. The Company is also within the low-risk spectrum of the OHS risk category.

MREIT's comprehensive OHS policy emphasizes compliance with health and safety legislation, continual improvement of OHS management systems, and prevention of workplace injuries and illnesses. Engaging employees in health and safety matters enhances their involvement and commitment.

Regular risk assessments identify potential hazards, implement control measures, and monitor their effectiveness. Comprehensive training programs ensure employees understand their safety responsibilities, including induction training, safety drills, emergency response training, and specific training for high-risk activities.

Incident reporting and investigation involve prompt reporting, thorough investigations, corrective actions, and detailed documentation. Health and wellness programs include regular check-ups, mental health support, ergonomic assessments, and access to fitness facilities.

Robust emergency preparedness plans cover fires, earthquakes, and medical emergencies, with clear procedures, regular drills, and well-maintained equipment. Continuous improvement involves regular reviews and updates of OHS policies, incorporating employee feedback, and staying current with best practices and legislative changes.

Employee involvement is crucial, with participation in safety committees, hazard reporting, and open communication channels. MREIT's focus on employee health and safety creates a safe working environment, fostering confidence and peace of mind among employees, and contributing to the company's success and long-term value creation for all stakeholders.

Labor Laws and Human Rights Policies

- **Anti-Discrimination Policy (Megaworld Corporation)**
- **Anti-Harassment Policy (MREIT)**
- **Policy in Support of Breastfeeding Employees (Megaworld Corporation)**
- **Policy in Support of the Family Welfare Act (Megaworld Corporation)**
- **Policy in Support of the Magna Carta for Women (Megaworld Corporation)**
- **Policy on Health, Safety, and Welfare of Employees (MREIT)**
- **Special Leave Benefits for Women Employees (Megaworld Corporation)**
- **Workplace Policy and Program on Hepatitis B (Megaworld Corporation)**

Labor-Management Relations, Labor Laws, and Human Rights

MREIT, Inc. is dedicated to fostering positive labor-management relations and ensuring the protection. Although the Company does not have any collective bargaining agreements, it actively manages labor relations by holding annual meetings and consultations to address employee concerns and needs.

Adhering to the Parent company's labor laws, MREIT implements comprehensive anti-harassment and employee welfare policies. These policies are clearly communicated to employees, tenants, and suppliers. Additionally, Megaworld mandates thorough audits of vendors and contractors to ensure alignment with the values and policies of MREIT and other subsidiaries of the Sponsor.

Suppliers and Contractors

MREIT maintains an extensive network of suppliers who are integral to the supply chain operations, particularly in providing maintenance work. To ensure compliance with Megaworld's procurement policy, the Company's property and fund managers rigorously uphold these standards. All contractors and suppliers undergo evaluation by a third-party accreditation firm, which assesses environmental performance, forced and child labor, human rights, bribery, and corruption metrics.

MREIT demonstrates a strong commitment to local economic growth by allocating 100% of its procurement budget to local suppliers in significant operation areas. This strategy ensures that the Company's spending benefits the local economy, fostering economic development within the communities it serves. Additionally, sourcing from local suppliers reduces the environmental impacts associated with long-haul transportation.

The role of MREIT's contractors and key service providers is especially critical as the Company continues to acquire assets from its Sponsors. In 2023, optimizing internal processes became a key initiative to facilitate a smoother transition of properties from Sponsor to MREIT. Drawing from experiences over the past two years, the Company formalized its procurement procedures with MPMI. This formalization significantly improved the turnaround time for procurement and enhanced negotiations efficiency, given that there are dedicated points of contact from MPMI for contractors to engage with.

Clients and Investors

MREIT's tenants and investors are at the forefront of its focus, reflecting its customer-centric values. By providing high-quality assets and services, MREIT generates significant value for investors.

The Company prioritizes data security and privacy, adhering to the protocols stipulated by the National Privacy Commission and Data Privacy Act to safeguard investor and customer information. This commitment ensures the trust and confidence of all stakeholders.

Client Relations

MREIT has strategically adapted to meet the needs of its tenants, resulting in a high rate of lease renewals despite industry-wide downsizing. The Company's flexibility includes subdividing floors, negotiating shorter lease terms, and agreeing to modified commercial terms. These strategies help cushion MREIT's bottom line against unfavorable market conditions and secure long-term tenant relationships.

The Company fosters a comfortable, safe, and well-maintained work environment for its tenants. A dedicated support system ensures prompt attention to tenant needs, and ongoing property upgrades keep the facilities modern and functional. A notable investment includes constructing a Hazardous Waste Facility in One Global Center in Iloilo to implement proper segregation.

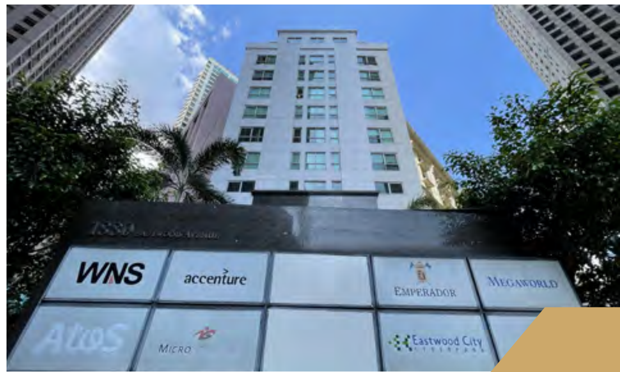
Tenant safety remains a top concern for MREIT, which takes a proactive approach to preventive building maintenance and efficient management practices. Exceptional customer service is provided through in-person meetings, virtual platforms, and dedicated hotlines. MREIT actively seeks tenant feedback to continuously improve its services and ensure high-quality standards throughout its properties.

Each tenant is assigned a dedicated leasing officer as their primary point of contact for inquiries, concerns, and feedback. This personalized approach fosters a positive and satisfying experience for all tenants, reflecting MREIT's commitment to tenant satisfaction.

Investor Relations

MREIT is committed to creating long-term value for all its stakeholders by regularly implementing building enhancements, developing new high-quality properties, refining tenant experiences, ensuring transparency, embracing innovation, and undertaking sustainability initiatives. These strategies not only create positive relationships with investors but also ensure financial growth, stability, and drive operational excellence, contributing to a thriving real estate ecosystem.

The Company prioritizes earning and maintaining investor trust and confidence. MREIT regularly engages with investors through in-person and virtual meetings, quarterly earnings calls, investor conferences, roadshows, and briefings. Complete and timely disclosures, such as annual and quarterly reports to the public are part of its commitment.



