

Building on a Foundation of Trust, Delivering Consistent Growth

BOLDER FUTURE TOGETHER

2024
ANNUAL AND SUSTAINABILITY REPORT

M·REIT
A MEGAWORLD COMPANY



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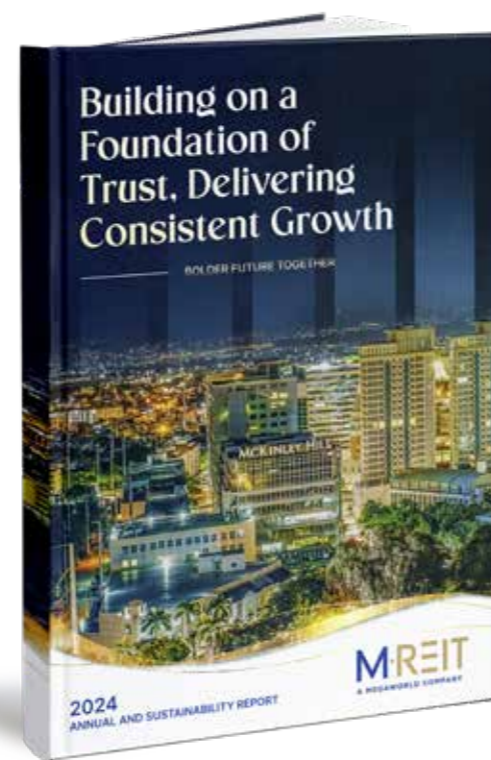
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About the Cover and Theme

Building on a Foundation of Trust, Delivering Consistent Growth

The cover of MREIT's 2024 Annual and Sustainability report signifies the Company's continued upholding of reliability and sustained development. The central element is a vibrant and well-lit cityscape showcasing the properties within MREIT's portfolio. The shot was taken at nighttime, implying that the business never sleeps and that the Company delivers continuous operation and growth. The McKinley Hill signage offers a tangible example of MREIT assets, allowing viewers to connect directly with the Company's presence.



The subtle gradient at the bottom of the cover and the vertical bars across it, transitioning into a more vibrant color, represent a sense of growth and a look towards a brighter future. Overall, the cover is designed to convey a sense of confidence and optimism, highlighting MREIT's position as a trustworthy, future-focused real estate investment trust with a strong foundation and a commitment to sustainability.

About the Report

The 2024 Annual and Sustainability Report (ASR) presents Megaworld Real Estate Investment Trust, Inc. (MREIT) and its performance across financial, operational, and sustainability dimensions. The report outlines MREIT's sustainability strategy, commitments, key initiatives, and operational milestones.

This report covers MREIT's financial, economic, environmental, and social performance for the period January 1, 2024, to December 31, 2024, encompassing 24 properties located in Eastwood City, McKinley Hill, McKinley West, Iloilo Business Park, and Davao Park District.

Prepared in accordance with the GRI Standards and the Philippine SEC Sustainability Reporting Guidelines for Publicly Listed Companies, this report reflects MREIT's ongoing commitment to transparency, accountability, and responsible business practices.

MREIT publishes its ASR annually, reinforcing its dedication to good governance, sustainability performance, and stakeholder engagement. The company welcomes stakeholder feedback to enhance future disclosures and ensure continued alignment with best reporting practices.

For inquiries or feedback on the 2024 Annual and Sustainability Report, contact:

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- MREIT, Inc.
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Message from the Leadership

Dear Stakeholders,

MREIT's 2024 performance stands as a testament to our resilience and disciplined execution amid continued market volatility.

We delivered a solid 12% growth in distributable income, reaching a record P3.2 billion, supported by a 9% increase in revenues to P4.5 billion. This growth was driven by continued rental escalations and the successful acquisition of six prime PEZA-accredited office towers in the fourth quarter of 2024, which added 156,000 square meters of gross leasable area (GLA) to our portfolio and expanded our footprint by 48% to over 482,000 square meters.

The strength of our portfolio remains evident, with average occupancy holding at 91%, well above industry benchmarks. This performance reflects the quality of our assets,



KEVIN ANDREW L. TAN

our focus on high-performing tenants, and the value of our locations within Megaworld's integrated urban townships. In 2024, we signed nearly 110,000 square meters of lease transactions, our highest annual total ever, reaffirming strong market demand for MREIT's office spaces.

This year, we are targeting to grow our portfolio GLA to 600,000 square meters as we continue to pursue accretive acquisitions and explore new asset classes. In line with this, we are set to begin acquiring retail assets from our sponsor, capitalizing on the robust recovery in foot traffic, tenant sales, and rental rates at Megaworld Lifestyle Malls. These moves are all part of our roadmap to reach one million square meters of leasable space by 2030, while further diversifying our income base and ensuring long-term growth.

MREIT's growth strategy is firmly anchored on the deep pipeline of high-quality assets from our sponsor, Megaworld Corporation. To date, Megaworld still holds over one million square meters of office GLA and more than 500,000 square meters of retail GLA that may be infused into MREIT in the future. This gives us clear visibility on future growth opportunities and a unique competitive advantage in scaling both our office and retail portfolios sustainably over the long term.

We also made meaningful progress in advancing sustainability and governance. Over 60% of our buildings have green certifications, underscoring our commitment to environmental and health standards. MREIT was also recognized with the Global Good Governance (3G) Award and the prestigious Golden Arrow Award for corporate governance, affirming our dedication to ethical and responsible business practices.

This 2025 also marks a new chapter for MREIT. As of June 1, I have assumed the role of Chairman of the Board. It has been a privilege to serve as President and CEO since MREIT's inception. During that time, we more than doubled our portfolio size and consistently grew earnings, positioning MREIT among the best-performing REITs in the country. I am honored to continue guiding the company's strategic direction and long-term vision in my new role as Chairman.

I am also pleased to officially welcome Mr. Jose Arnulfo "Arnie" Batac as our new President and CEO. Mr. Batac brings with him a wealth of experience from key leadership roles within Megaworld, including estate management, sustainability, and corporate ventures. As MREIT's former COO, he was instrumental in executing our most recent acquisitions, improving our efficiencies and advancing our ESG initiatives. I am confident that under his leadership, MREIT will continue to grow, innovate, and deliver value to shareholders.

We remain steadfast in our commitment to disciplined growth, responsible governance, and shareholder value creation. On behalf of the entire MREIT team, thank you for your trust and continued support.

Kevin Andrew L. Tan
Chairman of the Board

(Effective Jun 1, 2025)

MREIT, Inc.



About MREIT

MREIT, Inc., one of the top-performing real estate investment trusts (REITs) in the Philippines, is backed by Megaworld Corporation's expertise and resources. Originally registered with the Securities and Exchange Commission (SEC) as Megaworld Holdings, Inc., the Company initially functioned as an investment holding entity. In 2021, the company rebranded to MREIT, Inc., marking a strategic shift to real estate investment, focusing on office and commercial leasing for a diverse tenant base.

By the end of 2024, MREIT had grown its portfolio to include 24 premium properties, offering a total gross leasable area (GLA) of 482,000 square meters.



Vision

We envision eventually being one of the largest, most impactful office and commercial real estate investment trusts in Southeast Asia, strategically creating 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 over the long term by:

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



Values

- / Integrity
- / Excellence
- / Creativity and Innovation
- / Love for the Company

Significant Milestones

Below is a table of MREIT's significant milestones over the years. This timeline illustrates the company's evolution and growth trajectory:



2020

Incorporation: MREIT, Inc., initially registered as Megaworld Holding, Inc., was incorporated with the Securities and Exchange Commission (SEC) on 2 Oct 2020.

2021

Infusion of the IPO Assets: MREIT completed the acquisition of its maiden portfolio consisting of ten prime office properties with a total combined gross leasable area (GLA) of approximately 224,000 square meters valued at Php 49.4 billion.

Change in Name: The company was later renamed as MREIT, Inc. to focus on real estate investment trust (REIT) activities. This change was approved by the Securities and Exchange Commission (SEC) on April 7, 2021.

2021

Initial Public Offering (IPO): MREIT, Inc. made its debut on the Philippine Stock Exchange (PSE), raising approximately Php15.3 billion in one of the country's largest REIT initial public offerings at the time.

2021

2023

Acquisition of Wave 2 Assets: MREIT expanded its portfolio by acquiring four more prime properties totaling an additional 44,600 square meters (16% increase) for Php 5.3 billion.

2023

Power Purchase Agreement through RCOA: MREIT transitioned two office buildings to operate entirely on renewable energy, aligning with sustainability goals.

2021

Infusion of Wave 1 Assets: In the same year, MREIT acquired four prime, Grade A, PEZA-accredited office properties with a combined gross leasable area of 55,700 square meters, funded through debt.

2024

Carbon Neutral Operations: Through offsets, MREIT celebrates its first year of being carbon neutral for Scopes 1 and 2 emissions, reaffirming its commitments to environmental sustainability.

Acquisition of Wave 3 Assets: Secured SEC approval to acquire 156,600 sqm of office assets valued at PHP 13.15 billion, expanding GLA by 48% to 482,000 square meters.

2024

Portfolio



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)

Eastwood City

1800 Eastwood Avenue
(34,738 sqm)

1880 Eastwood Avenue
(33,744 sqm)

E-Commerce Plaza
(21,032 sqm)



McKinley West

One West Campus
(9,704 sqm)

Two West Campus
(9,332 sqm)

Five West Campus
(10,257 sqm)

Ten West Campus
(36,277 sqm)

One Le Grand
(48,292 sqm)



Iloilo Business Park

One Global Center
(10,301 sqm)

One Techno Place
(9,549 sqm)

Two Techno Place
(11,393 sqm)

Three Techno Place
(9,568 sqm)

Richmonde Tower and Hotel
(13,124 sqm)

Two Global Center
(9,903 sqm)

Festive Walk 1B
(14,703 sqm)

One Fintech Place
(18,088 sqm)

Two Fintech Place
(18,053 sqm)



Davao Park District

Davao Finance Center
(26,074 sqm)



Financial Highlights

Php 4,513.48M
 +14% year-on-year (Php 4,157M)
 Gross Revenue

Php 3,464.13M
 Rental Income

Php 3,973.87M
 Net Income

Php 3,178.28M
 Distributable Income

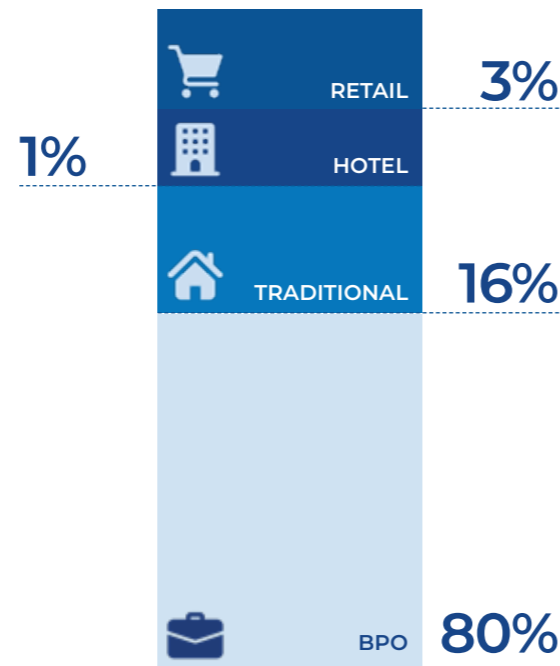
Php 0.9928/SHARE
 Annual Dividend

Php 76,000.00M
 Property Value

Operational Highlights



TENANT MIX (by GLA):



Sustainability Highlights

Power Purchase Agreement with MPOWER for 100% renewable energy supply by March 26, 2025.

Road to Zero Carbon

Five out of Twelve contestable properties (consuming minimum electricity demand of 500kW) transferred their contracts to MPower last 2024.

MREIT employees and partners participated in Megaworld's Project 3.5 Million Trees by conducting its own tree-growing activity last October 2024 and donated endemic and native tree seeds to the SeedQuest Program.

1,200 native and endemic trees in 2024

Green Building Certifications

LEED Gold-certified	IMMUNE "Resilient"
One Le Grand	1800 Eastwood Avenue
	1880 Eastwood Avenue
LEED Silver-certified	eCommercePlaza
One West Campus	
Two West Campus	IMMUNE "Powerful"
Five West Campus	One World Square
	Two World Square
Certified Good Travel Scan	Three World Square
Richmonde Hotel Iloilo	

Business Review

MREIT, Inc. has demonstrated sustained financial growth, achieving Php 4,513.5 million in revenue in 2024, 9% higher than last year. This growth was driven by a strong combination of new asset infusion, strong lease escalations, and a significant 9% increase in Net Operating Income (NOI), amounting to ₱3,443 million, demonstrating higher operational efficiency.

Despite a larger footprint, direct operating costs were efficiently managed, increasing by only 4% year-on-year to Php 978 million. This cost containment reflects MREIT's focus on creating synergies across its expanded estate footprint. General and administrative expenses rose to Php 92.5 million, primarily due to one-time filing fees related to the Wave 3 infusion processed with the Securities and Exchange Commission.

The company continues to prioritize operational efficiency and smart resource allocation to ensure sustainable growth and maximize returns. The Company's net operating income rose to Php 3,442.7 million, a 9% improvement from the previous year. Pre-tax income surged to nearly Php 3,983.4 million, a remarkable increase from Php 180.9 million in 2023, due to the recognition of fair value gains in its newly infused properties.

Profit after tax also rose significantly to Php 3,973.9 million, reflecting the company's commitment to financial discipline and value creation. Total equity also rose by 27%, reaching Php 66,289.7 million, up from Php 52,138.5 million last year, highlighting a strong and improving financial position.

Distributable income climbed to Php 3,178.3 million, marking a 12% year-on-year increase and further highlighting the company's focus on delivering consistent returns to its shareholders.

During the year, MREIT expanded its portfolio by acquiring six prime, PEZA-accredited office properties across Iloilo, Davao, and Taguig valued at Php 13,150 million, bringing its total gross leasable area (GLA) to 482,000 square meters, marking significant progress in the company's long-term strategic growth. The weighted average lease expiry (WALE) increased to 2.90 years, with a total of 107,600 square meters in office transactions signed during the period.

MREIT's performance in 2024 speaks volumes; it is a company that has the ability to scale effectively, maintain operational excellence, and reward shareholders with growing dividends. By expanding its footprint, optimizing tenant relations, and driving consistent earnings, MREIT has cemented its status as one of the leading players in the industry, poised for continued growth and long-term value creation.

DISCLOSURE	
Direct economic value generated (revenue)	4,513,477,992
Employee wages and benefits	506,437,459
Payments to suppliers, other operating costs	546,062,684
Dividends given to stockholders and interest payments to loan providers	3,312,068,333
Taxes given to government	82,613,494



Certifications, Awards, and Recognitions

MREIT, Inc. continues to demonstrate excellence in corporate governance and sustainability, as highlighted by the prestigious recognitions it received in 2024.

Global Good Governance (3G) Awards

MREIT was honored with the 3G Championship Award for Corporate Governance Reporting, highlighting its commitment to transparency and high standards in corporate governance. This prestigious award recognizes the company's efforts to maintain clear and consistent disclosures to stakeholders.

Golden Arrows Award

MREIT received a 1-Arrow Recognition in the ASEAN Corporate Scorecard, celebrating the company's achievements in promoting shareholder rights, equitable treatment, board responsibility, and sustainability practices. This award further solidifies MREIT's leadership in corporate governance within the region.

These awards reflect MREIT's ongoing dedication to maintaining the highest standards in business practices, corporate responsibility, and sustainability, reinforcing its position as a trusted leader in the real estate investment trust industry.



Board Composition and Sustainability Leadership

MREIT’s Board of Directors actively oversees Company operations through a robust governance structure to ensure effective management. The Board, with five members elected by stockholders, brings diverse expertise in management, commerce, and administration to provide strategic guidance.

BOARD MEMBERS	POSITION	GENDER	COMMITTEE MEMBERSHIP
Francisco C. Canuto	Chairman of the Board	M	Board Risk Oversight Committee
Kevin Andrew L. Tan	Director, President, and Chief Executive Officer	M	Executive Committee Audit Committee
Katherine L. Tan	Director	F	
Lourdes T. Gutierrez-Alfonso	Director	F	Executive Committee Related Party Transaction Committee
Jesus B. Varela	Independent Director	M	Executive Committee Corporate Governance Committee Board Risk Oversight Committee Related Party Transaction Committee
Sergio R. Ortiz-Luis, Jr.	Lead Independent Director	M	Corporate Governance Committee Board Risk Oversight Committee Audit Committee Related Party Transaction Committee
Antonio E. Llantada, Jr.	Independent Director	M	Corporate Governance Committee Audit Committee



Board of Directors



Francisco C. Canuto
/ Chairman of the Board

67, Male, Filipino

Mr. Canuto became the Director of MREIT in 2020 and currently serves as 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.