MREIT's Property Upgrades

- Modernization and rehabilitation of elevators
- Waterproofing of decks
- Air conditioning unit replacements
- Exterior wall and glass resealing
- Rehabilitation of fire detection systems
- Facade water resealing

Regulators

MREIT operates in a heavily regulated and monitored industry, making strong relations with regulatory agencies crucial. The Company ensures transparent and constant communication and full, timely compliance with all regulatory requirements. MREIT engages with government agencies through various channels, including the PSE Electronic Disclosure Generation Technology (EDGE) and SEC Electronic Filing and Submission Tool (eFAST), virtual and in-person meetings, and email correspondences. Additionally, the Company has also appointed individuals who can directly engage with relevant regulatory bodies, ensuring seamless and effective communication.

Communities

MREIT aligns its success with the well-being of surrounding communities, strategically locating its assets in Quezon City, Taguig City, and Iloilo City. The Company's robust Business Process Outsourcing (BPO) tenant base, returning to offices, significantly contributes to the local economy by fueling nearby businesses and creating job opportunities.

MREIT's adherence to green building standards further enhances its impact on local and national economic growth. By developing environmentally conscious properties, MREIT positions its assets as high-value investments, attracting multinational corporations, generating employment, and establishing the Philippines as a leader in eco-friendly business practices.

Upholding Responsible Governance

MREIT rigorously adheres to business ethics and integrity, which is fundamental to maintaining its high standards of corporate governance and building trust among its employees, customers, investors, and tenants. Notably, the Company has zero incidents of non-compliance with any national law or regulation, and it has maintained good relations in its business partnerships.

In 2023, MREIT received a Golden Arrow Award from the Institute of Corporate Directors (ICD) as one of the top-performing publicly listed companies in 2022. This represents the Company's adherence to the Philippine Code of Corporate Governance and the ASEAN Corporate Governance Scorecard's (ACGS) internationally recommended corporate governance practices, highlighting MREIT's commitment to good governance.

Corporate Governance Framework

The Company's corporate governance framework is contained in its Articles of Incorporation and By-Laws and may be amended. The Company's Manual on Corporate Governance supplements the provisions in the Articles of Incorporation and By-Laws, which covers policies on following:

- Duties and Functions of the Board of Directors and Executive Officers
- Stockholders' Rights
- Conflicts of Interest Management
- Disclosure and Transparency
- Employee's Participation in Good Corporate Governance
- Sustainability and Social Responsibility
- Governance Self-Rating

Board of Directors

FRANCISCO C. CANUTO
Chairman of the Board

Mr. Canuto became the Director of MREIT in 2020 and is currently the Chairman of the Board of Directors. Before joining the Megaworld Group, he worked as Audit Manager of SGV & Company and Controller of Federal Express Corporation. He is also a Certified Public Accountant.

Concurrent Positions

- Chairman and President of Prestige Hotels & Resorts, Arcovia Properties, Lucky Chinatown Cinemas, Festive Walk Cinemas, Southwoods Cinemas, McKinley Cinemas, and Uptown Cinemas
- Director of Megaworld Global-Estate, Gilmore Property Marketing Associates, and Eastwood Property Holdings
- Director and Corporate Secretary of Megaworld Central Properties
- Director and Treasurer of Megaworld Cebu Properties, Twin Lakes Corporation, Megaworld Oceantown Properties, Megaworld Resort Estates, Megaworld Land, Megaworld-Daewoo Corporation, and Eastwood Cyber One Corporation.
- President of Megaworld Foundation
- Senior Vice President, Chief Finance Officer, Treasurer, Compliance Officer, Corporate Information Officer, Chief Audit Executive, and Senior Assistant to the Chairman of Megaworld Corporation (publicly listed)

Educational Background

- BS Commerce, Major in Accounting (1978) - Polytechnic University of the Philippines
- Master of Business Administration (1986) - Ateneo de Manila University

KEVIN ANDREW L. TAN
Director, President, and Chief Executive Officer

Mr. Tan has been the President and Chief Executive Officer of the Company, as well as one of its Directors, since 2020. He was previously the Senior Vice President of Megaworld Corporation for Commercial Division, which markets and operates the Megaworld Lifestyle Malls. This includes Eastwood Mall and The Clubhouse at Corinthian Hills in Quezon City, Venice Piazza at McKinley Hill and Burgos Circle at Forbestown Center 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.

Concurrent Positions
- Executive Vice President and Chief Strategy Officer of Megaworld Corporation
- Chief Executive Officer and Vice Chairman of Alliance Global Group, Inc (publicly listed)
- Director of Empire East Land Holdings, Emperador, and Global-Estate Resorts (publicly listed companies), Eastwood Cyber One Corporation, Uptown Cinemas, Megaworld Central Properties, Twin Lakes Corporation, Megaworld Land, Townsquare Development, Emperador Distillers, Alliance Global Brands, Anglo Watsons Glass, Yorkshire Holdings, The Bar Beverage, Emperador Brandy, and New Town Land Partners
- Chairman of Megaworld Foundation

Educational Background
- BS Business Administration, Major in Management – University of Asia and the Pacific

KATHERINE L. TAN
Director

Ms. Tan has been a Director of MREIT since 2021 and has extensive experience in the food and beverage industry.

Concurrent Positions
- Director of Megaworld Corporation (publicly listed)
- Director and President of Andresons Global, Raffles & Company, The Andresons Group, and Choice Gourmet Banquet
- Director and Treasurer of Alliance Global Group and Emperador (publicly listed companies)
- Director and Corporate Secretary of The Bar Beverage

Educational Background
- BA Nutrition (1974) – St. Scholastica's College, Manila

LOURDES T. GUTIERREZ-ALFONSO
Director

Ms. Gutierrez-Alfonso has been a Director of the Company since 2020. She has extensive real estate experience and a strong finance and marketing background. Additionally, she is a Certified Public Accountant by profession. She was previously the Senior Executive Vice President for Finance and Administration at Megaworld Corporation, where she is currently the Chief Operating Officer.

Concurrent Positions
- Chairman of First Oceanic Property Management, Belmont Newport Luxury Hotels, Megaworld Global-Estate, and Savoy Hotel Manila
- Director of Global-Estate Resorts (publicly listed), Suntrust Properties, Twin Lakes Corporation, Southwoods Mall, Mactan Oceanview Properties and Holdings, Megaworld Resort Estates, Megaworld Cebu Properties, Megaworld Oceantown Properties, Megaworld Bacolod Properties, Eastwood Cyber One Corporation, Davao Park District Holdings, and Prestige Hotels & Resorts
- Chief Operating Officer of Megaworld Corporation
- Trustee and Corporate Secretary of Megaworld Foundation

Educational Background
- BS Accounting, Cum Laude (1984) – Far Eastern University

JESUS B. VARELA
Independent Director

Mr. Varela has been an Independent Director of MREIT since April 2021. He has over 20 years of experience in marketing, human resources, international labor affairs, agriculture, and commerce. Mr. Varela has done executive work with the Department of Agriculture, National Food Authority Council, Philippine Genetics, 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, the Commonwealth of Northern Marianas Island, and 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 and Acting CEO of GS1 Philippines, Director of PCCI, and Vice President of the Employers Confederation of the Philippines.

Concurrent Positions
- Independent Director of Megaworld Corporation (publicly listed), Global-Estate Resorts, Inc. (publicly listed), Travellers International Hotel Group, and Suntrust Resorts Holdings
- Director General of the International Chamber of Commerce Philippines
- President of the Erehwon Art Foundation
- Board Regent of the Universidad de Manila
- Columnist of the Philippine Daily Tribune

Educational Background
- BA in Economics (1979) – Ateneo de Manila University

Board of Directors

ANTONIO E. LLANTADA, JR.
Independent Director

Mr. Llandata has been an Independent Director of the Company since May 2021. He previously served as the Internal Audit Consultant and Chief Audit Executive of Empire East Land Holdings (publicly listed). He is also a Certified Public Accountant.

Concurrent Positions
- Professor of Accounting and Finance in Enderun Colleges and Thames International Business School
- Guest lecturer at the Asian Institute of Management School of Executive Education and Lifelong Learning

Educational Background
- Master of Business Administration - Ateneo Graduate School of Business
- BS Commerce in Accounting and BA Behavioral Science - De La Salle University Manila

SERGIO R. ORTIZ-LUIS, JR.
Lead Independent Director

Mr. Ortiz-Luis has been an Independent Director of the Company since April 2021. He is a renowned management practitioner in the country.

Concurrent Positions
- Independent Director of Alliance Global (publicly listed) and Calapan Ventures Director of Waterfront Philippines, Philippine Estate Corporation, B.A. Securities, Manila Exposition Complex, and Jolliville Holdings
- Honorary Chairman and Treasurer of the Philippine Chamber of Commerce & Industry
- Vice Chairman of the Export Development Council.
- President of the Philippine Exporters Confederation (PHILEXPORT)

Educational Background
- PhD in Humanities - Central Luzon State University
- PhD in Business Technology - Eulogio "Amang" Rodriguez Institute of Science and Technology
- PhD in Business Administration - Angeles University Foundation
- BA Liberal Arts and BS Business Administration - De La Salle College
- Candidate for Master of Business Administration - De La Salle College

Key Executive Officers

ENGLEBERT G. TEH
Chief Finance Officer

GIOVANNI C. NG
Treasurer

MARIA CARLA T. UYKIM
Corporate Secretary

KRIZELLE MARIE F. POBLACION
Compliance Officer

ANDY WILLING DELA CRUZ, JR.
Investor Relations Officer

Board Meetings and Remuneration

MREIT schedules and conducts Board meetings regularly. The members of the Board, including Independent Directors, must attend all regular and special meetings, whether in person or through teleconferencing, except in the event of justifiable causes. Throughout the year, all Directors attended 100% of all meetings.

As stipulated by the REIT Act of 2009 and the Company's By-Laws, the compensation of all directors and principal officers does not exceed 10% of the net income before tax of the Corporation. As of the last two reporting periods, Directors received per diem only from the Company.

There are no arrangements under which any director of the Company was compensated, or is to be compensated, directly or indirectly, during the year ended December 31, 2023, for any service provided as a director.

Board Committees

Executive Committee

The Executive Committee primarily reports all approved resolutions it adopts during the Board meetings. Beyond this responsibility, the Board may delegate and determine other duties and functions of the Executive Committee.

Corporate Governance Committee

The Corporate Governance Committee assists the Board in performing corporate governance responsibilities, which include the functions of a nomination and remuneration committee.

Board Risk Oversight Committee

The Board Risk Oversight Committee oversees the Company's Enterprise Risk Management System to ensure its functionality and effectiveness.

Audit Committee

The Audit Committee enhances the Board's ability to oversee and manage the Company's financial reporting, internal control system, internal and external audit processes, and compliance with relevant laws and regulations.

Related Party Transaction Committee

The Related Party Transaction Committee is responsible for overseeing all matters related to the party transactions of the Company. These duties include evaluating the existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, monitoring related party transactions, and identifying changes in relationships with counterparties.

COMPOSITION OF BOARD COMMITTEES

Directors	Executive Committee	Corporate Governance Committee	Board Risk Oversight Committee	Audit Committee	Related Party Transaction Committee
Kevin L. Tan	C			M	
Lourdes T. Gutierrez	M				M
Jesus B. Varela	M	M	C		M
Sergio R. Ortiz-Luis, Jr.		C	M	M	C
Antonio E. Llantada, Jr.		M		C	
Francisco C. Canuto			M		

C - Chairperson M - Member

Policies and Guidelines

MREIT's policies establish standards and formal expectations for the Company's employees, key officers, and Directors. It ensures that the Company actualizes the best practices that reflect the Company's priorities. It reduces risks by establishing a manner of conduct and engages employees by encouraging them to embody the Company's values.

MREIT takes a zero-tolerance approach to corruption. The Company has robust anti-corruption policies and procedures in place, which are clearly communicated to all employees and business partners. This commitment to transparency and ethical conduct extends to everyone associated with the Company.

To ensure everyone understands their role in upholding the Company's high standards, all directors, management, and employees receive comprehensive anti-corruption training during onboarding. This proactive approach helps MREIT maintain a consistent record of zero corruption incidents.

Anti-Fraud Policy

This Anti-Fraud Policy facilitates the development of controls that will help detect and prevent fraud against MREIT.

Conflict of Interest Policy

The Board members are prohibited from using their position to profit from or gain any advantage or benefit for themselves. In the case or potential of a conflict of interest, the Director shall fully disclose this and should not participate in decision-making. Before entering official transactions, employees must submit a written disclosure to their supervisor regarding any relationship or association with a supplier or contractor.

Data Privacy Policy

The safety of the personal information of employees, agents, and representatives is essential to the Company. This policy specifies how MREIT collects, uses, manages, and secures personal information in accordance with the Data Privacy Act of 2012.

Health, Safety, and Welfare of Employees Policy

This policy ensures that employees are in a good state of health, encouraging them to perform better and motivating them to take on a more dynamic role in the Company.

Insider Trading Policy

To ensure fair trading and protect the Company's reputation, this policy prohibits insider trading by anyone connected to the Company (Board members, officers, employees, and related persons). This policy applies to all securities transactions and covers both the Company's confidential information and that of other public companies it interacts with.

Related Party Transactions Policy

All employees, senior management, and directors are required to immediately disclose any relationship or association with a proposed supplier or contractor or its authorized representative to avoid conflicts of interest. This is in accordance with the Company's Code of Business Conduct and Ethics.

System Audit Guidelines

The Company ensures that its internal controls comply with ISO standards and company requirements through a systematic and independent examination of its business affairs. This provides transparency in the conduct of MREIT's business practices.