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

45, Male, Filipino

Mr. Tan used to serve as the Senior Vice President of Megaworld Corporation's Commercial Division. In this role, he was responsible for marketing and operating the Megaworld Lifestyle Malls, including Eastwood Mall and The Clubhouse at Corinthian Hills in Quezon City, Venice Piazza at McKinley Hill and Burgos Circle at Forbestown Center 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.



Katherine L. Tan
/ Director

73, Female, Filipino

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



Lourdes T. Gutierrez-Alfonso
/ Director

61, Female, Filipino

Ms. Gutierrez-Alfonso is a Certified Public Accountant with extensive real estate experience and a strong finance and marketing background. She was previously the Senior Executive Vice President for Finance and Administration at Megaworld Corporation, where she is currently the Chief Operating Officer.





Jesus B. Varela
/ Independent Director

68, Male, Filipino

Mr. Varela has over 20 years of experience in marketing, human resources, international labor affairs, agriculture, and commerce. He has held executive positions with several organizations, including the Department of Agriculture, the National Food Authority Council, Philippine Genetics, the National Irrigation Administration, Philippine Planters Products, the National Agri-Business Corporation, the Agriculture Anti-Smuggling Task Force, and the Nautical Highway Board. He likewise served as Labor Attaché in Kobe, Japan; the Commonwealth of Northern Mariana Islands; and Athens.

Mr. Varela has completed various training courses related to his field, including Labor Administration and Policy Formulation under the International Labor Organization/ARPLA program, a Corporate

Planning Course at the Center for Research Communication, Foreign Exchange Training by Metro Bank and the Forex Club of the Philippines, and Systems Analysis by the Presidential Management Staff. He has also participated in the Asian Productivity Seminar and several in-house seminars conducted by the Department of Labor and the Development Academy of the Philippines.

Previously, he served as the Chairman and Acting CEO of GSI Philippines, as a Director of the Philippine Chamber of Commerce and Industry (PCCI), and as Vice President of the Employers Confederation of the Philippines.



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

81, Male, Filipino

Mr. Ortiz-Luis is one of the country's renowned management practitioners and has been an Independent Director at MREIT since April 2021.



Antonio E. Llantada, Jr.
/ Independent Director

81, Male, Filipino

Mr. Llantada is a Certified Public Accountant, and a professor of Accounting and Finance in Enderun Colleges and Thames International Business School.

He previously served as the Internal Audit Consultant and Chief Audit Executive of Empire East Land Holdings (publicly listed).



Key Officers



MREIT
Kevin Andrew L. Tan
/ President and Chief Executive Officer



MREIT
Jose Arnulfo T. Batac
/ Chief Operating Officer



MREIT
Giancarlo V. Inacay
/ Chief Financial Officer



MREIT
Andy Willing Dela Cruz, Jr.
/ Head of Investor Relations



MREIT
Maria Carla T. Uykim
/ Corporate Secretary



MREIT FUND MANAGERS, INC.
Roland J. Tiongson
/ President



MREIT PROPERTY MANAGERS, INC.
Eric John C. Enriquez
/ President

Board Committees

MREIT's Board of Directors delegate special committees, such as the Executive Committee, Corporate Governance Committee, Board Risk Oversight Committee, Audit Committee, and Related Party Transaction Committee, to manage specific focus areas in The Company. Furthermore, the Board executes ethical conduct through the Company's corporate governance framework, which is contained in its Articles of Incorporation and By-Laws in The Company's Manual on Corporate Governance.

Executive Committee

actively assists the Board of Directors by exercising the Board's powers, as legally permitted, between formal Board meetings. They then provide a full report of all adopted resolutions to the Board at the next meeting. The Board appoints at least three members to the Executive Committee.

Corporate Governance Committee

assists the Board of Directors in the performance of corporate governance and the implementation and evaluation of its corporate governance responsibilities. The Committee also determines The Company's Board of Directors' nomination and remuneration packages for corporate and individual performance. It should be composed of at least three members, two of whom are independent directors, including the Chairman of the Committee.

Audit Committee

ensures all financial reports comply with internal financial management and accounting standards, performs financial oversight management functions, pre-approves all audit plans, scope, and frequency, and performs direct interface functions with the internal and external auditors.

Board Risk Oversight Committee

The Audit Committee consists of at least two non-executive directors with essential accounting and financial expertise, most of whom should be independent directors, including the Chairman. The Chairman of the Audit Committee should not be the Chairman of the Board or any other committee.

assists by overseeing the Corporation's Enterprise Risk Management system, ensuring its functionality and effectiveness. The Committee is composed of at least three directors, two of whom are independent directors, including the Chairman. The Chairman of the Board Risk Oversight Committee should not be the Chairman of the Board or any other committee.

Related Party Transaction Committee

executes the review of all material related party transactions of the Company, including continuous evaluation of existing relations between and among business and counterparties. The Committee ensures that all related parties are regularly identified, transactions are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured and reported to the Board and regulators/supervisors. At least three directors, with the majority, including the Chairman, are designated to the Related Party Transaction Committee.





Policies and Guidelines

MREIT, Inc. establishes its policies in line with its stakeholders' standards and expectations, and ensures that The Company materializes practices that manifests its priorities. Implementing these policies reduces operational risks through engaged stakeholders, encouraging them with displayed manner of conduct integrated with the Company's values.



Anti-Fraud Policy

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

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.

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.



Insider Trading Policy

This policy prohibits insider trading by anyone connected to the Company (Board members, officers, employees, and related persons) to ensure fair trading and protect the Company's reputation.



Conflict of Interest Policy

The Board members are prohibited from using their position to profit from or gain any advantage or benefit



Data Privacy Policy

The safety of the personal information of employees, agents,

It applies to all securities transactions and covers the Company's confidential information and that of other public companies it interacts with.



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.



System Audit Guidelines

The Company ensures its internal controls comply with standards and company requirements by



Succession Planning Policy

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

systematically and independently examining its business affairs. This provides transparency in MREIT's business practices.



Related Party Transactions Policy

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



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.

Sustainability Strategy

MREIT's sustainability strategy is centered around integrating environmental, social, and governance (ESG) principles into its core operations



MCKINLEY HILL

Aligned with its parent company, Megaworld Corporation, MREIT's sustainability strategy is structured around three interconnected pillars—People, Planet, and Prosperity—carried out by the MEGreen program's Four Pillars: Sustainable Townships, Road to Zero Carbon, Inclusive Development, and Stakeholder Engagement. Sustainable Townships promote eco-friendly urban environments (Planet), while the Road to Zero Carbon targets environmental sustainability and operational cost efficiency (Planet and Prosperity). Inclusive Development ensures community equity and social well-being (People), and Stakeholder Engagement promotes transparency, accountability, and shared value (Prosperity).

SustainAGility Framework



Aligned with Megaworld Corporation’s broader sustainability initiatives, MREIT’s sustainability framework is guided by three core pillars: **People, Planet,** and **Prosperity.**

These pillars represent the fundamental areas where MREIT focuses its sustainability efforts, aiming to achieve measurable and impactful outcomes that support the Company’s goals and broader societal and environmental objectives.

PILLAR 1 People

MREIT champions a people-first approach that elevates the individuals supporting its operations, fosters inclusive community development and prioritizes the well-being of its customers.

EMPLOYEE WELLNESS & DEVELOPMENT

Human Rights, Diversity and Equal Opportunities, Employee Welfare, Workforce Health and Safety

- / Commitment to fostering an inclusive workplace that upholds human rights and provides equal opportunities for all employees.
- / Implementation of well-being programs and workplace safety standards to protect employees and promote a healthy work environment.

INCLUSIVE COMMUNITY TRANSFORMATION

Community Relations

- / Strengthening engagement with local communities through inclusive development initiatives and sustainable development programs.
- / Enhancing MREIT’s social license to operate by prioritizing community welfare and long-term impact initiatives.

CUSTOMER CARE

Customers, Data Privacy and Security

- / Ensuring high-quality customer service and satisfaction through compliance with safety and environmental standards.
- / Implementing data privacy and security protocols to protect stakeholders and maintain transparency in digital transactions.



While the Company had no direct employees in 2023 and 2024, it upholds its commitment to human capital development and workplace well-being through its fund manager, MREIT Fund Managers, Inc. (MFMI). Through this structure, MREIT continues to promote a culture of inclusivity, uphold health and safety standards, and deliver transparent and responsive service to its stakeholders.

The Company also remains steadfast in advancing inclusive community transformation and ensuring high standards of customer care, particularly in service quality, safety, and data privacy. People remain central to MREIT's sustainability agenda—whether through workforce engagement, community partnerships, or stakeholder experience.



PILLAR 2
Planet

MREIT is committed to environmental stewardship by adopting sustainable practices that reduce its carbon footprint, conserve natural resources, and promote eco-efficient operations across its real estate portfolio.

CARBON NEUTRALITY

Climate Change, GHG Emissions Management, Air Quality

- / Strategies to reduce greenhouse gas (GHG) emissions and transition toward climate-resilient real estate development.
- / Implementation of air quality management programs to align with environmental regulations.

RESOURCE EFFICIENCY

Waste Management, Water Management, Energy Management

- / Adoption of responsible waste disposal methods and water conservation initiatives.
- / Energy-efficient technologies and renewable energy integration to enhance operational sustainability.

SUSTAINABLE BUILDING OPERATIONS

Green Building

- / Integration of green building principles into development projects to improve energy efficiency, reduce carbon emissions, and promote healthier, more sustainable indoor and outdoor environments.

PILLAR 3 Prosperity

MREIT aims to deliver sustainable economic growth while maintaining strong corporate governance and ethical standards. It supports national development by creating jobs, expanding market presence, and promoting business resilience.

IMPACTFUL GROWTH

Economic Performance, Market Presence

- / Ensuring stable revenue streams and expanding market presence through diversified property management.
- / Leveraging digital transformation to enhance operational efficiency and competitiveness.
- / Enhanced asset value, increased dividends, and strong returns driven by MREIT's strategic expansion.

GOOD GOVERNANCE

Enterprise Risk Management, Business Ethics and Integrity, Regulatory Compliance, Procurement Practices, Tax

- / Strengthening corporate governance frameworks to maintain financial transparency and regulatory compliance.
- / Implementing responsible procurement policies and ethical business standards to uphold sustainability commitments.



Committing to a Sustainable Future: MEGreen Program

MREIT, Inc. actively participates in Megaworld’s MEGreen Program as an exposition of its dedication to sustainability. The MEGreen Program is an initiative of Megaworld that serves as its foundation of sustainability activities. It unifies its subsidiaries under one framework based on the following pillars: Sustainable Townships, Road to Zero Carbon, Inclusive Development, and Stakeholder Engagement. Participation in the MEGreen Program ensures MREIT’s sustainability efforts are aligned with its governance, social, environmental, and economic objectives.



Sustainable Townships

MREIT, Inc. guarantees that it integrates sustainable designs into its townships, ensures user-centric developments, and recognizes green building standards. The Company is recognized for these initiatives through the certifications and compliance ratings such as IMMUNE, LEED certifications and The Travel Good Scan’s ratings for townships managed by MREIT.



Inclusive Development

MREIT, Inc. supports the social development of communities within and around its townships by fostering inclusive growth and enabling sustainable progress, while also contributing to livelihood generation by targeting the creation of five million direct and indirect jobs through its operations.



Road to Zero Carbon

As part of MREIT’s commitment to the MEGreen Program, The Company remains focused on improving its environmental performance through sustainability goals and strategies including:

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

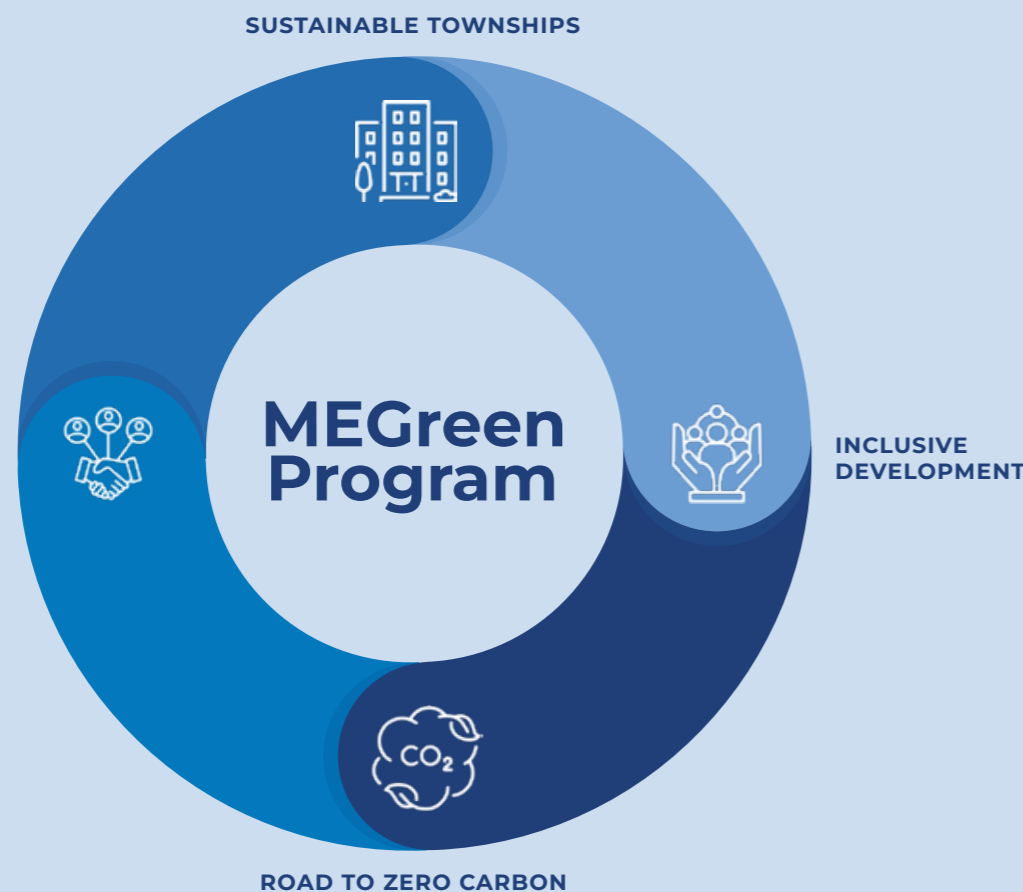


Stakeholder Engagement

MREIT recognizes that the long-term value of its portfolio is built on strong, collaborative relationships with its stakeholders—including tenants, investors, local communities, business partners, and regulators. Guided by the Stakeholder Engagement pillar of the MEGreen Program, MREIT promotes open dialogue, transparency, and shared value creation to ensure that every stakeholder contributes meaningfully to the growth of vibrant, inclusive, and future-ready townships.

Sustainability Team

MREIT’s sustainability initiatives are guided and implemented by Megaworld’s Sustainability Team, to support the Company’s programs and strategic goals.



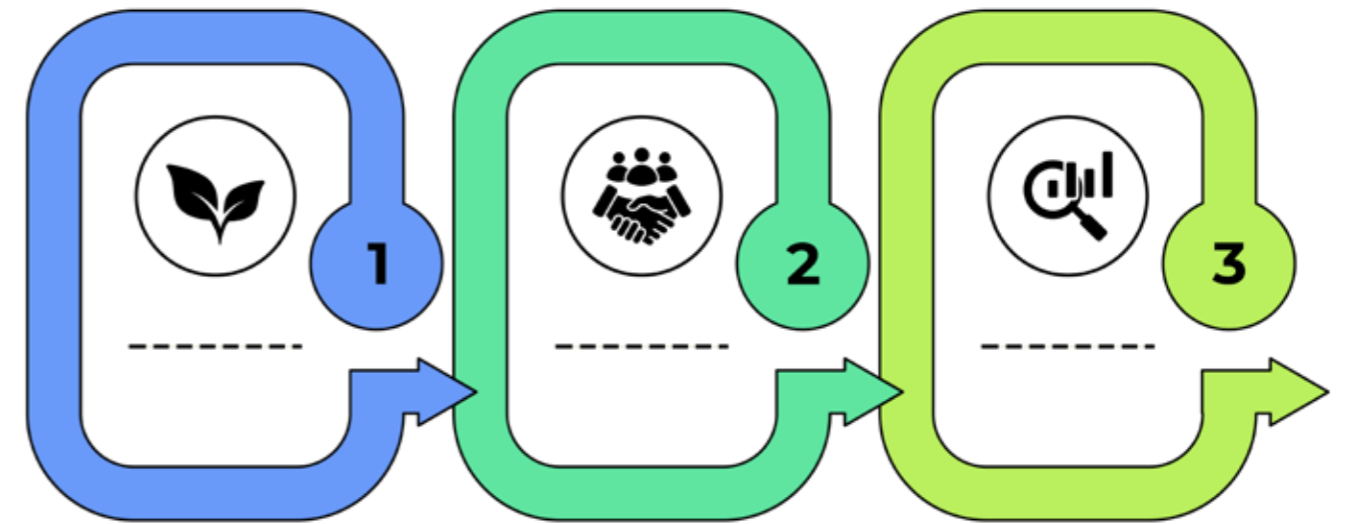
Materiality Process

Understanding the most significant factors driving sustainability is fundamental to MREIT's business strategy. The Materiality Process is a structured framework for identifying, assessing, and managing critical economic, environmental, and social issues that may affect the company's long-term success and value creation for stakeholders. This process supports transparency, accountability, and continuous improvement, aligning with global best practices and regulatory standards, including the SEC's disclosure requirements.