Succession Planning Policy

The Company recognizes the importance of a standard process to ensure continuity and smooth functioning. Planning for succession ensures the survival and growth of the Company, communicates confidence to stakeholders, and shows that leadership changes are carefully planned and communicated. This policy helps identify suitable candidates, show the requirements for critical positions, and key job incumbents in senior managerial positions and ensures individuals' systematic and long-term development.

Whistle-Blowing Policy

The Company encourages all stakeholders to communicate legitimate concerns regarding illegal, unethical, or questionable material-related-party transactions. This promotes honest and ethical business practices in the Company.

Risk and Opportunity Management

Risk management is embedded in the Company's decision-making process since it is integral to achieving its goals and sound business strategy. MREIT has established a comprehensive Enterprise Risk Management (ERM) process that manages the inherent risks in its business. The ERM allows the Company to review its risk exposures and management's steps to identify, analyze, treat, and monitor such risks.

The Company proactively manages these anticipated risks by continuously identifying, mitigating, and monitoring serious risks and collaborating with risk owners, critical support units, and external entities as needed. The Chief Financial Officer (CFO) leads this process, while the Board of Directors oversees these activities.

Risk Assessment Process

Identification

Find, recognize, and describe risks that might help or prevent the Company from achieving its objectives through relevant, appropriate, and updated information.

Analysis

Comprehend the nature of risk, its characteristics, and the level of risk through a detailed consideration of uncertainties, risk sources, consequences, likelihood, events, scenarios, controls, and effectiveness.

Evaluation

Compare the risk analysis results with established risk criteria to determine the Company's course of action.

Treatment

Select and implement options for addressing risks. This step involves formulating and selecting risk treatment options, planning and implementing risk treatment, assessing the effectiveness of that treatment, deciding whether the remaining risk is acceptable, and taking further treatment if needed.

Risks and Mitigation Strategies

Risk	Mitigation Strategy
Real Estate Market Risk Changes in demand may affect rental rates, the renewal or replacement of expiring leases, or lead to early termination of contracts	MREIT Property Managers, Inc. (MPMI), the Property Manager, adopts a proactive asset management and enhancement approach to generate resilient and steadily growing gross revenues and net operating income and optimize occupancy levels. MREIT's portfolio properties are well-maintained to ensure their competitiveness. The Company's marketing strategies promote the properties while maintaining solid relationships with tenants to ensure continued satisfaction and retention. Leases and tenant mix are actively monitored to reduce any vacancy period and avoid the concentration of any risks.
Operational and Climate Risk Unforeseen circumstances may result in property damage and interrupt the business of each portfolio property. These circumstances may include natural disasters and extreme weather, water scarcity, fire, equipment failures, and global pandemics. Stricter regulations on emissions and energy efficiency may also increase compliance costs.	MREIT carries industry-standard property insurance but acknowledges the potential for uninsured losses. To mitigate extreme weather risks and upgrade properties, the Company invests in robust infrastructure and disaster preparedness plans to improve the property portfolio's resilience. Additionally, water-saving technologies and recycling systems in buildings reduce costs and enhance the Company's sustainability profile. Regarding regulations on emissions and energy, MREIT views this as an opportunity to adopt sustainable practices and retrofit properties using eco-friendly materials and technologies.
Credit Risk The potential failure of a customer or a counterparty to promptly settle financial and contractual obligations may lead to possible financial losses.	The Company thoroughly reviews all potential leases, including assessing the potential tenant's credit standing. Additionally, under the general terms of lease agreements, the Company's lessees and tenants for office properties are obligated to pay an advance rental deposit equivalent to three months rent, an additional security deposit, also equivalent to three months' rent upfront, and the regular lease payments are due in advance at the beginning of each month.
Financing and Capital Raising Risk The Company may be exposed to risks normally associated with debt financing, including changes in interest rates, the ability to refinance said debt, or terms at par with existing indebtedness. The ability to raise capital may restrict the Company's ability to acquire properties or require it to set aside funds for maintenance or payback security deposits. The global shift to a low-carbon economy also poses potential risks to stranded assets.	The Fund Manager monitors financial risks, particularly interest rates and maturing debt. As MREIT expands to become a Southeast Asian leader, it prioritizes maintaining appropriate leverage and diversifying debt maturities and interest rate exposure to minimize refinancing risks. Conversely, this growth strategy presents exciting opportunities. By enhancing energy efficiency and investing in renewables, MREIT aligns with the MEGreen Program, reducing the Company's carbon footprint and capitalizing on the green building sector's growth potential.

Financial Statements

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-C
CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2 (c) THEREUNDER

1. **29 February 2024**
   Date of Report

2. SEC Identification Number: **CS202052294** 3. BIR Tax Identification No: **502-228-971-000**

4. **MREIT, INC.**
   Exact name of Issuer as specified in its charter

5. **Metro Manila**
   Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
   Industry Classification Code

7. **18th Floor, Alliance Global Tower, 36th Street corner 11th Avenue**
   Uptown Bonifacio, Taguig City 1634
   Address of principal office

8. **(632) 8894-6300/6400**
   Issuer's telephone number, including area code

9. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Stock Outstanding
Common	2,795,821,381[1]
Preferred	0
Total	**2,795,821,381[1]**

10. **Item 9**

Please see the attached Audited Financial Statements of MREIT, Inc. for the year ended 31 December 2023, as audited by its external auditor, Punongbayan & Araullo.

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 hereunto duly authorized.

MREIT, INC.
Issuer

By:

KRIZELLE MARIE F. POBLACION
Compliance Officer
29 February 2024

[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 Philippines Stock Exchange, while the 263,700,000 common shares issued in March 2023 are pending listing with the Exchange.

M·REIT
A MEGAWORLD COMPANY

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

18th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City, Philippines, 1634 • Tel. No. 88946400 • www.mreit.com.ph

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	TIN No. 102-956-483-000
Kevin Andrew L. Tan	TIN No. 224-803-734-000
Englebert G. Teh	TIN No. 422-006-274-000

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.

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

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd

P&A Grant Thornton

Punongbayan & Araullo
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The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Report of Independent Auditors

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
ASSETS			
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
LIABILITIES AND EQUITY			
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	**933,121,752**	730,981,573	263,215,987
		4,156,504,467	3,648,767,258	1,460,713,648
COST OF SERVICES	12	**940,568,965**	676,211,193	222,987,792
GROSS PROFIT		**3,215,935,502**	2,972,556,065	1,237,725,856
OTHER OPERATING EXPENSES	13	**62,196,945**	37,400,283	9,630,912
OPERATING PROFIT		**3,153,738,557**	2,935,155,782	1,228,094,944
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		**1,686,743**	688,017	-
		(2,972,808,165)	(3,107,360,494)	686,541,290
PROFIT (LOSS) BEFORE TAX		**180,930,392**	(172,204,712)	1,914,636,234
TAX INCOME (EXPENSE)	14	**(12,586,537)**	(4,348,835)	99,579,952
NET PROFIT (LOSS)		**168,343,855**	(176,553,547)	2,014,216,186
OTHER COMPREHENSIVE INCOME		**-**	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)		**P 168,343,855**	(P 176,553,547)	P 2,014,216,186
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE	17	**P 0.06**	(P 0.07)	P 0.80

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	**263,700,000**	-	-
Balance at end of period		**2,795,821,381**	2,532,121,381	2,532,121,381
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	**4,875,347,850**	-	-
Balance at end of period		**52,782,813,885**	47,907,466,035	47,907,466,035
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	**(2,687,061,879)**	(2,466,539,438)	(607,709,131)
Balance at end of period		**(3,440,076,347)**	(921,358,323)	1,721,734,662
TOTAL EQUITY		**P 52,138,558,919**	P 49,518,229,093	P 52,161,322,078

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 milion 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:

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

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:

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

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.

	2023 (One Year)	2022 (One Year)	2021 (Six Months)
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)	**(2,732,200,000)**	(2,822,000,000)	702,000,000
Balance at end of period	**P 58,980,800,000**	P 56,439,000,000	P 59,261,000,000

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.

	Ownership
Two Global Center, Megaworld Blvd. and Enterprise Rd., Iloilo Business Park, Manduriao Iloilo City	100%
Festive Walk 1B, Lot 5 Buhang Taft North Mandurriao, 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:

	2023	2022
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	**2,489,984**	-
	261,593,381	268,309,116
Non-current:		
Deferred charges	**53,671,308**	56,033,405
Security deposit	**20,649,401**	19,488,462
Other non-current asset	**4,227,269**	17,118,747
	78,547,978	92,640,614
	P 340,141,359	P 360,949,730

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:

	Notes	2023	2022
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
		P 785,682,360	P 493,988,323

9. DEPOSITS AND OTHER LIABILITIES

The details of this account are as follows:

	Notes	2023	2022
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
		402,219,629	266,074,302
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
		917,961,518	1,010,783,749
		P 1,320,181,147	P 1,276,858,051

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.

	2023 (One Year)	2022 (One Year)	2021 (Six Months)
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	**34,223,800**	36,277,669	15,673,662
Balance at end of period	**P 779,152,958**	P 712,839,074	P 675,215,622

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.

	2023 (One Year)	2022 (One Year)	2021 (Six Months)
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	**(34,606,492)**	(38,362,549)	(16,541,045)
Balance at end of period	**P 66,919,355**	P 84,163,376	P 110,140,347

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.

	2023	2022
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	**P 43,302,513**	P 48,758,739

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.

	2023 (One Year)	2022 (One Year)	2021 (Six Months)
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	**34,606,492**	38,362,549	16,541,045
	P 3,223,382,715	P 2,917,785,685	P 1,197,497,661

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:

	Notes	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
		P 940,568,965	P 676,211,193	P 222,987,792

13. OTHER OPERATING EXPENSES

Presented below are the details of other operating expenses.

	Note	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
		P 62,196,945	P 37,400,283	P 9,630,912

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:

	2023 (One Year)	2022 (One Year)	2021 (Six Months)
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)
	P 12,586,537	P 4,348,835	(P 99,579,952)

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.

	2023 (One Year)	2022 (One Year)	2021 (Six Months)
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)
	P 12,586,537	P 4,348,835	(P 99,579,952)

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 2023 (One Year)	2022 (One Year)	2021 (Six Months)	Outstanding Receivable (Payable) 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	2022	2021	**2023 (One Year)**	2022 (One Year)	2021 (One Year)
Common shares						
Authorized	**5,000,000,000**	5,000,000,000	5,000,000,000	**P 5,000,000,000**	P 5,000,000,000	P 5,000,000,000
Issued and outstanding						
Balance at beginning of period	**2,532,121,381**	2,532,121,381	2,532,121,381	**P 2,532,121,381**	P 2,532,121,381	P 2,522,121,381
Issuance	**263,700,000**	-	-	**263,700,000**	-	-
Balance at end of period	**2,795,821,381**	2,532,121,381	2,532,121,381	**P 2,795,821,381**	P 2,532,121,381	P 2,532,121,381

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:

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
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	40,881,185
Distributable income	**P 2,844,131,041**

17. EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share amounts were computed as follows:

	2023 (One Year)	2022 (One Year)	2021 (Six Months)
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	**2,729,896,381**	2,532,121,381	2,532,121,381
Basic and diluted earnings (loss) per share	**P 0.06**	(P 0.07)	P 0.80

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.

	2023	2022
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	**2,598,259,220**	2,778,752,188
	P 11,528,673,125	P 11,901,948,160

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	2023	2022
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	**20,649,401**	19,488,462
		P 2,150,828,048	P 1,709,855,553

(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.

	Gross Maximum Exposure	Fair Value of Collaterals	Net Exposure
As of December 31, 2023	**P 451,266,601**	**P 1,253,261,792**	**P -**
As of December 31, 2022	P 309,841,031	P 1,192,694,675	P -

(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.

	Within 1 Year	1 to 5 Years	More than 5 Years
December 31, 2023			
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	240,679,842	-	-
	P 1,138,216,111	**P 2,561,426,112**	**P 8,653,760,720**
December 31, 2022			
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	53,027,572	-	-
	P 913,108,673	P 1,623,320,172	P 8,307,994,764

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 Carrying Values	2023 Fair Values	2022 Carrying Values	2022 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
		P 2,150,828,048	**P 2,149,748,716**	P 1,709,855,553	P 1,708,755,579
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
		P 8,694,918,399	**P 8,660,263,568**	P 8,386,228,327	P 8,351,454,825

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:

	Increase	Decrease
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.

	2023	2022
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.

P&A Grant Thornton

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

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

			Deductions				
Name and Designation of Debtor	***Balance at Beginning of Period***	***Additions***	***Amounts Collected***	***Amounts Written Off***	***Current***	***Not Current***	***Balance at End of Period***
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

Title of Issue and Type of Obligation	*Amount Authorized by Indenture*	*Amount shown under Caption "Interest-bearing loan" in related Balance Sheet*	*Amount shown under Caption "Interest-bearing loan" in related Balance Sheet*
Long -term loan (Domestic)	P 7,250,000,000	P -	P 7,206,697,580

- 4 -

MREIT, Inc.
Schedule E - Indebtedness to Related Parties (Long-term Loans from Related Companies)
December 31, 2023

Name of Related Party	*Balance at Beginning of Period*	*Balance at End of Period*
N/A	N/A	N/A

- 5 -

MREIT, Inc.
Schedule F - Guarantees of Securities of Other Issuers
December 31, 2023

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	*Title of Issue of Each Class of Securities Guaranteed*	*Total Amount Guaranteed and Outstanding*	*Amount Owned by Person for which Statement is Filed*	*Nature of Guarantee*
N/A	N/A	N/A	N/A	N/A