In 2023, MREIT conducted a comprehensive review of its key business activities, risks, and impacts, which has been carried over into the 2024 sustainability report. This review included enhancing data management tools and systems to better track and measure the company's influence on the economy, environment, and society. The process involved proactive engagement with a broad range of stakeholders, including employees, customers, suppliers, investors, and local communities, ensuring that the identified material issues are aligned with stakeholder priorities and support sustainable, long-term value creation.



Key steps in the process included:



Identification & Impact Assessment

A thorough review of economic, environmental, and social factors affecting MREIT's operations, stakeholders, and business outcomes. This review encompasses positive contributions (e.g., achievements in energy efficiency, community development) and potential risks (e.g., regulatory compliance, climate change impacts) that require proactive management to mitigate adverse effects.

Stakeholder Engagement

Continuous consultations with internal and external stakeholders, integrating their feedback into sustainability decision-making. Reinforcement of MREIT's commitment to inclusiveness and responsible business practices.

Benchmarking, Validation, and Prioritization

Comparison of material topics against industry benchmarks, global standards, and regulatory requirements. Validate key material issues to refine sustainability priorities based on their impact and stakeholder relevance.

This Materiality Process ensures that MREIT's sustainability strategy remains aligned with business objectives, regulatory requirements, and stakeholder expectations, reinforcing the company's commitment to responsible and sustainable growth.

Unified Impact: An ESG Blueprint

In 2024, MREIT strengthened its sustainability strategy by categorizing its material topics within the framework of the SustainAGility pillars—People, Planet, and Prosperity.

This thematic alignment enhances the Company’s ability to manage environmental, social, and governance (ESG) risks and opportunities while reinforcing its disclosures clarity, comparability, and relevance. It also enables MREIT to better align with global sustainability frameworks and meet the expectations of its stakeholders.



Several updates were introduced to improve the accuracy and relevance of the material topics. Occupational Health and Safety was updated to Workforce Health and Safety to reflect a more inclusive and proactive view of employee well-being. Data Privacy was expanded to Data Privacy and Security to recognize the increasing importance of cybersecurity and privacy protection. The topic of accessibility was reframed as Green Building, emphasizing the Company's efforts toward sustainable, inclusive, and efficient real estate development. Additionally, Community Relations and Enterprise Risk Management, which were discussed in previous reports, have now been formally included as material topics, reflecting their growing significance in MREIT’s sustainability performance.

Below is the updated and expanded mapping of MREIT’s material topics organized under the SustainAGility Pillars:

PILLAR 1 People	PILLAR 2 Planet	PILLAR 3 Prosperity
Human Rights	Climate Change	Economic Performance
Diversity and Equal Opportunities	GHG Emissions Management	Market Presence
Employee Welfare	Air Quality	Enterprise Risk Management
Workforce Health and Safety	Waste Management	Business Ethics and Integrity
Community Relations	Water Management	Regulatory Compliance
Customers	Energy Management	Procurement Practices
Data Privacy and Security	Data Privacy and Security	Tax
		

Stakeholder Engagement

MREIT builds strong relationships with internal and external stakeholders who influence its business. By using various communication channels and engagement programs, MREIT gains valuable insights into the shared perspectives of its stakeholders. This understanding allows MREIT to develop strategies that address relevant concerns. Communication channels help enhance the effectiveness and significance of its sustainability strategy and program.

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

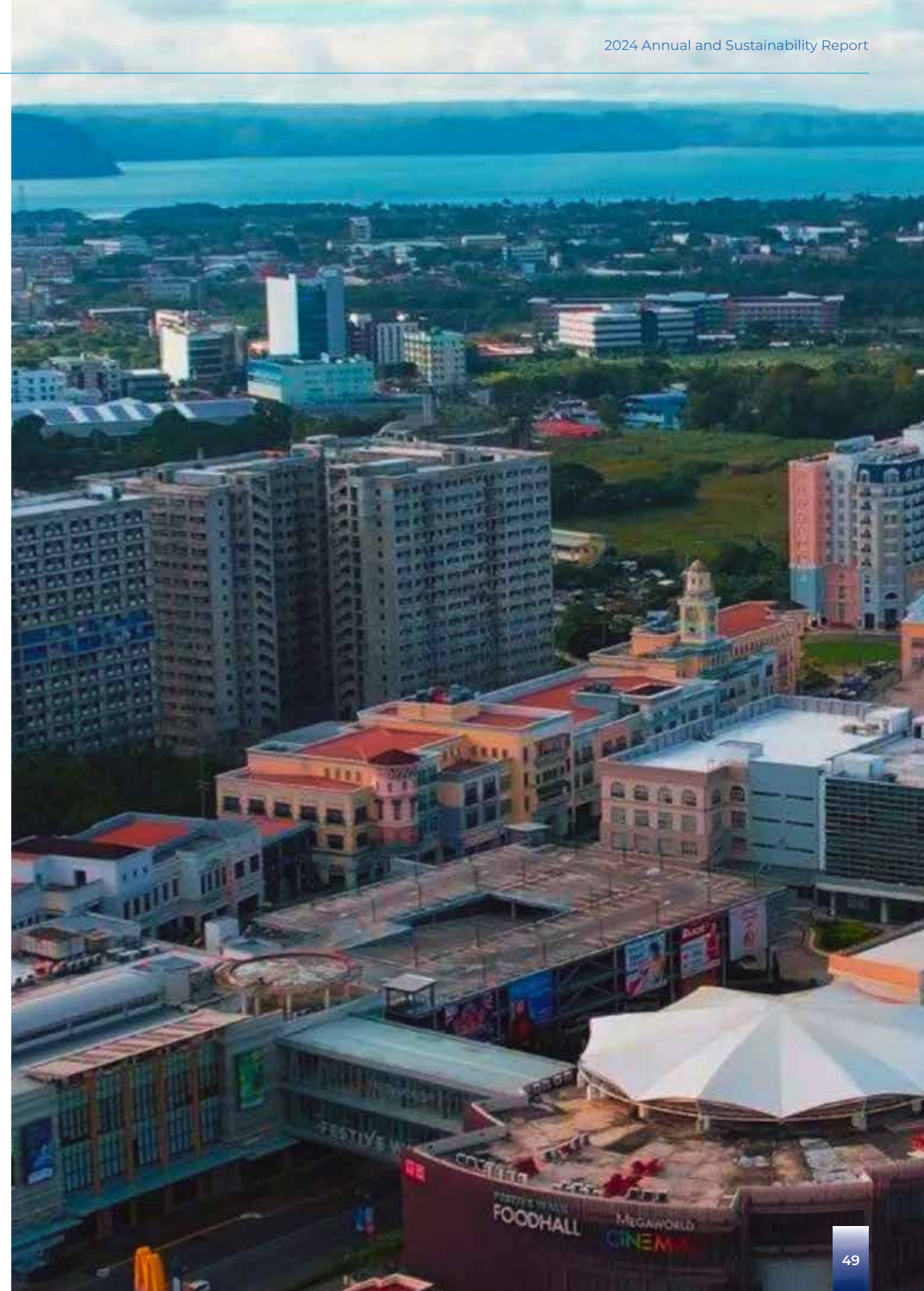
-
- Annual and quarterly reports
-
- In-person and virtual meetings
-
- Quarterly earnings calls
-

CONTRACTORS

-
- Email correspondences
-
- Point person from the property management office
-
- Virtual meetings
-

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)
-



UN SDG Contributions

MREIT is committed to advancing clean energy transitions and incorporating energy-efficient technologies throughout its properties. Beyond its focus on environmental sustainability, MREIT promotes community engagement through responsible business practices that uphold human rights, promote diversity, and ensure equal opportunity. The Company provides integrated commercial and office spaces to enhance business opportunities while supporting sustainable practices. Additionally, MREIT develops hospitality and retail environments that deliver premium experiences through eco-friendly solutions.

Through these efforts, MREIT inspires others in the real estate and investment sectors to adopt sustainable practices, demonstrating that collective action can drive meaningful change.

Material Topic and Description	Relevant GRI Indicators	Societal Value/Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
HUMAN RIGHTS				
MREIT is committed to upholding human rights across its operations, ensuring that all individuals are treated with dignity, fairness, and respect.	GRI 402 Labor/Management Relations	<ul style="list-style-type: none"> / Employee Engagement & Open Communication / Fair Labor & Human Rights Policies / Employee Welfare & Development 	Potential exploitation risks in supply chains or contractors	Regular audits and supplier accreditation to ensure no forced or child labor
DIVERSITY AND EQUAL OPPORTUNITIES				
By fostering an inclusive work environment, MREIT strengthens its corporate culture and enhances the overall well-being of its employees and stakeholders.	GRI 405 Diversity and Equal Opportunity	<ul style="list-style-type: none"> / Equal Employment Opportunities / Inclusive Workplace Culture / Fair Compensation and Career Growth 	Potential discrimination in hiring and career advancement	Anti-discrimination policies; continuous employee diversity training and monitoring
EMPLOYEE WELFARE				
MREIT ensures a supportive environment through comprehensive health and safety programs, competitive benefits, and career development opportunities.	GRI 401 Employment GRI 404 Training and Education GRI 406 Non-Discrimination	<ul style="list-style-type: none"> / Comprehensive Employee Benefits and Well-being Programs / Continuous Learning and Career Development / Commitment to Non-Discrimination and Equal Opportunities 	Stress and work-life balance issues due to high workload demands	Comprehensive employee well-being programs, including medical benefits, flexible arrangements, and ongoing training programs
WORKFORCE HEALTH AND SAFETY				
MREIT prioritizes the safety and well-being of its workforce by implementing rigorous health and safety protocols across all operations, recognizing that a secure work environment strengthens both employee welfare and business resilience.	GRI 403 Occupational Health and Safety 2018	<ul style="list-style-type: none"> / Implementation of Workplace Safety Standards / Employee Health and Well-being Programs / Safe and Sustainable Workspaces 	Workplace accidents or injuries impacting employee health	Implementation of rigorous occupational safety standards, regular audits, and training

Material Topic and Description	Relevant GRI Indicators	Societal Value/Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
COMMUNITY RELATIONS				
By prioritizing inclusivity and collaboration, MREIT creates positive and lasting impacts that benefit both its stakeholders and the broader community.	GRI 413 Local Communities	<ul style="list-style-type: none"> / Economic Empowerment and Local Job Creation / Sustainable Community Development Initiatives / Stakeholder Engagement and Social Responsibility 	Community displacement or exclusion during property development	Comprehensive stakeholder engagement, inclusive community consultations, and sustainable development initiatives
CUSTOMERS				
MREIT prioritizes customer satisfaction and well-being by ensuring high-quality service, safety, and privacy across its properties, fostering trust and long-term relationships with tenants, investors, and other stakeholders.	GRI 416 Customer Health and Safety	<ul style="list-style-type: none"> / Customer Satisfaction and Service / Health and Safety Standards 	Risk of dissatisfaction leading to reduced customer loyalty	Continuous customer feedback; Service quality improvement initiatives
DATA PRIVACY AND SECURITY				
MREIT enforces strict data protection policies and cybersecurity measures to prevent unauthorized access and ensure compliance, fostering trust among employees, tenants, investors, and business partners.	GRI 418 Customer Privacy	<ul style="list-style-type: none"> / Comprehensive Data Protection Policies / Enhanced Cybersecurity and Risk Management / Transparency and Customer Awareness 	Risk of data breaches impacting trust and compliance	Enhanced cybersecurity frameworks, continuous employee training, and regulatory compliance audits



Material Topic and Description	Relevant GRI Indicators	Societal Value/Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
CLIMATE CHANGE				
MREIT implements energy-efficient initiatives, carbon reduction strategies, and climate-resilient infrastructure to mitigate risks and contribute to a more sustainable future.	GRI 305 Emissions	<ul style="list-style-type: none"> / Carbon Emissions Reduction Initiatives / Sustainable Building and Green Technologies / Air Quality and Pollution Control 	Increased operating costs due to climate adaptation requirements	Investment in climate-resilient infrastructure and adoption of green building standards
GHG EMISSIONS MANAGEMENT				
MREIT monitors and mitigates its emissions to align with global sustainability standards and contribute to climate action.	GRI 305 Emissions	<ul style="list-style-type: none"> / Carbon Emissions Reduction Initiatives / Sustainable Building and Green Technologies / Air Quality and Pollution Control 	Increased operating costs due to climate adaptation requirements	Investment in climate-resilient infrastructure and adoption of green building standards
AIR QUALITY				
MREIT monitors and reduces air pollutants to create healthier environments for tenants, employees, and communities.	GRI 305 Emissions	<ul style="list-style-type: none"> / Carbon Emissions Reduction Initiatives / Sustainable Building and Green Technologies / Air Quality and Pollution Control 	Increased operating costs due to climate adaptation requirements	Investment in climate-resilient infrastructure and adoption of green building standards
WASTE MANAGEMENT				
MREIT promotes responsible waste management by implementing efficient waste reduction, segregation, and recycling programs across its properties.	GRI 306 Waste	<ul style="list-style-type: none"> / Efficient Waste Segregation and Recycling Programs / Reduction of Hazardous and Residual Waste / Sustainable Water and Effluent Management 	Improper waste disposal leading to environmental harm	Waste reduction, segregation programs, and collaboration with accredited waste handlers



Material Topic and Description	Relevant GRI Indicators	Societal Value/Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
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WATER MANAGEMENT



MREIT prioritizes efficient water management by implementing conservation initiatives, optimizing water usage, and integrating recycling systems across its properties.	GRI 303 Water and Effluents	<ul style="list-style-type: none"> / Water Conservation and Efficiency Initiatives / Wastewater Treatment / Sustainable Water Resource Management 	Water scarcity impacting operations and community relations	Implementation of water-saving technology, regular audits, and recycling measures
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ENERGY MANAGEMENT



MREIT is committed to optimizing energy efficiency by integrating sustainable practices, utilizing energy-efficient technologies, and transitioning to renewable energy sources.	GRI 302 Energy	<ul style="list-style-type: none"> / Energy Efficiency and Reduction Initiatives / Sustainable Operations / Adoption of Green Building Standards 	Increased operational costs due to transition to renewable energy	Transitioning buildings to renewable energy and adopting energy efficiency technologies and standards
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GREEN BUILDING



MREIT integrates accessibility considerations in its property developments, ensuring well-designed environments that enhance urban mobility and connectivity.	GRI 304 Biodiversity	<ul style="list-style-type: none"> / Transition to renewable energy / Integration of green building practices 	Displacement of green spaces due to infrastructure expansion	Strategic property development, and enhancement of green spaces
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Material Topic and Description	Relevant GRI Indicators	Societal Value/Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
ECONOMIC PERFORMANCE 				
MREIT's strong financial performance and strategic asset management drive investor confidence, support sustainable expansion, and ensure long-term value creation.	GRI 201 Economic Performance	<ul style="list-style-type: none"> / Sustained Revenue Growth and Investor Returns / Sustainable Infrastructure Investments 	Economic downturn impacting investor returns or employee job security	Diversified portfolio strategy, robust financial risk management, and stakeholder transparency
MARKET PRESENCE  				
MREIT strengthens its market presence through strategic property investments, high-quality developments, and strong tenant relationships.	GRI 202 Market Presence	<ul style="list-style-type: none"> / Expanding Presence in Key Economic Hubs / Supporting Local Employment and Business Growth / Strategic Investments in Sustainable and Resilient Properties 	Over-concentration risks in specific market segments	Geographic and tenant diversification strategies
ENTERPRISE RISK MANAGEMENT  				
MREIT adopts a proactive approach to enterprise risk management by identifying, assessing, and mitigating potential risks that may impact its operations and stakeholders.		<ul style="list-style-type: none"> / Business Continuity 	Unanticipated operational disruptions from overlooked risks	Continuous monitoring, risk assessment processes, and mitigation planning
BUSINESS ETHICS AND INTEGRITY 				
MREIT upholds the highest standards of ethics and integrity by fostering a culture of transparency, accountability, and compliance.	GRI 205 Anti-Corruption	<ul style="list-style-type: none"> / Strict Anti-Corruption Policies and Compliance / Comprehensive Ethics and Integrity Training / Transparent Business Operations and Stakeholder Engagement 	Potential corruption or ethical breaches harming reputation	Strict anti-corruption training, monitoring mechanisms, and transparency protocols

Material Topic and Description	Relevant GRI Indicators	Societal Value/Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
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REGULATORY COMPLIANCE



MREIT adheres to all applicable laws, regulations, and industry standards to ensure responsible and ethical business operations.	GRI 207 Tax	<ul style="list-style-type: none"> / Transparent and Responsible Tax Practices / Regulatory Compliance and Governance Strengthening / Contribution to National and Local Economic Growth 	Non-compliance penalties or legal issues affecting operations	Regular compliance audits and continuous employee training
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PROCUREMENT PRACTICES



MREIT upholds fair, transparent, and sustainable procurement practices by prioritizing local suppliers, ethical sourcing, and quality standards.	GRI 204 Procurement Practices	<ul style="list-style-type: none"> / Prioritization of Local Suppliers / Ethical and Sustainable Procurement Standards / Transparent and Accountable Supply Chain Management 	Supply chain disruptions or sustainability compliance issues	Prioritizing local and accredited suppliers, regular sustainability audits
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TAX



MREIT ensures full compliance with tax regulations, maintaining transparency and accountability in all financial transactions.	GRI 207 Tax	<ul style="list-style-type: none"> / Responsible Tax Compliance and Transparency / Fair Tax Practices for Business Sustainability / Proactive Tax Risk Management and Governance 	Tax compliance risks affecting financial and operational stability	Transparent tax reporting and proactive governance in tax compliance
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People: Empowering Stakeholders & Society



MREIT is dedicated to building enduring partnerships with stakeholders by proactively engaging and addressing their concerns, values, and expectations. This commitment fosters strong relationships founded on trust, reliability, and consistent ethical conduct. The Company diligently complies with industry standards and regulatory requirements, reflecting unwavering principles in all its business practices.

Employee Wellness & Empowerment

- Human Rights
- Diversity and Equal Opportunities
- Employee Welfare
- Workforce Health and Safety

Community Transformation

- Community Relations

Customer Care

- Customer
- Data Privacy and Security



Employee Wellness & Empowerment

Megaworld leads MREIT's talent acquisition and human resource development initiatives, providing highly skilled personnel to support the Company's growth. MREIT is committed to maintaining a dynamic and inclusive workplace that emphasizes health, safety, fair compensation, and professional growth.

Following the resignation of its remaining direct employees in 2022, MREIT transitioned to an employee secondment model through MREIT Fund Managers, Inc. (MFMI). Although direct employee count was zero in 2023 and 2024, workforce management remained effective under MFMI's policies, fully aligning with MREIT's sustainability objectives.

Human Rights

MREIT actively promotes human rights across its operations and supply chain, ensuring a respectful and inclusive environment for employees, suppliers, and community stakeholders. The Company regularly solicits employee feedback, fostering open communication and collaborative decision-making. Freedom of association and collective bargaining are respected, alongside comprehensive measures against workplace harassment.

No incidents of discrimination or child labor risks were reported between 2022 and 2024. Additionally, 100% of MREIT's security personnel, including third-party providers, have completed formal human rights training, reinforcing ethical practices within their roles.



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Security personnel who have received formal training in the organization's human rights policies or specific procedures and their application to security

Diversity and Equal Opportunity

MREIT values workforce diversity and equal opportunity as critical elements for innovation, talent retention, and compliance. Initially employing two female employees in 2022, MREIT transitioned all workforce management to MFMI in 2023. Consequently, diversity and inclusion practices have been effectively integrated through MFMI's governance, continuing the commitment to an inclusive workplace.

Employee Welfare

MREIT firmly prioritizes employee welfare, viewing it as a fundamental component of its sustainable business strategy. While the Company transitioned in 2023 to a model with no direct employees—following the resignation of its two remaining direct staff in 2022—workforce management remains a critical sustainability focus through its fund manager, MREIT Fund Managers, Inc. (MFMI).

Through MFMI, MREIT continues to uphold robust welfare practices by implementing comprehensive support systems, promoting inclusive workplace policies, and maintaining stringent health and safety standards. These initiatives significantly enhance operational effectiveness, foster a positive work environment, and support the sustained growth of the organization.

A well-supported workforce contributes directly to increased productivity, heightened employee satisfaction, and improved talent retention, collectively enhancing service quality and operational reliability. Such outcomes strengthen stakeholder trust and reinforce MREIT’s reputation as a responsible corporate entity.

Conversely, inadequate emphasis on employee welfare could negatively impact morale, disrupt business continuity, and compromise organizational resilience. Recognizing these risks, MFMI actively promotes fair labor practices, extensive health and wellness programs, and opportunities for continuous professional development.



These measures uplift the well-being of seconded personnel, adding significant value to stakeholders, including investors, tenants, business partners, and the broader community.

Although employee benefit data for 2023 and 2024 under MREIT reflects zero due to the absence of direct employees, MFMI effectively administers all relevant welfare programs. These sustained efforts ensure ongoing alignment with MREIT’s comprehensive sustainability commitments, demonstrating continued dedication to workforce well-being and overall corporate responsibility.



Workforce Health and Safety

MREIT regards workforce health and safety as a critical component of its sustainability commitments, ensuring operational resilience and long-term value creation. Despite transitioning in 2023 to a model without direct employees, MREIT maintains stringent standards for workplace safety and occupational health management through personnel seconded from its fund manager, MREIT Fund Managers, Inc. (MFMI).

In 2024, MREIT recorded a commendable safety performance, achieving zero incidents and accumulating a total of 24,130 safe man-hours. This achievement underscores the Company's robust compliance with local and international health and safety regulations, anchored by a comprehensive Occupational Health Management System implemented by MFMI.

MFMI, aligned with Megaworld's group-wide policies, actively cultivates a safe and healthy working environment through proactive measures such as regular hazard assessments, preventive healthcare programs—including vaccinations against diseases like Hepatitis B—and continuous wellness monitoring. These measures are complemented by routine health screenings, targeted wellness initiatives, and extensive insurance coverage provided through Health Maintenance Organization (HMO) partners, benefiting all seconded employees supporting MREIT's operations.

MFMI's dedicated occupational health team, including an Occupational Health Nurse and medical professionals, actively spearheads health and wellness programs. Health records are diligently maintained within a secure digital platform known as the Online Clinic Data Record, ensuring strict confidentiality. Employees are encouraged to actively participate in various health initiatives, thus fostering personal ownership of their well-being, with mandatory compliance required solely for legally prescribed health programs.

A collaborative approach defines MREIT's management of occupational health and safety, with seconded personnel providing continuous feedback to refine and strengthen health initiatives. The Employee Safety and Health (ESH) Committee, led by Safety Officers and Company Nurses, regularly convenes to evaluate practices, implement improvements, and promote safety awareness across the workforce.

Moving forward, MREIT remains committed to further enhancing its occupational safety frameworks, continuously refining health programs, and embedding a culture deeply rooted in safety awareness. Through these ongoing efforts, MREIT ensures the well-being of personnel, strengthens operational stability, and consistently aligns with its overarching sustainability objectives.



Community Transformation

MREIT consistently creates value for its diverse stakeholders, recognizing their influence on the business and its success. This commitment is evident in its corporate social responsibility (CSR) initiatives and development programs.

Community Relations

MREIT’s operational presence significantly contributes to local economies by generating economic opportunities and supporting employment, positively affecting residents, suppliers, investors, and other community stakeholders. The Company proactively engages communities by investing in meaningful CSR initiatives, including scholarship programs, livelihood development projects, and comprehensive health and wellness activities. These efforts reflect MREIT’s dedication to fostering socioeconomic growth and empowering communities toward long-term stability.

Recognizing the environmental implications of its development activities, MREIT also incorporates sustainability considerations into its community engagements. The Company implements strategic initiatives that minimize environmental impacts, ensures compliance with environmental and social regulations, and regularly conducts socio-economic assessments to understand and address community needs comprehensively.

In line with its commitment to responsible corporate citizenship, MREIT consistently upholds transparency and accountability, evidenced by zero direct or indirect political contributions in 2024. Moreover, the Company maintains its strong commitment to respecting indigenous peoples' rights, with no recorded violations from 2022 to 2024.

Looking forward, MREIT aims to further deepen stakeholder engagement, expand ESG-driven community initiatives, and continuously enhance its capacity to deliver sustainable, positive impacts to communities. Through these actions, the Company reinforces its vision of creating lasting value, not only for its investors but also for society as a whole.

Customer Care

MREIT actively engages in initiatives aimed at community transformation, consistently creating value for its stakeholders while recognizing the integral role communities play in the company’s sustained success. Through targeted corporate social responsibility (CSR) programs, MREIT effectively supports the communities in which it operates, demonstrating its commitment to shared prosperity and inclusive growth.



Customers

MREIT prioritizes customer safety and satisfaction through a comprehensive approach, emphasizing effective management, secure environments, and high-quality service delivery. The Company acknowledges that strong relationships with tenants and investors directly contribute to operational stability, reputation enhancement, and sustained business success. Recognizing that customer care significantly influences various stakeholders—including tenants, suppliers, employees, and investors—MREIT remains dedicated to maintaining high service standards to retain tenant confidence and stakeholder trust.

In 2024, MREIT consistently performed safety audits and risk assessments across its properties, aiming to proactively identify potential hazards and ensure secure operations. Although no significant health and safety impact assessments specifically related to products or service categories were required during the year, MREIT remained vigilant, providing extensive safety training to its seconded personnel to maintain preparedness and responsiveness. As a result of these proactive efforts, the Company recorded zero incidents of non-compliance related to health and safety standards in 2024.

Customer engagement is actively encouraged through multiple channels, including face-to-face interactions, virtual meetings, and dedicated customer service hotlines, providing accessible platforms for tenant feedback and issue resolution. In 2024, customer satisfaction remained notably high, with a 96% satisfaction rate. Nonetheless, MREIT acknowledges existing areas for improvement, having recorded approximately 16,767 customer complaints related to product and service health and safety issues as of October 2024, with 1,595 complaints addressed during the same period.

Recognizing the critical importance of continuous improvement, MREIT is committed to enhancing its responsiveness and customer service quality. Moving forward, the Company plans to further optimize its customer satisfaction processes and integrate advanced smart-building technologies, improving overall customer experiences, operational efficiency, and service excellence.

Data Privacy and Security

MREIT places a high priority on safeguarding customer privacy and ensuring robust data security across its operations, digital infrastructure, and tenant management systems. The Company recognizes that effective protection of sensitive information significantly strengthens customer trust, ensures compliance with regulatory standards, and reinforces overall business continuity.

Acknowledging the critical risks associated with potential data breaches, unauthorized access, or improper handling of information—which could result in reputational harm and regulatory penalties—MREIT adheres strictly to the Data Privacy Act and guidelines set by the National Privacy Commission. To uphold these stringent standards, the Company has implemented comprehensive privacy protocols, robust cybersecurity practices, and ongoing employee training to ensure the confidentiality and integrity of customer data.

MREIT's rigorous approach to data protection is evidenced by its exemplary record, with zero complaints related to customer privacy, unauthorized secondary use of customer information, and no incidents of data breaches, leaks, theft, or loss from 2022 to 2024.

To further enhance its resilience in a rapidly evolving digital environment, MREIT is committed to continuously improving its digital security infrastructure, refining data privacy management strategies, and proactively mitigating emerging cybersecurity threats. These efforts underscore MREIT's enduring dedication to preserving customer trust, regulatory compliance, and operational reliability.

Planet: Protecting the Environment & Resources

MREIT is deeply committed to promoting environmental sustainability through practices that minimize its impact on natural resources. The organization prioritizes reducing energy consumption, managing water use efficiently, and minimizing waste across its operations. These efforts promote eco-friendly practices and ensure long-term operational efficiency and compliance with environmental regulations. By embracing green technologies and fostering resource conservation initiatives, MREIT continues to improve its environmental performance, reduce its carbon footprint, and support a sustainable future for the communities in which it operates.



Carbon Neutrality

Climate Change

GHG Emissions
Management

Air Quality

Resource Efficiency

Waste Management

Water Management

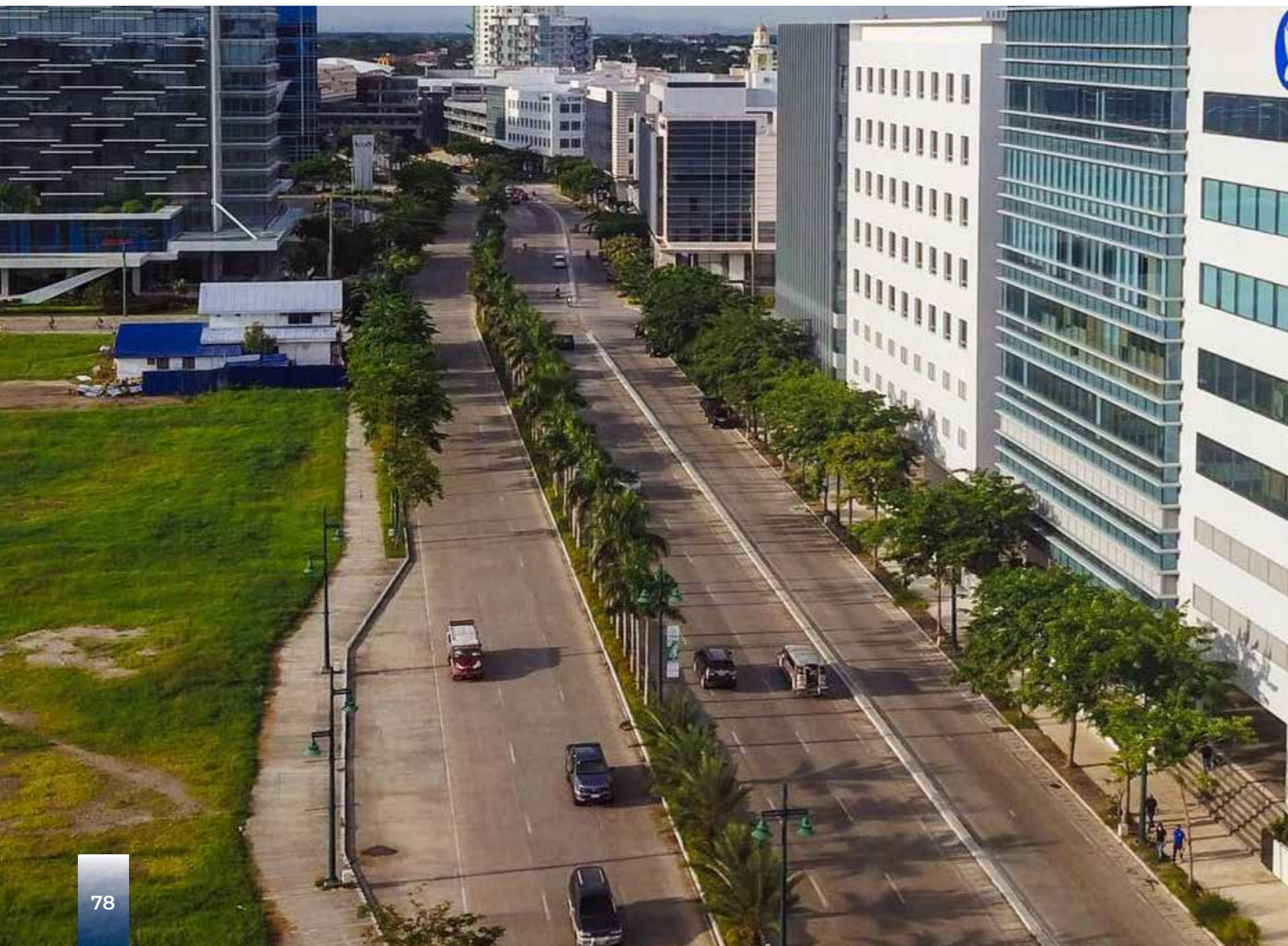
Energy Management

Sustainable Design

Green Building

Carbon Neutrality

MREIT reinforces its commitment to sustainability by actively participating in the MEGreen Program, a strategic initiative led by its Sponsor, Megaworld Corporation. This program aligns MREIT with Megaworld's Sustainability and Carbon Neutrality Roadmap, which focuses on enhancing energy and water efficiency and strengthening waste management practices across its office leasing portfolio. Through this alignment, MREIT supports the broader goal of reducing environmental impact while promoting responsible resource use in its operations.