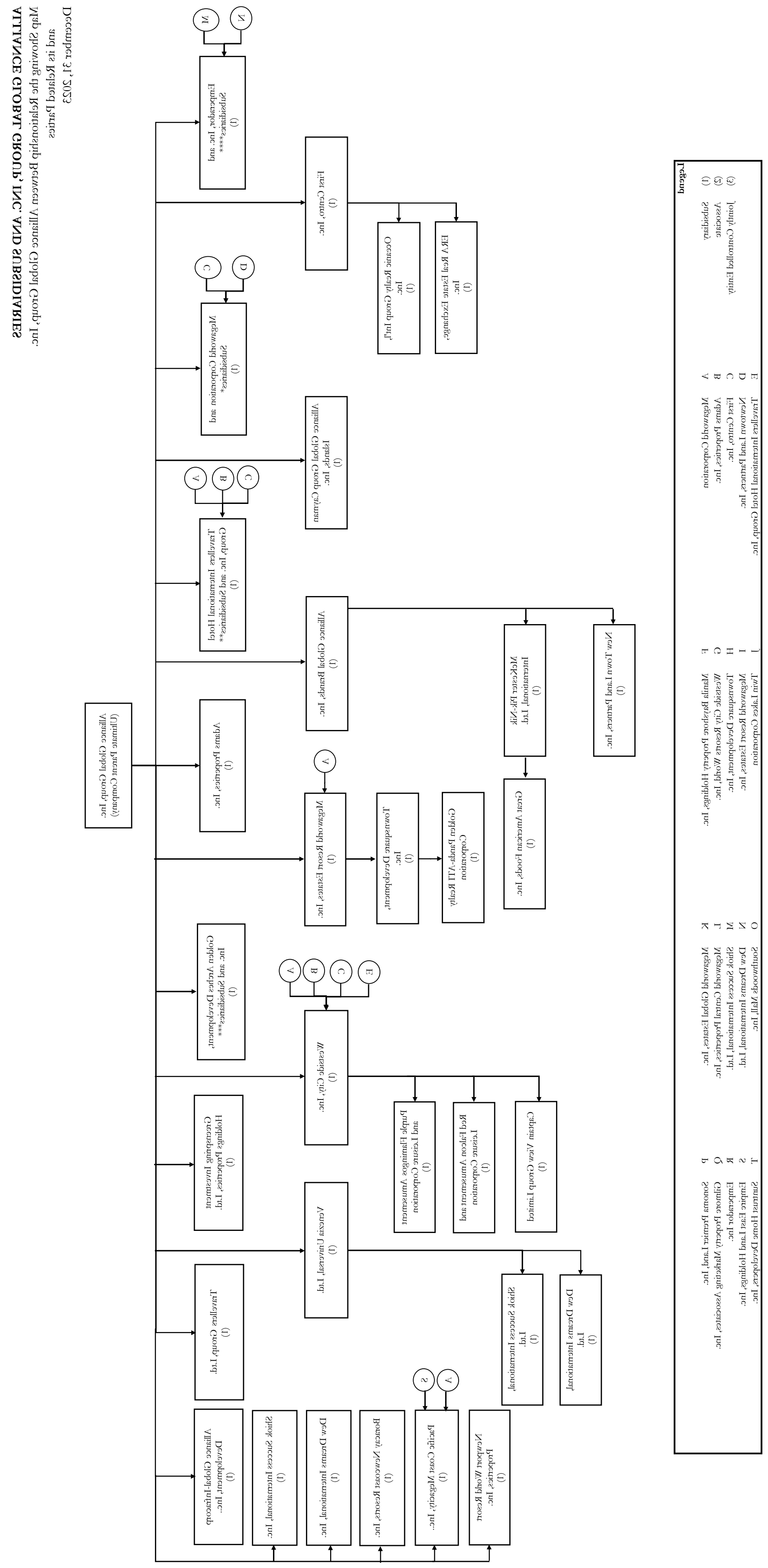
MREIT, Inc.
Schedule G - Capital Stock
December 31, 2023

				Number of Shares Held by		
Title of Issue	*Number of Shares Authorized*	*Number of Shares Issued and Outstanding as shown under the related Balance Sheet Caption*	*Number of Shares Reserved for Options, Warrants, Conversion and other Rights*	*Related Parties*	*Directors, Officers and Employees*	*Others*
Common shares - P1 par value	5,000,000,000	2,795,821,381	-	1,584,235,781	10,001,000	1,201,584,600

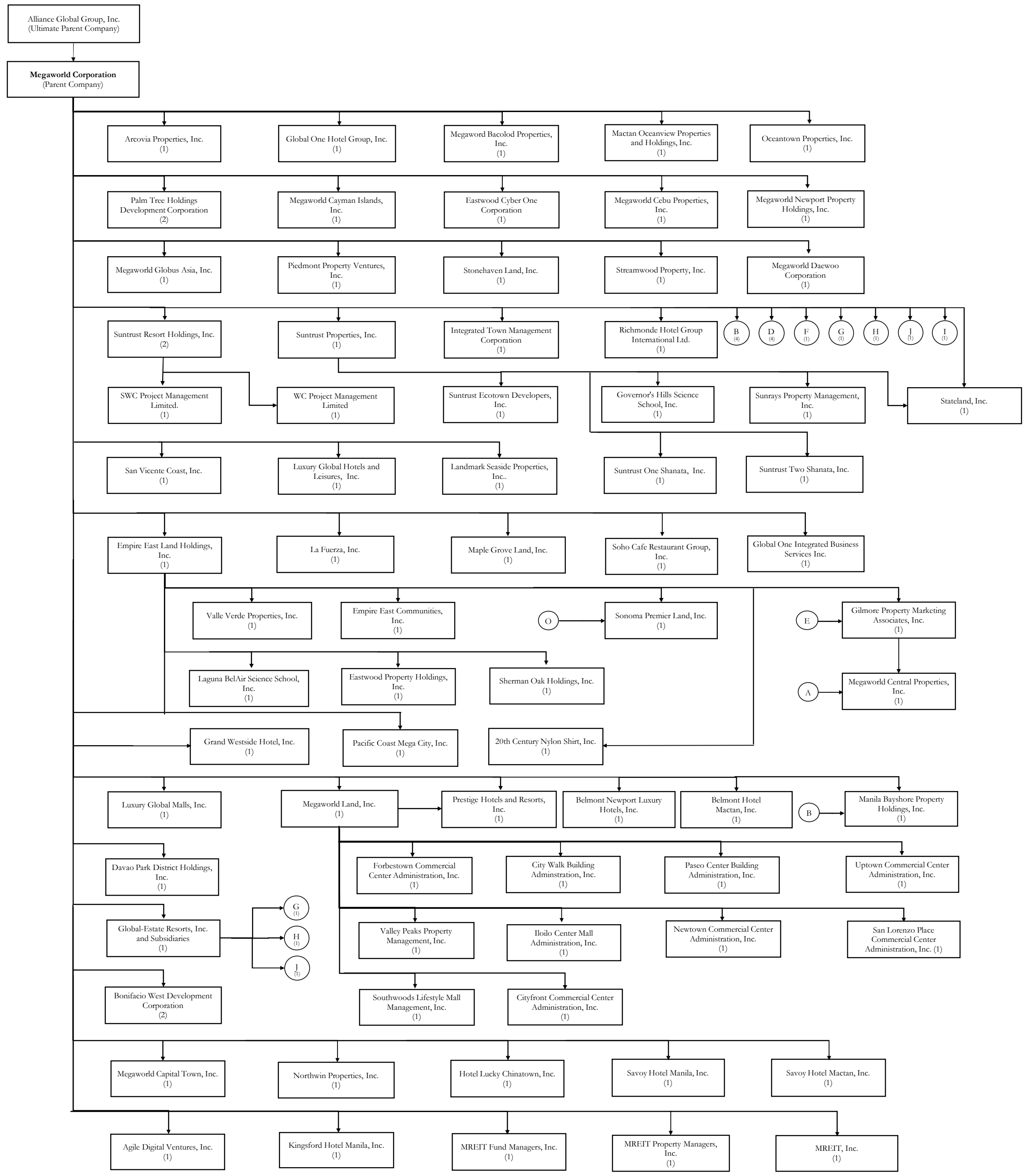
MREIT, INC.
(A Subsidiary of Megaworld Corporation)
18th Floor, Alliance Global Tower,
36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City