Climate Change

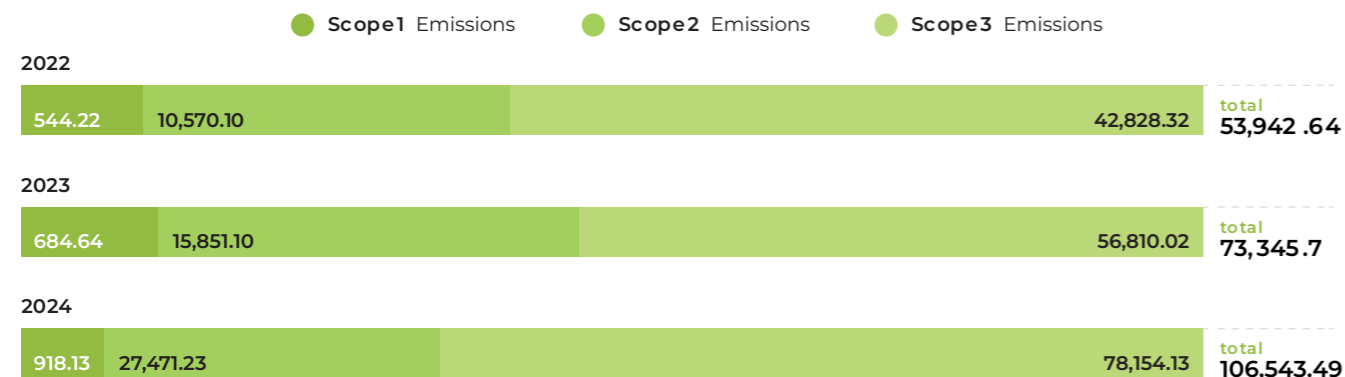
MREIT envisions a sustainable future and has formally pledged to achieve carbon neutrality by 2035, in line with the climate goals of its parent group, Alliance Global Group, Inc. (AGI), and fellow subsidiaries. As part of this commitment, the Company integrates emission reduction, carbon neutrality, and energy management programs into its operations. Recognizing that accurate data is foundational to effective climate action, MREIT has taken a critical first step by prioritizing environmental data management. In partnership with Megaworld, MREIT has initiated the use of a software-driven ESG platform to establish a reliable data infrastructure—enabling science-based strategies for emissions monitoring and informed sustainability planning.

Greenhouse Gas Emissions Management

MREIT recognizes the critical importance of managing greenhouse gas (GHG) emissions as part of its responsibility to reduce environmental impact and contribute to global climate goals. The Company maintains strict adherence to national emissions policies and regulatory compliance frameworks, ensuring the monitoring, reporting, and mitigation of its carbon footprint through structured and transparent processes.

In 2024, MREIT implemented enhanced emissions reduction strategies through energy optimization, improved generator set operations, and a continued shift toward data-driven environmental management. These strategies were led by MREIT's Facilities and Sustainability Teams, in close coordination with regulators and stakeholders, to ensure continuous improvement and alignment with evolving standards.

GHG EMISSIONS (TCO₂E)



Note: Data for FY 2022 and 2023 was restated following the implementation of Diligent.

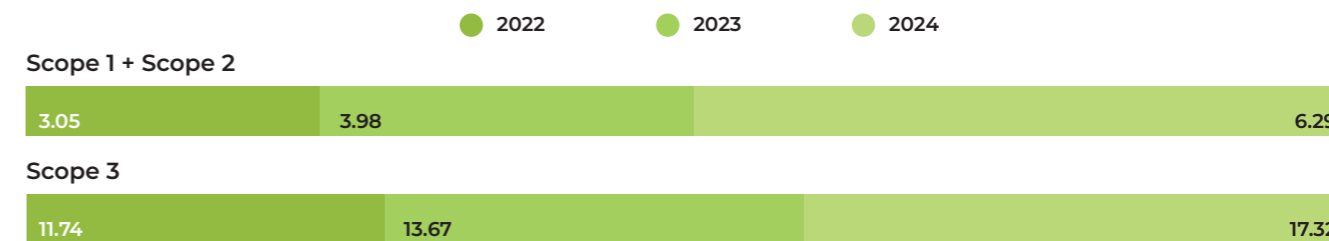
MREIT’s direct emissions (Scope 1) primarily arise from diesel used to power generator sets. The increase in Scope 1 emissions in 2024 is mainly attributed to the addition of new properties in the portfolio. Excluding these new properties, fuel-related emissions slightly declined by 3.60 tCO₂e, thanks to operational improvements and better generator maintenance. The Iloilo sites, however, reported increased generator use due to prolonged power outages in Panay Island.

Scope 2 emissions, representing purchased electricity for common areas, rose due to both expanded operations and greater foot traffic. Of the 2024 total, 8,168.11 tCO₂e stemmed from new buildings, while existing assets saw an increase of 4,475.40 tCO₂e —highlighting growing energy demand across the portfolio.

For the first time, MREIT achieved carbon neutrality for Scope 1 and Scope 2 emissions in 2024 through the purchase of verified emission offsets. This milestone underscores the Company’s proactive decarbonization efforts and supports its long-term goal of net-zero emissions by 2035.

MREIT also advanced its reporting on Scope 3 emissions, which rose to 78,154.13 tCO₂e in 2024. This includes previously unclassified downstream leased asset emissions (tenant electricity use), now correctly reclassified from Scope 2.

GHG EMISSIONS INTENSITY in tCO₂e per area (tCO₂e/m²)



Note: Data for FY 2022 and 2023 was restated following the implementation of Diligent.

Additional Scope 3 categories disclosed include purchased goods and services, waste, business travel, and hotel stays. Emissions from employee commuting remain excluded at this stage.

Despite rising absolute emissions due to business growth, MREIT remains focused on managing intensity and aligning with science-based climate strategies. Key future steps include transitioning to renewable energy sources, enhancing building energy performance, and integrating its environmental data platform (via its collaboration with Megaworld) to support climate-related decision-making and disclosure.

By combining rigorous emissions monitoring, responsible offsetting, and long-term environmental planning, MREIT continues to strengthen its position as a responsible and forward-thinking office REIT committed to sustainable value creation.



Air Quality

MREIT, Inc. recognizes the critical impact of its operational activities on environmental sustainability, particularly in relation to air emissions generated from building operations and energy use. These emissions directly influence air quality, regulatory compliance, and the Company's overall environmental performance.

Improving air quality supports long-term health, well-being, and productivity—benefiting not only employees and tenants but also investors and surrounding communities. As part of its broader climate strategy, MREIT has implemented a greenhouse gas (GHG) emissions monitoring system to track and manage air emissions more effectively.

This initiative reflects MREIT's commitment to carbon neutrality and environmental responsibility. Through accurate data collection and proactive management, the Company strengthens its contribution to ecological balance and sustainable urban development.

Resource Efficiency

MREIT places strong emphasis on resource efficiency as a strategic priority in reducing its environmental footprint and promoting long-term operational sustainability. The Company's approach focuses on optimizing the use of energy, water, and materials across its leased assets, while also ensuring full compliance with environmental standards.

A core element of MREIT's resource efficiency strategy involves securing and maintaining the necessary

government certifications—such as Environmental Compliance Certificates (ECCs) and operating permits—for all properties under its portfolio. These certifications affirm the Company's adherence to regulatory requirements and reflect its proactive stance on responsible asset management.

Beyond compliance, MREIT views resource efficiency as a value-creating initiative that enhances its operational performance and supports stakeholder trust. Through continuous improvements in environmental performance, the Company reinforces its reputation as a sustainability-driven office REIT committed to efficient and compliant operations.



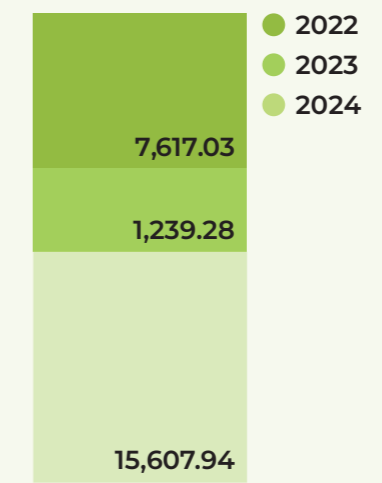


Waste Management

MREIT prioritizes responsible waste management as a critical component of its environmental sustainability strategy. Waste generated across MREIT’s operations—particularly from daily building activities, construction-related works, and township developments—can significantly influence landfill volume, environmental health, and compliance with national regulations. Proper waste handling supports recycling efforts, promotes operational efficiency, and reduces the Company’s overall environmental footprint. Conversely, ineffective waste management poses regulatory, environmental, and reputational risks that can impact employees, tenants, suppliers, investors, and surrounding communities.

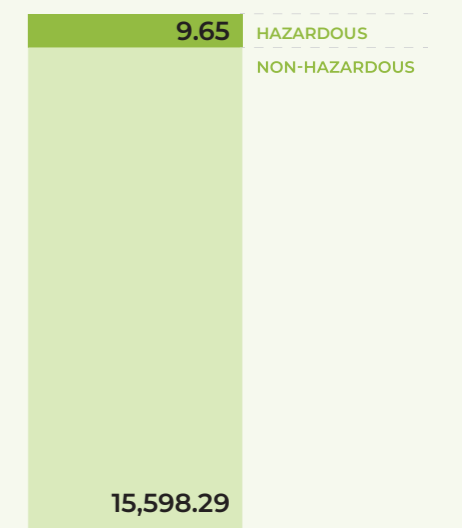
To ensure efficient waste handling and disposal, MREIT partners exclusively with third-party haulers and recyclers accredited by the Department of Environment and Natural Resources (DENR). Property managers also play an active role in implementing waste segregation, reduction, and diversion initiatives, reflecting the Company’s broader commitment to environmental stewardship.

WASTE GENERATED in MT



SOLID WASTE GENERATED

WASTE GENERATED BY TYPE in MT



In 2024, MREIT generated a total of 15,607.94 metric tons (MT) of waste. Of this, 15,598.29 MT was classified as non-hazardous waste, including recyclables, biodegradables, and residuals, while 9.65 MT consisted of hazardous waste, such as used oils, batteries, grease waste, and electronic waste. These hazardous materials are governed by RA 6969 (Toxic Substances and Hazardous and Nuclear Wastes Control Act). To ensure safe handling and disposal, each property that generates hazardous waste is assigned a unique Hazardous Waste Generator ID. MREIT contracts only DENR-accredited transporters and disposal facilities.

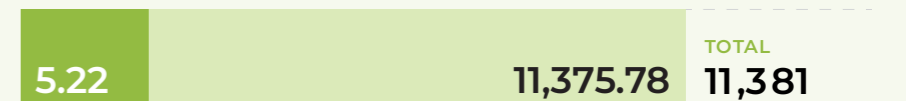
WASTE DISPOSAL in MT

● HAZARDOUS ● NON-HAZARDOUS

WASTE DIVERTED FROM DISPOSAL



WASTE DIRECTED TO DISPOSAL

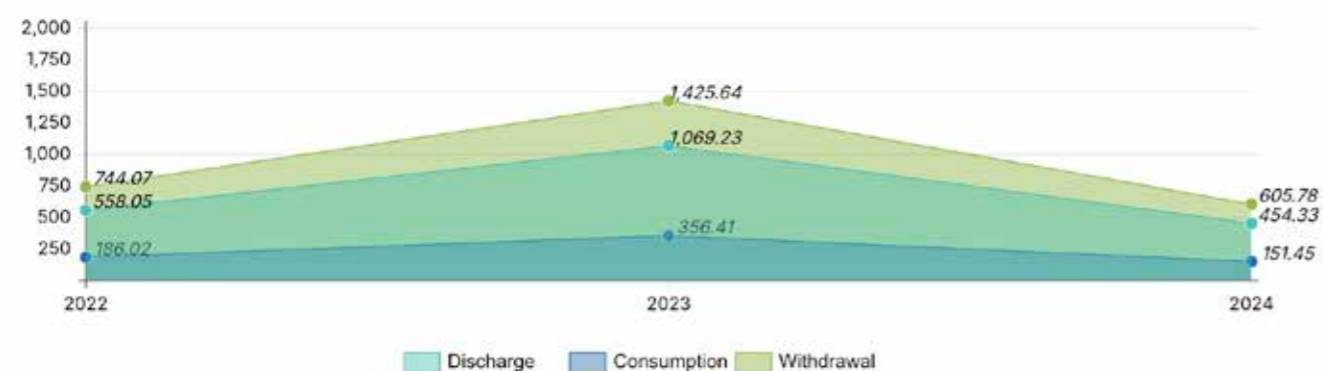


MREIT continues to strengthen its waste management systems through innovative solutions and expanded diversion strategies. Future efforts will focus on increasing recycling rates, enhancing tenant and supplier engagement, and integrating circular economy principles across its operations. These initiatives reinforce MREIT’s long-term commitment to environmental stewardship and operational efficiency, supporting its broader sustainability agenda.

Water Management

MREIT views responsible water management as a cornerstone of its environmental sustainability agenda. As water scarcity intensifies globally, the Company understands the importance of conserving this essential resource across its operations. In alignment with Megaworld Corporation’s environmental policies, MREIT integrates water efficiency, wastewater treatment, and stakeholder engagement into its business model to ensure resource resilience and long-term ecological sustainability.

WATER MANAGEMENT (ML)



In 2024, total water withdrawal decreased significantly to 605.78 megaliters (ML) from 1,425.64 ML in 2023. This notable decline reflects both the effectiveness of conservation measures and operational shifts such as reduced occupancy or usage in some properties. Similarly, water consumption dropped to 151.45 ML, while wastewater discharge was recorded at 454.33 ML—a decrease from 1,069.23 ML the previous year. These reductions underscore MREIT’s commitment to using water more efficiently and responsibly across its real estate assets. The company also recorded a water intensity rate of 0.0335 ML per million PHP revenue in 2024, further highlighting its resource efficiency.

MREIT primarily sources its water from third-party suppliers and utilities. To maintain water quality and safety, the Company enforces annual cleaning and disinfection of water storage tanks in all managed properties. These practices reduce the risk of waterborne contaminants, align with health regulations, and protect tenant well-being.

The Company also promotes infrastructure upgrades that reduce dependency on freshwater sources.

These include:

- Low-flow plumbing fixtures to minimize consumption in restrooms.
- Gray water recycling systems, which redirect used water for non-potable applications such as cooling towers and toilet flushing.
- Water-efficient landscaping designs that reduce irrigation needs and preserve groundwater levels.

These efforts not only reduce operating costs but also help MREIT mitigate its impact on municipal water systems and surrounding ecosystems.

To ensure safe and compliant wastewater discharge, MREIT secures Wastewater Discharge Permits (WWDPs) from the DENR-EMB and LLDA, as required by national environmental laws. The Company monitors effluent volumes and quality regularly, ensuring alignment with general effluent standards for pollutants such as biochemical oxygen demand (BOD), chemical oxygen demand (COD), and total suspended solids (TSS). This proactive monitoring minimizes contamination of local water bodies and supports the ecological health of MREIT's host communities.

In areas where MREIT operates wastewater treatment plants (WWTPs) or sewage treatment facilities (STPs), effluent is treated and monitored before being discharged. These systems are designed to reduce harmful pollutants, support regulatory compliance, and enable gray water reuse, further reducing water stress.

In addition to monitoring and efficiency strategies, MREIT conducts Environmental Impact Assessments (EIAs) in accordance with Presidential Decree 1586 (Philippine EIS System) before launching new developments. These assessments evaluate potential impacts on surrounding water sources and help inform project planning, design, and stakeholder engagement processes.

MREIT also develops Business Continuity Plans (BCPs) to address water supply disruptions. These plans identify alternative water sources and emergency response mechanisms, ensuring uninterrupted service delivery and operational resilience during shortages or environmental incidents.

Recognizing the shared responsibility in managing water resources, MREIT actively engages its stakeholders—including tenants, contractors, service providers, and local communities—through targeted awareness campaigns and capacity-building programs focused on water conservation. These initiatives foster behavior change and collective responsibility, embedding sustainability practices throughout the organization's value chain. Looking ahead, MREIT remains committed to expanding its recycling and rainwater harvesting initiatives, integrating smart water monitoring technologies, and investing in climate-resilient infrastructure to better adapt to evolving environmental conditions. Through these integrated strategies, the Company reinforces its long-term dedication to responsible water use, regulatory compliance, and the preservation of natural resources for future generations.

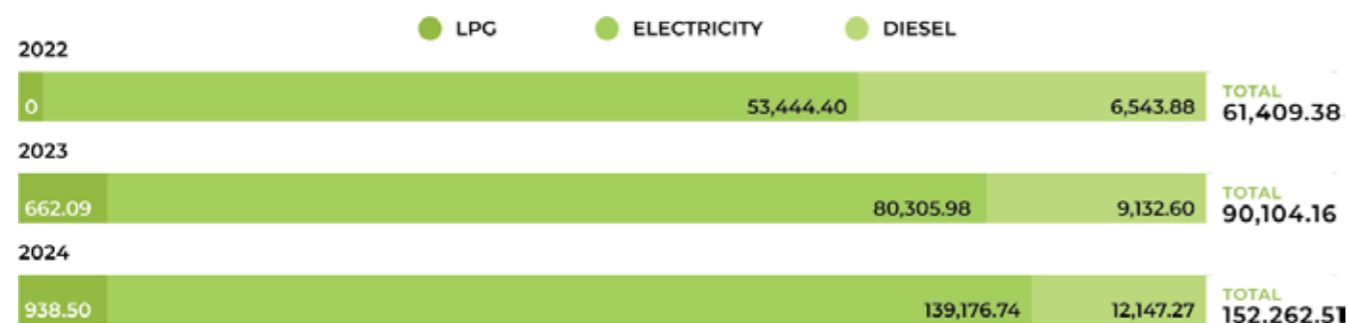
Energy Management

MREIT upholds responsible energy management as a vital component of its environmental and operational strategy. As the Company continues to expand its real estate portfolio, energy use has become a key sustainability focus—impacting not only operational efficiency and cost control but also its contribution to national and global climate goals. Energy consumption is primarily driven by building maintenance activities, lighting, air conditioning systems, elevator operations, and office support functions across MREIT’s properties.

In strict adherence to the Energy Efficiency and Conservation Act (RA 11285), MREIT conducted energy audits for 100% of its buildings and submitted timely reports to the Department of Energy (DOE). These audits provide critical insights that inform targeted energy-saving measures and capital improvement projects across the portfolio. The Company also aligns with Megaworld’s MEGreen Program, which promotes energy efficiency, low-carbon development, and cost optimization in the built environment.

ENERGY CONSUMPTION WITHIN THE ORGANIZATION in Gigajoules (GJ)

Non-Renewable Energy



Note: Data for FY 2022 and 2023 was restated following the implementation of Diligent.

Energy consumed within the organization pertains to energy directly used in property operations and support functions managed by MREIT, such as building lighting, HVAC systems, elevators, and hotel and office facilities. In 2024, internal energy consumption totaled 152,262.51 gigajoules (GJ), up from 90,104.16 GJ in 2023. MREIT’s 2024 energy

intensity was recorded at 33.72 GJ per million PHP revenue, reflecting the company’s growing operational scale and its continued commitment to tracking energy performance relative to financial output.

The increase in internal energy use reflects expanded property operations, particularly with the addition of new commercial assets and larger leasable space under MREIT’s management. Electricity consumption continues to account for the majority of usage, while diesel supports backup power during outages, and LPG is used mainly in hotel operations.

MREIT addresses this growing demand through efficiency initiatives, including the installation of LED lighting, inverter-based HVAC systems, and building automation systems. These are supported by regular audits that identify additional savings opportunities and optimize building-level performance.

ENERGY CONSUMPTION OUTSIDE THE ORGANIZATION in Gigajoules (GJ)

Non-Renewable Energy



Note: Data for FY 2022 and 2023 was restated following the implementation of Diligent.

Energy consumed outside the organization primarily refers to electricity and fuel use by tenants operating within MREIT-managed properties. These figures are captured as part of the Company’s extended environmental footprint under Scope 3 reporting.

In 2024, tenant-related energy consumption rose to 318,322.04 GJ, from 251,276.81 GJ in 2023—largely driven by higher occupancy levels, increased commercial activity, and the expanded footprint of MREIT’s leasing portfolio.

This upward trend reflects the natural consequence of MREIT's growth—from managing 14 commercial properties in 2022 to 24 properties by the end of 2024, totaling over 482,000 square meters of gross leasable area. As tenant usage grows, MREIT enhances transparency by including these figures in its disclosures, in line with GHG Protocol and global ESG reporting standards.

Sustainable Design

MREIT, Inc. integrates sustainable design principles across its portfolio, reflecting a strong commitment to health, wellness, and operational efficiency. The Company ensures that its office and commercial developments are designed to promote accessibility, walkability, and inclusivity—enhancing the overall experience for tenants, employees, and visitors. These user-centric environments are tailored to support productivity, well-being, and sustainability in the urban landscape.

Part of MREIT's sustainable design approach involves aligning with health and safety standards that protect the well-being of its building users. Several of its properties have been awarded IMMUNE Building Standard certifications by the Healthy by Design Building Institute (HDBI), which assesses a building's preparedness and responsiveness to health challenges.

The following buildings have received IMMUNE certifications:

IMMUNE "Resilient"	IMMUNE "Powerful"
1800 Eastwood Avenue	One World Square
1880 Eastwood Avenue	Two World Square
eCommercePlaza	Three World Square

These certifications demonstrate MREIT's commitment to creating healthier, more resilient workplaces through technology-enabled readiness, clean air systems, and advanced sanitation protocols.

Green Building



As part of its broader sustainability agenda, MREIT also ensures that its properties are developed and operated in accordance with internationally recognized green building standards. The Company actively pursues LEED (Leadership in Energy and Environmental Design) certifications for its commercial buildings to enhance environmental performance, reduce emissions, and lower operational costs.

The following properties have achieved LEED certification:

LEED Gold-certified	LEED Silver-certified
One Le Grand	One West Campus
	Two West Campus
	Five West Campus

These buildings meet strict criteria for energy efficiency, water conservation, indoor environmental quality, and sustainable materials, reinforcing MREIT's environmental stewardship.

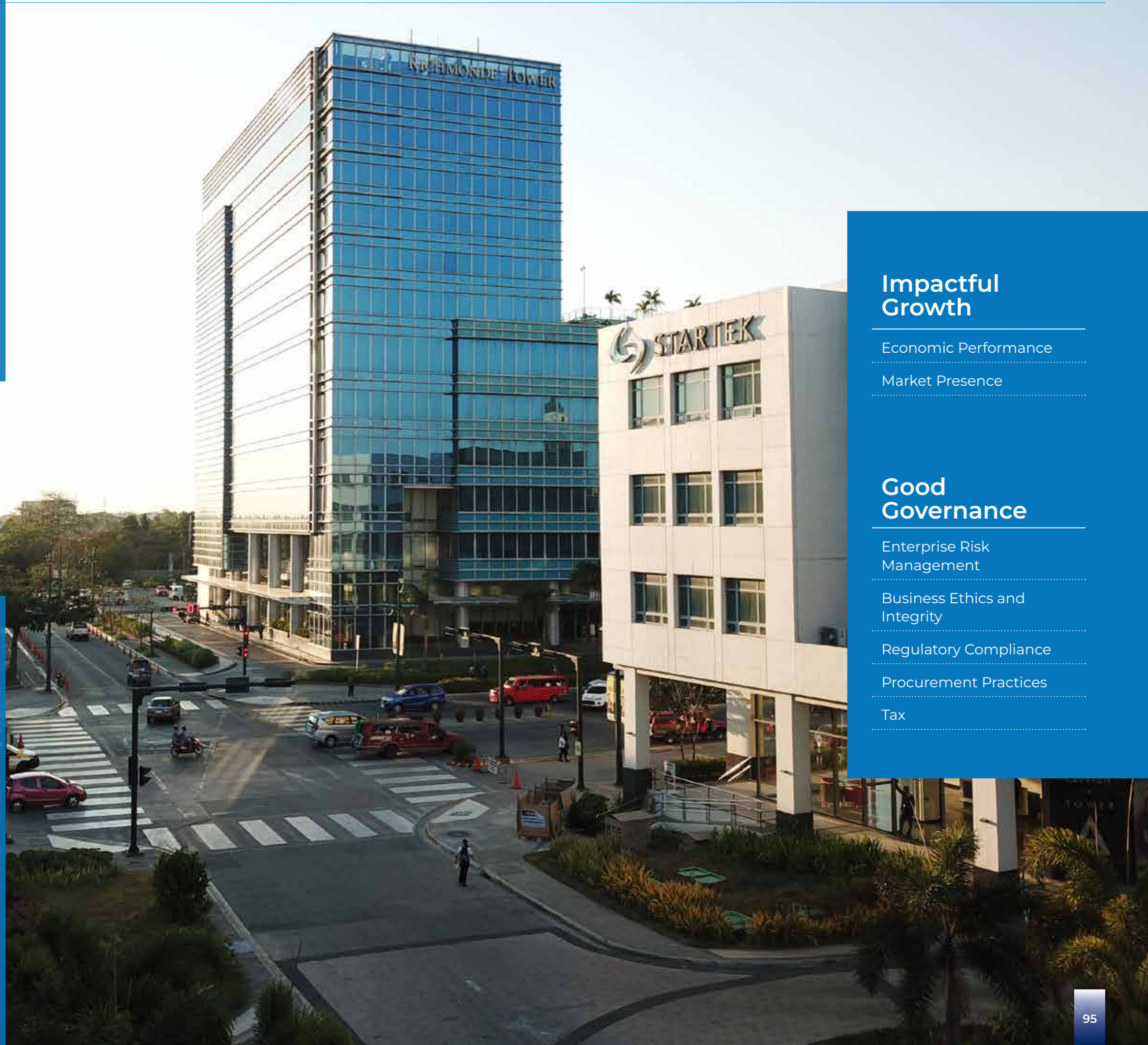
In the hospitality segment, Richmonde Tower (Hotel) in Pasig City achieved an outstanding 99.66% average compliance rating based on The Good Travel Scan's ten universal values in sustainable tourism—further underscoring the Company's dedication to holistic sustainability in both office and hospitality operations.

Through sustainable design and green building initiatives, MREIT continues to elevate its environmental performance and support its long-term ESG goals—creating value not only for stakeholders but also for the communities in which it operates.



Prosperity: Driving Economic Growth & Innovation

MREIT, Inc. upholds its commitment to driving inclusive and sustainable economic growth through sound financial performance, responsible governance, and strategic innovation. The Company creates long-term value for its stakeholders by maintaining transparent business practices, implementing effective risk management systems, and aligning its operations with regulatory and sustainability standards. Through consistent compliance with national laws and industry regulations, MREIT fosters investor confidence, supports economic resilience, and reinforces organizational integrity.



Impactful Growth

Economic Performance

Market Presence

Good Governance

Enterprise Risk
Management

Business Ethics and
Integrity

Regulatory Compliance

Procurement Practices

Tax



Impactful Growth

MREIT plays an active role in national and local economic development through stable revenue generation, resilient business strategies, and meaningful contributions to the communities in which it operates.

The Company's consistent growth is driven by a high-quality asset

portfolio, strategic property expansion, and adherence to innovation in the commercial real estate sector.

Beyond profitability, MREIT's impact is amplified through its support for local employment, procurement from small businesses, and alignment with the development priorities of its host cities. These initiatives ensure that as MREIT prospers, it also uplifts the broader ecosystem—delivering shared value for employees, investors, tenants, and surrounding communities.

Economic Performance

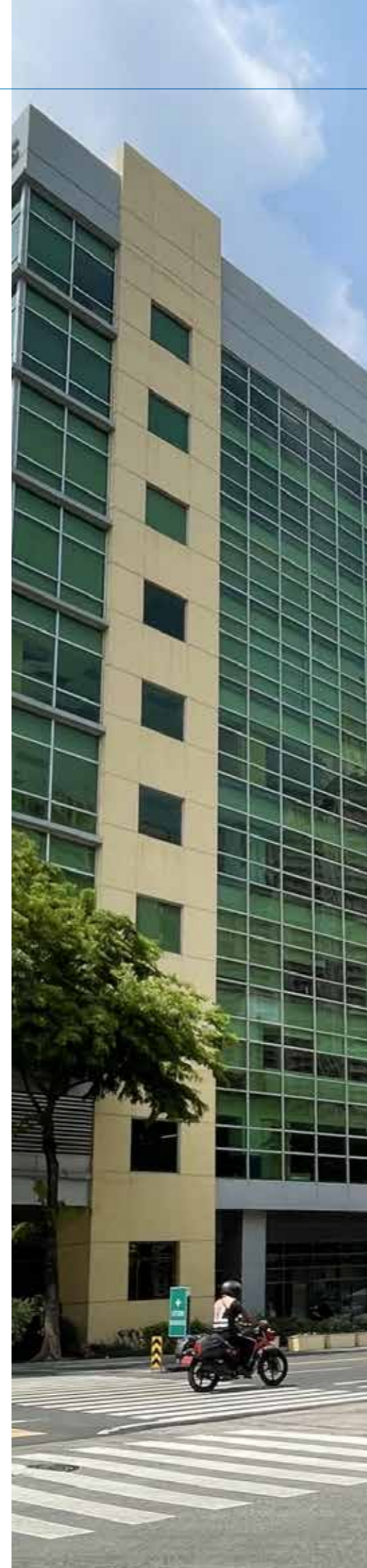
MREIT continues to demonstrate financial strength and operational resilience, generating sustained economic value for its stakeholders while advancing its sustainability and growth strategy. The Company's consistent performance reflects its high-quality asset base, disciplined cost management, and commitment to delivering stable returns to shareholders in line with its obligations as a Real Estate Investment Trust (REIT).

ECONOMIC VALUE GENERATED in Millions (M)	2022	2023	2024
Direct Economic Value Generated (Revenue)	3,648.77	4,156.50	4,513.48
DIRECT ECONOMIC VALUE DISTRIBUTED			
Operating Costs	667.38	936.07	546.06
Employee Wages and Benefits	3.11	2.87	0.50
Dividends given to stockholders and interest payments to loan providers	2,733.90	3,027.34	3,275.7
Taxes given to the government	47.47	76.41	82.61

In 2024, MREIT, Inc. sustained its trajectory of robust financial performance, underscoring its role as a key contributor to the Philippine economy. The Company reported a revenue of Php 4.51 billion, reflecting strategic growth and strong leasing operations across its expanding portfolio. This consistent year-on-year increase in direct economic value generated aligns with MREIT's commitment to delivering long-term value to its stakeholders.

Despite the expansion of its asset base, MREIT achieved a significant reduction in operating costs, which fell to Php 546.06 million from Php 936.07 million in 2023. This decrease highlights the Company's enhanced operational efficiency and effective cost management strategies.

Employee wages and benefits amounted to Php 0.50 million, consistent with MREIT's organizational



structure wherein personnel are seconded through MREIT Fund Managers, Inc. (MFMI). This arrangement reflects the streamlined allocation of human resources within the Company’s operational framework.

MREIT maintained its commitment to shareholder returns, with dividends and interest payments totaling Php 3.28 billion in 2024. This figure underscores the Company's adherence to its REIT obligations and its focus on delivering consistent value to its investors.

Tax contributions to the government increased to Php 82.61 million, demonstrating MREIT’s role in supporting national development through reliable fiscal contributions. The Company's strict compliance with tax regulations reinforces its reputation as a responsible corporate citizen.

This financial distribution reinforces MREIT’s dedication to generating long-term stakeholder value—supporting investors, maintaining fiscal discipline, and contributing to public revenue—while sustaining operational resilience and profitability in a dynamic economic landscape. MREIT’s principles of prudent financial management and transparency concerning reporting, internal controls, and risk management are among its practices to mitigate operational and financial risks.

TCFD Pillar

Governance

Board Oversight: The Board oversees climate-related financial risks, ensuring integration into the company’s broader sustainability strategy. The Board annually reviews the financial impact of climate-related risks, including regulatory compliance and environmental costs.

Senior Management Role: Senior management implements climate-related financial risk strategy and ensures effective resource allocation to mitigate risks.

Strategy

Key climate-related risks and opportunities identified by the company include the following:

Key Risks

- Physical risks: Extreme weather events (floods, typhoons) causing damage and operational disruptions.
- Regulatory risks: Rising compliance costs due to stricter emissions and energy efficiency regulations.

Opportunities

- Renewable energy adoption, energy-efficient infrastructure, and green building investments.

Risk Mitigation

- Sustainable infrastructure upgrades, retrofitting properties, and energy-efficient technologies.

Risk Management

Climate Risks Managed Through

- A comprehensive framework to assess and mitigate climate-related risks.
- Ongoing monitoring of physical and regulatory risks.
- Proactive compliance with environmental regulations, including audits and mitigation strategies such as infrastructure investments.

Risk Prioritization: Prioritized risks based on operational impact and potential regulatory fines.

Metrics and Targets

Key Metrics

- Tracking GHG emissions, energy consumption, adoption of renewable energy, and attainment of green building certifications
- Monitoring water usage and waste management practices

Target Goals

- Aims to achieve carbon neutrality by 2035, with significant progress toward renewable energy adoption and energy-efficient buildings by 2027.
- Future initiatives include enhancing energy efficiency and exploring renewable energy procurement to reduce environmental impact and safeguard against financial risks linked to fluctuating energy prices.

Market Presence

MREIT contributes to inclusive economic growth by reinforcing its presence in strategic locations across the Philippines. The Company ensures that its continued success is shared with surrounding communities through local job creation, both direct and indirect, and support for small and medium enterprises (SMEs) within and around its developments. By working with local contractors, sourcing supplies locally, and promoting local services within its properties, MREIT strengthens economic participation in host communities. As its portfolio of premium commercial spaces grows, MREIT also fosters broader economic ecosystems—empowering nearby businesses and enhancing the socio-economic vitality of its operating areas.

Good Governance

MREIT upholds the highest standards of governance, transparency, and accountability, recognizing that strong governance practices are essential to long-term value creation and investor trust. The Company operates in strict compliance with

national laws, regulatory requirements, and international ESG standards. Governance practices are guided by the Board of Directors and implemented through a structured framework that includes internal audits, performance evaluations, and policies that ensure ethical conduct. This commitment has been recognized through awards and accolades for excellence in governance, reinforcing MREIT's reputation as a trusted and credible corporate entity.