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		P 865,337,592
Distributable Net Income		
Net Income for the current year		168,343,855
Add: Fair value adjustment of investment property resulting to loss	2,732,200,000	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)	(1,160,939)	40,881,185
		2,844,131,041
Dividends declared during the year		(2,687,061,879)
Unappropriated Retained Earnings Available for Dividend Distribution at End of Year		**P 1,022,406,754**



ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Megaworld Corporation Group
December 31, 2023



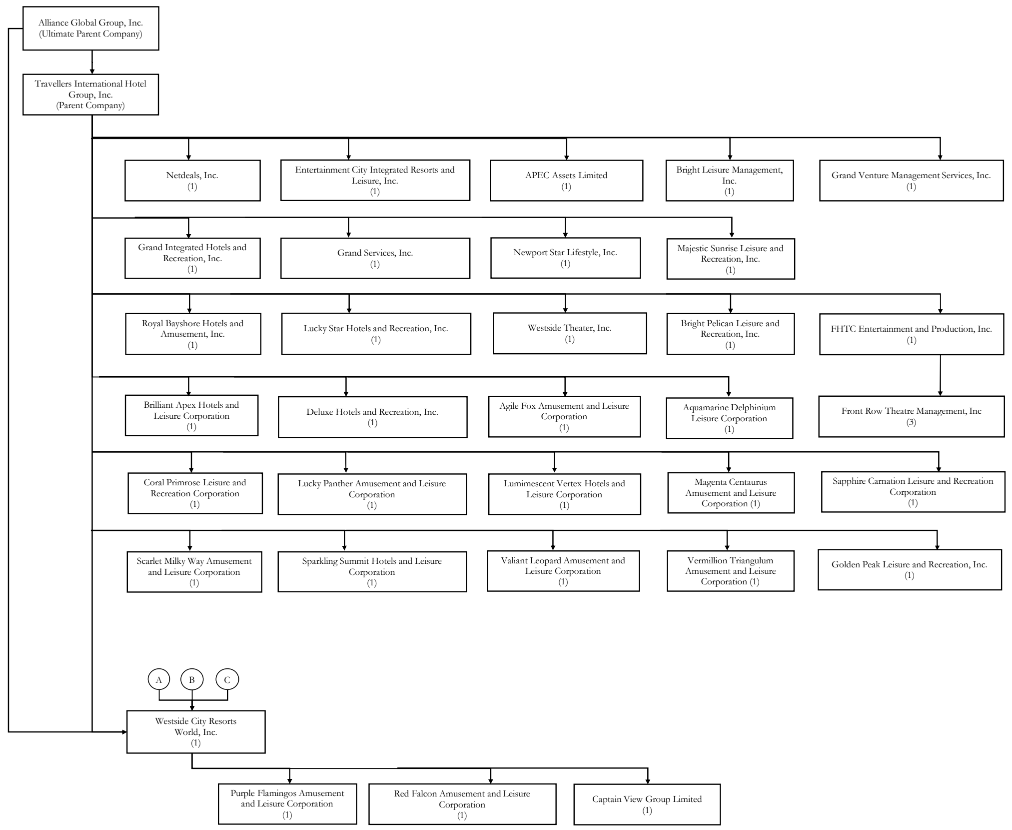
Legend

Relationship with Megaworld Corporation

(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity
(4) FVOCI

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,	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, 2023



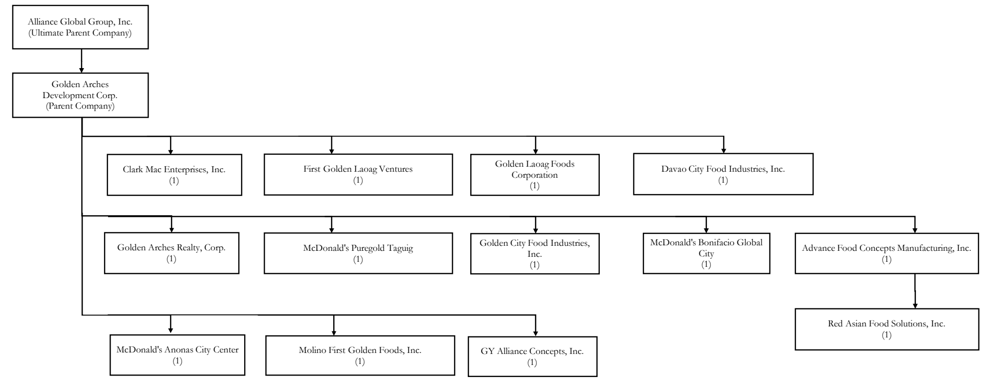
Legend

Relationship with Travellers International Hotel Group, Inc.

(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity
(4) FVOCI

A	MegaworldCorporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Global Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	Southwoods Mall, Inc.
G	Westside City Resorts World, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.
S	Empire East Land Holdings, Inc.	T	Suntrust Home Developers, Inc.