Enterprise Risk Management

MREIT employs a robust and proactive Enterprise Risk Management (ERM) framework to safeguard its assets, protect stakeholder interests, and support strategic decision-making. The ERM process involves continuous identification, assessment, mitigation, and monitoring of financial, operational, reputational, and regulatory risks. Risk oversight is conducted in collaboration with management, internal auditors, and risk owners across departments, ensuring a coordinated and disciplined approach. The ERM process is reviewed regularly to adapt to evolving business conditions and emerging risks, enabling the Company to maintain resilience and agility in a dynamic economic and regulatory environment.

Business Ethics and Integrity

MREIT upholds integrity and ethical conduct through comprehensive corporate policies that prevent corruption and promote transparency across all levels of the organization. The Company's Anti-Bribery and Anti-Corruption Policy is enforced among directors, officers, employees, and business partners. All employees undergo mandatory anti-corruption training during onboarding to ensure full understanding of ethical expectations and responsibilities.

In 2024, MREIT reported zero incidents of corruption, reflecting the effectiveness of its monitoring mechanisms and the strength of its ethical culture. The Company also maintains whistleblowing channels to encourage the reporting of unethical behavior without fear of retaliation. Continuous policy reviews ensure alignment with global best practices and the evolving expectations of regulators and investors.

Regulatory Compliance

MREIT integrates regulatory compliance into its operational culture through policies, processes, and third-party assessments. As part of its governance and supply chain practices, the Company requires all contractors and suppliers to undergo thorough due diligence and evaluations to ensure compliance with labor, safety, and environmental standards.



Procurement Practices

In line with its sponsor Megaworld's policies, MREIT upholds a strict policy of zero tolerance for forced and child labor. These practices help the Company maintain its spotless compliance record while ensuring ethical and lawful operations across its value chain.

MREIT promotes efficient and ethical procurement through well-defined procedures carried out in partnership with MREIT Property Managers, Inc. (MPMI). The Company assigns dedicated focal persons to facilitate transparent procurement and supplier coordination. In 2024, MREIT continued its 100% commitment to local sourcing in its key operating areas, supporting local job creation, minimizing environmental impacts from transport, and contributing to community development.

The Company also strengthens supplier engagement through regular performance reviews and capacity-building initiatives, aimed at fostering long-term, mutually beneficial relationships. MREIT is committed to further expanding its local supplier base, integrating sustainable procurement practices, and leveraging its purchasing power to promote environmental and social responsibility across the supply chain.

Tax

MREIT embeds full compliance with tax regulations into its overall governance and financial strategy. Its tax approach is reviewed annually, or as needed, to ensure alignment with business objectives, sustainability goals, and evolving regulatory requirements. Transparency, accountability, and responsible tax practices guide the Company's decision-making—supporting fiscal discipline and public trust.

Tax risk management is incorporated within MREIT's enterprise risk framework, with regular audits and compliance reviews conducted in collaboration with tax advisors. These efforts ensure that tax-related decisions are both compliant and aligned with long-term value creation.

Additionally, MREIT evaluates opportunities for tax incentives that promote green buildings and sustainable infrastructure investments. This reflects its commitment to not only meeting fiscal obligations but also to financing environmentally responsible development.

In 2024, MREIT's tax contributions increased alongside its business growth, underscoring the Company's role as a responsible corporate taxpayer. Through this, MREIT continues to support national development while ensuring that financial and tax-related decisions contribute to sustainable and inclusive economic growth.



Financial Performance



FOR SEC FILING

Financial Statements and
Independent Auditors' Report

MREIT, Inc.

December 31, 2024 and 2023



Report of Independent Auditors

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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, 2024 and 2023, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2024, 2023 and 2022, 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, 2024 and 2023, and its financial performance and its cash flows for the years ended December 31, 2024, 2023 and 2022 in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards).

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.

Certified Public Accountants

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

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SEC Accreditation No. 0002

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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 2024, the Company acquired additional investment properties valued at P13.2 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, 2024 is P72.9 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, 2024 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.

Certified Public Accountants

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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, 2024, 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, 2024 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 Accounting Standards, 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.



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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.



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Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2024 required by the Bureau of Internal Revenue is presented by the management of the Company in a supplementary schedule filed separately from the basic financial statements and is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit 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.

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. 10465907, January 2, 2025, Makati City
BIR AN 08-002551-040-2023 (until January 24, 2026)
BOA/PRC Cert. of Reg. No. 0002/P-012 (until August 12, 2027)

February 20, 2025

MREIT, INC.
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Pesos)

	Notes	2024	2023
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	4	P 2,025,255,093	P 1,678,912,046
Trade and other receivables	5	389,032,440	321,244,295
Other current assets	7	<u>328,418,811</u>	<u>261,593,381</u>
Total Current Assets		<u>2,742,706,344</u>	<u>2,261,749,722</u>
NON-CURRENT ASSETS			
Trade receivables	5	204,385,118	130,022,306
Investment properties	6	72,922,717,200	58,980,800,000
Other non-current assets	7	<u>224,237,781</u>	<u>78,547,978</u>
Total Non-current Assets		<u>73,351,340,099</u>	<u>59,189,370,284</u>
TOTAL ASSETS		<u>P 76,094,046,443</u>	<u>P 61,451,120,006</u>
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Accounts and other payables	8	P 810,031,958	P 785,682,360
Deposits and other liabilities	9	<u>671,761,410</u>	<u>402,219,629</u>
Total Current Liabilities		<u>1,481,793,368</u>	<u>1,187,901,989</u>
NON-CURRENT LIABILITIES			
Interest-bearing loan	10	7,212,172,904	7,206,697,580
Deposits and other liabilities	9	<u>1,110,413,468</u>	<u>917,961,518</u>
Total Non-current liabilities		<u>8,322,586,372</u>	<u>8,124,659,098</u>
Total Liabilities		<u>9,804,379,740</u>	<u>9,312,561,087</u>
EQUITY			
Capital stock	16	3,721,983,381	2,795,821,381
Additional paid-in capital	16	64,797,000,097	52,782,813,885
Deficit		<u>(2,229,316,775)</u>	<u>(3,440,076,347)</u>
Total Equity		<u>66,289,666,703</u>	<u>52,138,558,919</u>
TOTAL LIABILITIES AND EQUITY		<u>P 76,094,046,443</u>	<u>P 61,451,120,006</u>

MREIT, INC.
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2024	2023	2022
REVENUES				
Rental income	11	P 3,464,129,799	P 3,223,382,715	P 2,917,785,685
Income from dues - net	2	1,049,348,194	933,121,752	730,981,573
		4,513,477,993	4,156,504,467	3,648,767,258
COST OF SERVICES				
	12	978,303,651	940,568,965	676,211,193
GROSS PROFIT				
		3,535,174,342	3,215,935,502	2,972,556,065
OTHER OPERATING EXPENSES				
	13	92,504,315	62,196,945	37,400,283
OPERATING PROFIT				
		3,442,670,027	3,153,738,557	2,935,155,782
OTHER INCOME (CHARGES)				
Fair value gains (losses) on investment properties	6	790,416,800	(2,732,200,000)	(2,822,000,000)
Interest expense	9, 10	(304,375,635)	(306,980,679)	(309,090,834)
Interest income	4, 7	50,171,485	64,685,771	23,042,323
Miscellaneous income		4,560,676	1,686,743	688,017
		540,773,326	(2,972,808,165)	(3,107,360,494)
PROFIT (LOSS) BEFORE TAX				
		3,983,443,353	180,930,392	(172,204,712)
TAX EXPENSE				
	14	(9,573,510)	(12,586,537)	(4,348,835)
NET PROFIT (LOSS)				
		3,973,869,843	168,343,855	(176,553,547)
OTHER COMPREHENSIVE INCOME				
		-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)				
		P 3,973,869,843	P 168,343,855	(P 176,553,547)
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE				
	17	P 1.37	P 0.06	(P 0.07)

See Notes to Financial Statements.

MREIT, INC.
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

	Note	2024	2023	2022
CAPITAL STOCK				
Balance at beginning of year		P 2,795,821,381	P 2,532,121,381	P 2,532,121,381
Issuance of shares during the year	16	926,162,000	263,700,000	-
Balance at end of year		3,721,983,381	2,795,821,381	2,532,121,381
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning of year		52,782,813,885	47,907,466,035	47,907,466,035
Addition during the year	16	12,014,186,212	4,875,347,850	-
Balance at end of year		64,797,000,097	52,782,813,885	47,907,466,035
DEFICIT				
Balance at beginning of year		(3,440,076,347)	(921,358,323)	1,721,734,662
Net profit (loss) during the year		3,973,869,843	168,343,855	(176,553,547)
Dividends declared during the year	16	(2,763,110,271)	(2,687,061,879)	(2,466,539,438)
Balance at end of year		(2,229,316,775)	(3,440,076,347)	(921,358,323)
TOTAL EQUITY				
		P 66,289,666,703	P 52,138,558,919	P 49,518,229,093

See Notes to Financial Statements.

MREIT, INC.
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) before tax		P 3,983,443,353	P 180,930,392	(P 172,204,712)
Adjustments for:				
Fair value losses (gains) on investment properties	6	(790,416,800)	2,732,200,000	2,822,000,000
Interest expense	9, 10	304,375,635	306,980,679	309,090,834
Interest income	4, 7	(50,171,485)	(64,685,771)	(23,042,323)
Operating profit before working capital changes		3,447,230,703	3,155,425,300	2,935,843,799
Increase in trade and other receivables		(141,448,207)	(141,941,325)	(165,624,932)
Increase in other current assets		(277,977,618)	(128,236,415)	(197,544,978)
Decrease (increase) in other non-current assets		(144,230,169)	15,253,575	(37,179,610)
Increase in accounts and other payables		24,349,598	291,694,037	321,796,980
Increase (decrease) in deposits and other liabilities		431,126,403	9,099,296	(95,304,501)
Cash generated from operations		3,339,050,710	3,201,294,468	2,761,986,758
Interest received		48,009,101	64,040,587	22,983,038
Income tax paid		(9,573,510)	(12,586,537)	(4,348,835)
Net Cash From Operating Activities		3,377,486,301	3,252,748,518	2,780,620,961
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	16	(2,763,110,271)	(2,687,061,879)	(2,466,539,438)
Interest paid	10	(268,032,983)	(267,300,653)	(267,361,070)
Net Cash Used in Financing Activities		(3,031,143,254)	(2,954,362,532)	(2,733,900,508)
NET INCREASE IN CASH AND CASH EQUIVALENTS		346,343,047	298,385,986	46,720,453
CASH AND CASH EQUIVALENTS				
AT BEGINNING OF YEAR		1,678,912,046	1,380,526,060	1,333,805,607
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 2,025,255,093	P 1,678,912,046	P 1,380,526,060

Supplemental Information on Non-cash Investing and Financing Activity —

In 2024 and 2023, the Company and Megaworld Corporation (the Parent Company) entered into property-for-share swap transactions, wherein the Parent Company transferred certain real properties for lease to the Company amounting to P13,151.5 million and P5,274.0 million, respectively. In exchange for the properties transferred, the Company issued 926,162,000 common shares in 2024 and 263,700,000 common shares in 2023, with a par value of P1.0 per share, to the Parent Company, which resulted in the recognition of Capital Stock amounting to P926.2 million and Additional Paid-in Capital of P12,014.2 million, net of P211.2 million in stock issuance costs, in 2024 and Capital Stock amounting to P263.7 million and Additional Paid-in Capital of P4,875.3 million, net of P135.0 million in stock issuance costs, in 2023 (see Note 16).

See Notes to Financial Statements.

MREIT, INC.
(A Subsidiary of Megaworld Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024, 2023, AND 2022
(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 63.44% 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.

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, 2024 (including the comparative financial statements as of December 31, 2023 and for the years ended December 31, 2023 and 2022) were authorized for issue by the Company's Board of Directors (BOD) on February 20, 2025.

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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. These policies have been consistently applied to all the years 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 Accounting Standards). PFRS Accounting Standards 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 Accounting Standards 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.

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2.2 Adoption of New and Amended PFRS Accounting Standards

(a) Effective in 2024 that are Relevant to the Company

The Company adopted for the first time the following amendments to PFRS Accounting Standards, which are mandatorily effective for annual periods beginning on or after January 1, 2024:

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

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

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*. The amendments provide guidance on whether a liability should be classified as either current or non-current. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and that the classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The application of these amendments had no significant impact on the Company's financial statements.
- (ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants*. The amendments specifies that if the right to defer settlement for at least 12 months is subject to an entity complying with conditions after the reporting period, then those conditions would not affect whether the right to defer settlement exists at the end of the reporting period for the purposes of classifying a liability as current or non-current. For non-current liabilities subject to conditions, an entity is required to disclose information about the conditions, whether the entity would comply with the conditions based on its circumstances at the reporting date and whether and how the entity expects to comply with the conditions by the date on which they are contractually required to be tested. The required disclosures under these amendments are disclosed in Note 10.

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- (iii) PAS 7 and PFRS 7 (Amendments), *Statement of Cash Flows, Financial Instruments: Disclosures – Supplier Finance Arrangements*. The amendments add a disclosure objective to PAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, PFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The application of these amendments had no significant impact on the Company's financial statements.
 - (iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback*. The amendments requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. The application of these amendments had no significant impact on the Company's financial statements.
- (b) *Effective Subsequent to 2024 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2024, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and unless otherwise indicated, none of these are expected to have significant impact on the Company's financial statements:

- (i) PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)
- (ii) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026)
- (iii) PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The amendments, however, do not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.
- (iv) PFRS 19, *Subsidiaries without Public Accountability: Disclosures* (effective from January 1, 2027) The new standard reduces the disclosure requirements prescribed by other standards for subsidiaries without public accountability. It changes disclosure requirements prescribed by other standards as the reporting entity will instead refer to PFRS 19 for required disclosures.

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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 include 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 or losses on investment properties account under the Other Income (Charges) section in the statement of comprehensive income.

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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.

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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 Accounting Standards 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).

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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.

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(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).

(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.

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(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, 2024 and 2023 (see 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:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Cash on hand and in bank	1,783,198,297	813,761,836
Short-term placements	242,056,796	865,150,210
	<u>2,025,255,093</u>	<u>1,678,912,046</u>

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

Short-term placements are made for varying periods from 30 to 32 days in 2024 and 30 to 33 days in 2023. These short-term placements earn effective interest of 5.88% in 2024 and 6.0% to 6.15% in 2023.

Interest earned from cash in bank and short-term placements in 2024, 2023 and 2022 amounted to P48.7 million, P63.5 million, and P22.0 million, respectively. Interest earned is presented as part of Interest income under Other Income (Charges) section in the statements of comprehensive income.

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5. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Current –		
Trade receivables:		
Billed	243,894,057	165,668,420
Accrued	64,100,330	126,876,356
Others	81,038,053	28,699,519
	<u>389,032,440</u>	<u>321,244,295</u>
Non-current –		
Trade receivables –		
Accrued	204,385,118	130,022,306
	<u>593,417,558</u>	<u>451,266,601</u>

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

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

Other receivables mainly pertain to the advances to the building administration and fit out allowances.

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.

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Balance at beginning of year	58,980,800,000	56,439,000,000	59,261,000,000
Additions	13,151,500,400	5,274,000,000	-
Fair value gains (losses)	790,416,800	(2,732,200,000)	(2,822,000,000)
Balance at end of year	<u>72,922,717,200</u>	<u>58,980,800,000</u>	<u>56,439,000,000</u>

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As of December 31, 2024, the Company has a total of 24 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)
Two West Campus (80% owned pro indiviso)
Ten West Campus (80% owned pro indiviso)
Five West Campus (80% owned pro indiviso)
One Le Grand (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
One Fintech Place
Two Fintech Place

Located at Davao Park District, Davao City:

Davao Finance Center

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.

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Similarly, on October 10, 2024, the SEC issued its confirmation of valuation of the six prime, grade A, office properties in PEZA-accredited zones transferred by MC to the Company in payment of its subscription to 926,162,000 common shares of the Company pursuant to the Deed of Exchange of Property for Shares dated May 10, 2024 (see Note 15.4). Accordingly, the subject properties were transferred to the Company, and 926,162,000 common shares of the Company were issued in the name of MC on November 19, 2024. Pursuant to the Deed of Exchange of Property for Shares for this transaction, the Company recognized the income from the Six properties beginning October 1, 2024.

The details of the assets transferred to the Company in 2024 are presented below.

	<u>Ownership</u>
One Fintech Place, Megaworld Blvd., Digital Road and Festive Walk Road, Iloilo Business Park, Manduriao, Iloilo City	100%
Two Fintech Place, Megaworld Blvd., Festive Walk Road, Manduriao, Iloilo City	100%
Davao Finance Center, Davao Park District, Agdao, Davao City	100%
Two West Campus, 5 Le Grand Avenue, McKinley West, Fort Bonifacio, Taguig City	80% pro indiviso
Ten West Campus, 5 Le Grand Avenue, McKinley West, Fort Bonifacio, Taguig City	80% pro indiviso
One Le Grand, Le Grand Avenue, McWest Blvd and Chateau Road, McKinley West, Fort Bonifacio, Taguig City	80% pro indiviso

The details of the assets transferred to the Company in 2023 are presented below.