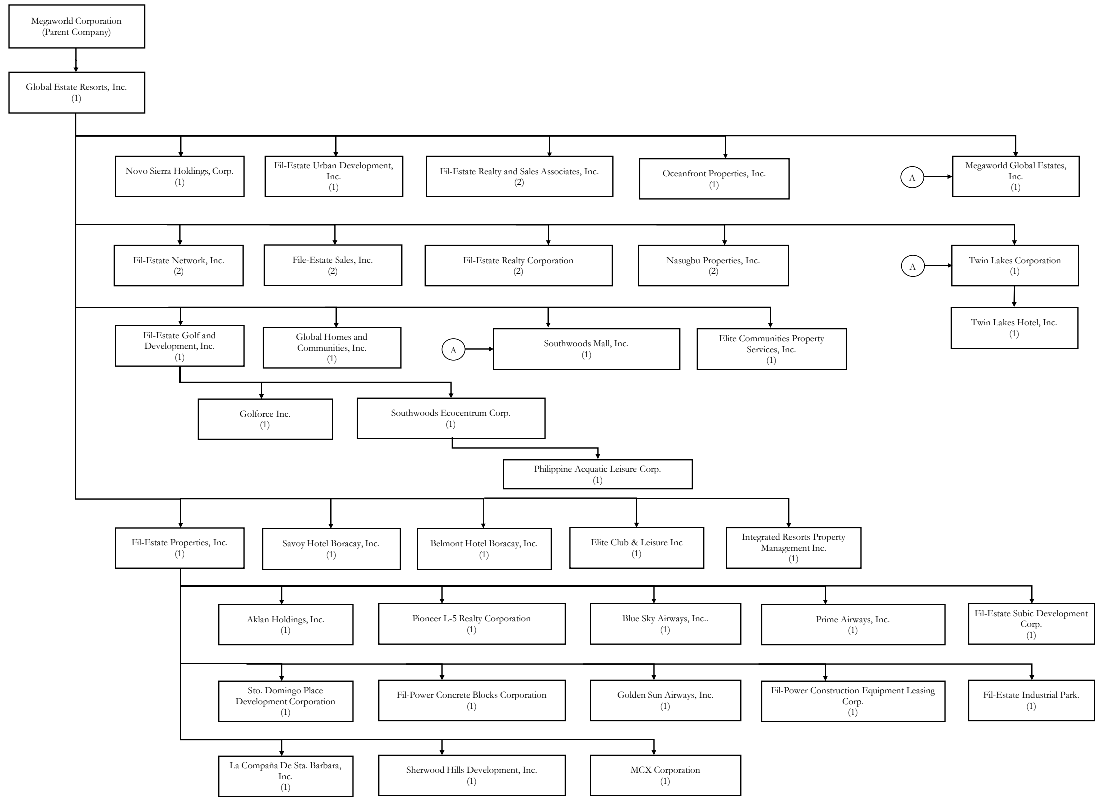
ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Golden Arches Development Corporation Group
December 31, 2023



Legend
Relationship with Golden Arches Development Corporation
(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity
(4) FVOCI

A	MegaworldCorporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Global Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	Southwoods Mall, Inc.
G	Westside City Resorts World, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.
S	Empire East Land Holdings, Inc.	T	Suntrust Home Developers, Inc.

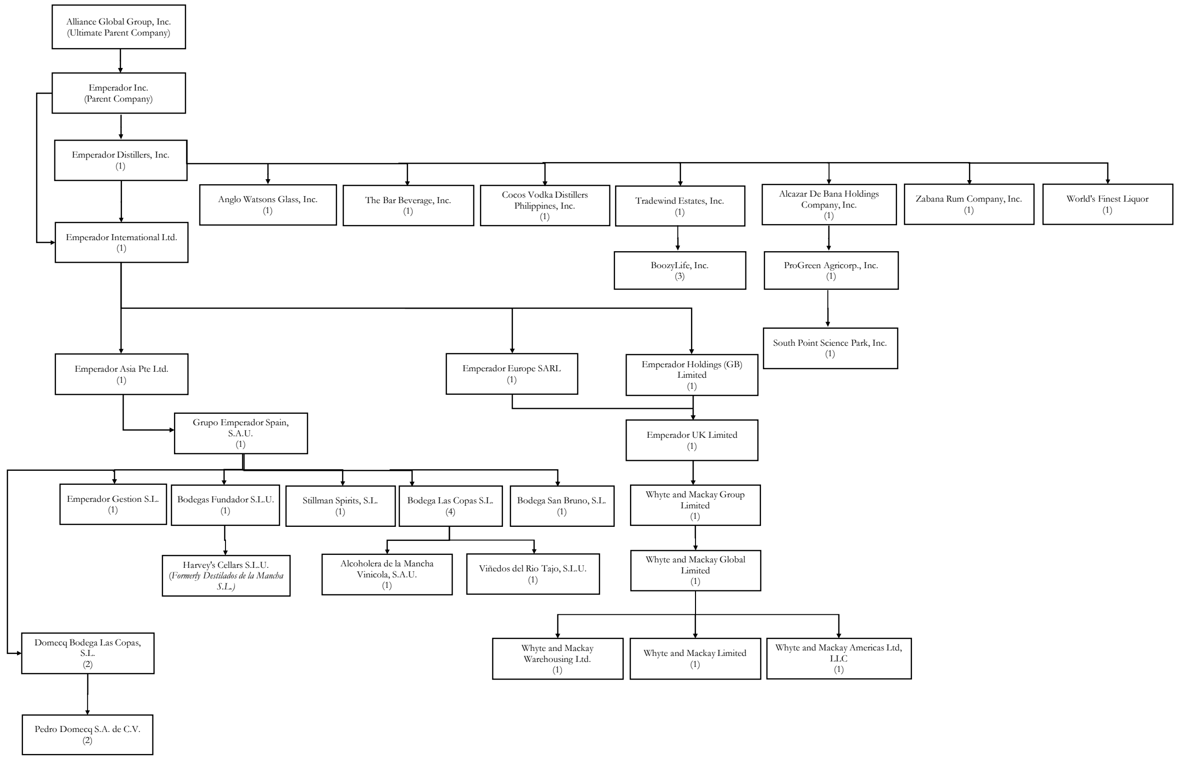
ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between and
Among Megaworld and Global Estate Resorts Inc. Group
December 31, 2023



Legend
(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity
(4) FVOCI

A	Megaworld Corporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Global Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	Southwoods Mall, Inc.
G	Westside City Resorts World, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.
S	Empire East Land Holdings, 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, 2023



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

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 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

Certified Public Accountants
Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd.

Offices in Cavite, Cebu, Davao
BOA/ PRC Cert of Reg. No. 0002
SEC Accreditation No. 0002

grantthornton.com.ph

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*

Corporate Information

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Landline: (+632) 8-894-6331
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Website: mreit.com.ph

Andy Dela Cruz, CFA
Investor Relations
adelacruz@megaworldcorp.com

Credits

Sustainability Consulting, Writing, and Design by:
Drink Sustainability Communications
www.drinkph.com

MREIT

A MEGAWORLD COMPANY

18th Floor Alliance Global Tower,
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