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

In 2024, 2023 and 2022, rental income from investment properties amounted to P3,464.1 million, P3,223.4 million, and P2,917.8 million, respectively (see Note 11).

The direct operating costs incurred relating to investment properties, which pertain to repairs and maintenance and real property taxes, amounted to P67.3 million, P172.9 million, and P104.1 million in 2024, 2023 and 2022, 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.

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The fair values of the investment properties as of December 31, 2024 and 2023 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 gain in 2024 and fair value losses in 2023 and 2022, 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:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Current:		
Creditable withholding taxes	157,964,435	110,789,901
Prepaid expenses	89,998,106	72,156,399
Deferred input value added tax (VAT)	74,051,496	76,157,097
Supplies	4,538,279	-
Creditable VAT withheld	1,866,495	2,489,984
	<u>328,418,811</u>	<u>261,593,381</u>
Non-current:		
Advances to contractors	131,251,893	4,193,839
Deferred charges	66,527,664	53,671,308
Security deposit	26,458,224	20,649,401
Others	-	33,430
	<u>224,237,781</u>	<u>78,547,978</u>
	<u>552,656,592</u>	<u>340,141,359</u>

Security deposit is related to the lease of certain parcels of land on which the investment properties stand (see Note 15.2). The related interest income recognized from subsequent amortization of the security deposit in 2024, 2023 and 2022 amounted to P1.5 million, P1.2 million, and P1.0 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).

Advances to contractors consists of advance payment to contractors for aircon related repairs and enhancement.

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8. ACCOUNTS AND OTHER PAYABLES

The details of this account are as follows:

<i>(Amounts in PHP)</i>	Notes	<u>2024</u>	<u>2023</u>
Accounts payable	15.2, 15.3		
	15.5	197,854,085	460,332,383
Accrued expenses	15.3	482,385,265	240,679,842
Output VAT payable		50,385,431	49,652,443
Deferred output VAT		27,320,806	19,590,863
Deferred revenue		16,089,623	-
Withholding taxes		12,548,480	4,909,493
Interest payable	10	8,055,636	8,055,636
Others		15,392,632	2,461,700
		<u>810,031,958</u>	<u>785,682,360</u>

Deferred revenue consists of advance payments received from tenants for common area service charges attributable to the six newly acquired properties, which will be recognized as revenue over the next 12 months.

9. DEPOSITS AND OTHER LIABILITIES

The details of this account are as follows:

<i>(Amounts in PHP)</i>	Notes	<u>2024</u>	<u>2023</u>
Current:			
Advance rent	15.1, 18.1	367,731,879	249,188,852
Security deposit	15.1, 18.1	299,270,394	148,131,106
Deferred credits		4,759,137	4,899,671
		<u>671,761,410</u>	<u>402,219,629</u>
Non-current:			
Advance rent	15.1, 18.1	263,184,311	224,919,982
Security deposit	15.1, 18.1	753,593,448	631,021,852
Deferred credits		93,635,709	62,019,684
		<u>1,110,413,468</u>	<u>917,961,518</u>
		<u>1,782,174,878</u>	<u>1,320,181,147</u>

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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 P30.9 million, P34.2 million, and P36.3 million in 2024, 2023 and 2022, respectively.

A reconciliation of security deposits as of December 31, 2024 and 2023 is shown below.

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Balance at beginning of year	779,152,958	712,839,074	675,215,622
Additions	242,843,556	32,090,084	1,345,783
Accretion of interest	30,867,328	34,223,800	36,277,669
Balance at end of year	<u>1,052,863,842</u>	<u>779,152,958</u>	<u>712,839,074</u>

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

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

A reconciliation of deferred credits is shown below.

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Balance at beginning of year	66,919,355	84,163,376	110,140,347
Additions	62,541,895	17,362,471	12,385,578
Amortization	(31,066,404)	(34,606,492)	(38,362,549)
Balance at end of year	<u>98,394,846</u>	<u>66,919,355</u>	<u>84,163,376</u>

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

10. INTEREST-BEARING LOAN

In December 2021, the Company obtained an unsecured, 10-year, P7.25 billion term loan from a local bank to finance the acquisition of investment properties (see Note 6). The principal is payable quarterly in installments beginning on the last quarter of the fifth year with a balloon payment at the end of the term. Interest is payable quarterly at 3.64% per annum subject to repricing in 2025.

The Company is required to maintain at all times minimum Fixed Charge Coverage Ratio of 2.0x and a maximum Leverage Ratio of either 35% of Deposited Properties or 70% of Deposited Properties, if the borrower has a publicly disclosed investment grade credit rating by a SEC-accredited or internationally recognized rating agency to comply with its debt covenants with a certain local bank. As of December 31, 2024 and 2023, the Company is in compliance with such financial covenant obligations.

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Total capitalized loan origination costs amounted to P54.4 million. Amortization for the years ended December 31, 2024, 2023 and 2022 amounted to P5.5 million, and is presented as part of Interest expense under Other Income (Charges) - net in the statements of comprehensive income.

The related interest incurred amounted to P268.0 million, P267.3 million, and P267.4 million in 2024, 2023 and 2022, respectively, and this is presented as part of Interest expense under Other Income (Charges) - net in the 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.

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Balance at beginning of year	43,302,513	48,758,739
Amortization	(5,475,324)	(5,456,226)
Balance at end of year	<u>37,827,189</u>	<u>43,302,513</u>

11. RENTAL INCOME

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

<i>(Amounts in PHP)</i>	Note	<u>2024</u>	<u>2023</u>	<u>2022</u>
Office		3,165,006,838	2,937,940,509	2,685,516,839
Commercial		197,905,938	188,644,599	131,765,294
Hotel		56,400,000	56,400,000	56,400,000
Advertising		12,340,551	4,447,035	4,447,035
Parking		1,410,068	1,344,080	1,293,968
Amortization of deferred credits	9	31,066,404	34,606,492	38,362,549
		<u>3,464,129,799</u>	<u>3,223,382,715</u>	<u>2,917,785,685</u>

Rental income from office, retail and advertising includes income from straight-line method of recognizing rental income amounting to P11.6 million, P62.7 million, and P123.5 million in 2024, 2023 and 2022, respectively.

Rental income also includes variable lease payments amounting to P34.0 million, P26.3 million, and P21.7 million in 2024, 2023 and 2022, respectively, which do not depend on an index or a rate.

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12. COST OF SERVICES

The following are the details of cost of services in 2024, 2023 and 2022:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Outside service		252,724,394	246,110,000	178,224,665
Management fees	15.3	248,243,286	228,607,745	200,682,199
Utilities		190,617,013	146,641,453	134,251,052
Land lease	15.2, 18.2	85,262,585	39,512,606	-
Supplies and materials		47,735,106	63,935,320	28,689,642
Repairs and maintenance		39,618,983	144,933,911	82,949,835
Taxes and licenses		34,454,821	32,511,921	24,567,523
Insurance		24,519,534	16,766,335	11,742,529
Miscellaneous	7	55,127,929	21,549,674	15,103,748
		<u>978,303,651</u>	<u>940,568,965</u>	<u>676,211,193</u>

13. OTHER OPERATING EXPENSES

Presented below are the details of other operating expenses.

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Taxes and licenses		48,158,673	31,314,680	18,555,936
Professional fees		33,954,007	16,903,038	5,942,958
Outside services	15.5	5,469,780	5,469,780	5,469,780
Advertising and promotion		1,274,014	4,321,061	3,829,094
Salaries and employee benefits		503,493	2,873,346	3,111,376
Transportation and travel		82,889	30,219	18,421
Depreciation		42,459	25,661	25,661
Office supplies		34,650	101,359	47,647
Miscellaneous		2,984,350	1,157,801	399,410
		<u>92,504,315</u>	<u>62,196,945</u>	<u>37,400,283</u>

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14. INCOME TAXES

Tax expense in 2024, 2023 and 2022 pertains to the 20% final tax on interest income amounting to P9.6 million, P12.6 million, and P4.4 million, respectively.

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 in 2024, 2023 and 2022 is presented below.

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Tax on pre-tax profit (loss) at 25%	995,860,838	45,232,598	(43,051,178)
Changes in unrecognized deferred taxes	(296,184,593)	638,239,162	665,942,389
Adjustment for income subjected to lower tax rates	(2,604,453)	(3,294,671)	(1,156,976)
Tax effects of:			
Deductible dividend distribution	(690,777,568)	(671,765,470)	(618,470,648)
Non-deductible expenses	11,410,795	13,116,776	10,930,654
Non-taxable income	(8,131,509)	(8,941,858)	(9,845,406)
	<u>9,573,510</u>	<u>12,586,537</u>	<u>4,348,835</u>

The Company is subject to regular corporate income tax (RCIT) of 25% of net taxable income. However, the Company did not recognize RCIT during the reporting periods since the Company reported zero net taxable income in 2024, 2023 and 2022.

The Company is not subject to the minimum corporate income being a REIT entity.

The Company opted to claim itemized deduction in 2024, 2023 and 2022. In addition, the Company's dividend distribution can be claimed as a special deduction in computing for taxable income both under optional standard deduction and itemized deductions.

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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.

(Amounts in PHP)	Note	Amounts of Transactions			Outstanding Receivable (Payable)	
		2024	2023	2022	2024	2023
Parent Company						
Rendering of services	15.1	596,615,253	185,404,218	190,288,374	61,964,065	48,452,534
Advance rent	15.1	-	(2,810)	(3,713,545)	(3,716,355)	(3,716,355)
Security deposits received	15.1	(38,540,189)	(2,187,218)	(8,979,924)	(67,824,930)	(29,284,741)
Security deposits paid	15.2	5,808,822	1,160,939	22,782,651	26,458,224	20,649,401
Property-for-share swap	15.4	13,151,500,400	5,274,000,000	-	-	-
Collections remitted	15.4	623,507,216	207,263,800	-	-	-
Land lease	15.2	84,332,887	39,512,606	-	(25,282,946)	(19,981,967)
Related parties under common ownership:						
Land lease	15.2	929,698	-	-	(929,698)	-
Advance rent	15.1	-	-	(96,529)	(8,713,747)	(8,713,745)
Security deposits received	15.1	(798,146)	-	(2,258,173)	(25,926,618)	(25,128,472)
Rendering of services	15.1	128,786,137	127,750,635	127,753,385	107,618,551	82,173,827
Management services	15.3	248,243,286	228,607,745	200,682,199	(210,449,598)	(310,353,006)
Key Management Personnel						
Compensation	15.5	5,469,780	5,469,780	5,469,780	5,469,780	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 (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

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.

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Deposit paid by the Company from the land lease agreement with MC will be refunded at the end of the lease term at face value and was presented as Security deposit under Other Non-current Assets in the statements of financial position (see Note 7). As of December 31, 2024 and 2023, the fair value of the security deposit amounts to P26.5 million and P20.6 million, respectively.

In 2024, the Company entered into land lease agreement with a related party under common ownership, over the land on which certain 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 rent equivalent to: (a) 2.5% of gross rental income for office and retail properties for the period October 1, 2024 and until June 30, 2025, and 5% thereafter; and, (b) 1.5% of gross rental income for hotel properties for the period October 1, 2024 and until June 30, 2025, and 3% thereafter.

The Company incurred a total of P85.3 million in 2024 and P39.5 million in 2023 for the land lease, which is presented as part of Cost of Services in the 2024 and 2023 statements of comprehensive income. There was no similar transaction in 2022. The outstanding balance, which is payable on demand, unsecured and noninterest-bearing, of P26.2 million and P20.0 million as of December 31, 2024 and 2023, respectively, is presented as part of Accounts payable under Accounts and Other Payables account in the statements 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 P248.2 million, P228.6 million and P200.7 million management fees in 2024, 2023 and 2022, which is presented as part of Cost of Services in the statements of comprehensive income. The outstanding balance, which is payable on demand, unsecured and noninterest-bearing, of P210.4 million and P310.4 million as of December 31, 2024 and 2023, respectively, 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.

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Similarly, pursuant to the Company's investment plan to infuse assets to reach 500,000 square meters of gross leasable area before the end of 2024, the BOD approved on May 10, 2024 the subscription of MC to 926,162,000 shares of the Company to be paid by way of transfer of six grade A buildings in PEZA-registered zones (see Note 6). Pursuant to the Deed of Exchange of Property for Shares between two parties, the Company shall start recognizing the income from the six properties from the start of the fourth quarter of 2024. In 2024, MC remitted P623.5 million to the Company.

In 2024 and 2023, MC transferred certain real properties for lease to the Company amounting to P13,151.5 million and P5,274.0 million, respectively (see Note 6).

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 in the statements of comprehensive income (see Note 13). As of December 31, 2024 and 2023, the outstanding balance of both P5.5 million is presented as part of Accounts payable under Accounts and Other Payables account in the statements of financial position (see Note 8).

16. EQUITY

16.1 Capital Stock

Capital stock consists of:

	Shares			Amounts in PHP		
	2024	2023	2022	2024	2023	2022
Common shares Authorized	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000
Issued and outstanding						
Balance at beginning of year	2,795,821,381	2,532,121,381	2,532,121,381	2,795,821,381	2,532,121,381	2,532,121,381
Issuance	926,162,000	263,700,000	-	926,162,000	263,700,000	-
Balance at end of year	3,721,983,381	2,795,821,381	2,532,121,381	3,721,983,381	2,795,821,381	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).

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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 additional paid-in capital (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. The additional shares are listed with the PSE on July 18, 2024. In addition, the Company recognized APIC in 2023 amounting to P5,010,300,000, less issuance cost amounting to P135.0 million.

On May 10, 2024, the BOD of the Company approved the subscription of MC to 926,162,000 common shares of the Company for a total subscription price of P13.2 billion to be paid by way of transfer of six prime, grade A, office properties in PEZA-accredited zones. On October 10, 2024, the SEC issued its confirmation of the valuation of the property-for-share swap. Consequently, on November 19, 2024, the Company issued 926,162,000 common shares.

On November 22, 2024, 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. The Company recognized APIC in 2024 amounting to P12,225,338,400, less issuance cost amounting to P211.2 million.

There are 28,547 and 25,989 shareholders of at least one board lot of the listed shares as of December 31, 2024 and 2023, respectively. As of December 27, 2024 and December 29, 2023, the last trading dates for each year, the shares closed at P13.34 and P12.30 per share, respectively.

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16.2 Dividends

The details of the Company's cash dividend declarations are as follows:

2024	Q4	Q3	Q2	Q1
Declaration date/approved by BOD	Nov. 4, 2024	August 2, 2024	May 10, 2024	March 1, 2024
Date of record	Nov. 18, 2024	August 16, 2024	May 24, 2024	March 18, 2024
Date of payment	Dec. 3, 2024	August 30, 2024	June 14, 2024	April 5, 2024
Amounts declared to common	P 695,879,942	P 691,686,210	P 687,772,060	P 687,772,060
Per share value	P 0.2489	P 0.2474	P 0.2460	P 0.2460
2023	Q4	Q3	Q2	Q1
Declaration date/approved by BOD	Nov. 6, 2023	August 8, 2023	May 12, 2023	Jan. 6, 2023
Date of record	Nov. 20, 2023	August 23, 2023	May 29, 2023	Jan. 24, 2023
Date of payment	Dec. 14, 2023	Sept. 14, 2023	June 19, 2023	Feb. 15, 2023
Amounts declared to common	P 687,772,060	P 692,245,374	P 692,245,374	P 614,799,071
Per share value	P 0.2460	P 0.2476	P 0.2476	P 0.2428
2022	Q4	Q3	Q2	Q1
Declaration date/approved by BOD	Nov. 11, 2022	August 5, 2022	April 22, 2022	March 4, 2022
Date of record	Nov. 25, 2022	August 19, 2022	May 10, 2022	March 18, 2022
Date of payment	Dec. 15, 2022	Sept. 9, 2022	May 31, 2022	March 31, 2022
Amounts declared to common	P 618,850,466	P 624,927,557	P 615,305,496	P 607,455,919
Per share value	P 0.2444	P 0.2468	P 0.2430	P 0.2399

16.3 Distributable Income

The computation of the distributable income of the Company for the year ended December 31 is shown below.

(Amounts in PHP)	2024	2023	2022
Net income (loss)	3,973,869,843	168,343,855	(176,553,547)
Fair value adjustment of investment property resulting to loss (gain)	(790,416,800)	2,732,200,000	2,822,000,000
Unrealized gains or adjustments to income as a result of certain transactions accounted for under PFRS Accounting Standards	(42,653,190)	(97,293,999)	(121,191,720)
Adjustments due to any prescribed accounting standard which result to a loss	37,480,908	40,881,185	1,939,137
Distributable income	3,178,280,761	2,844,131,041	2,526,193,870

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17. EARNINGS (LOSS) PER SHARE

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

(Amounts in PHP)	2024	2023	2022
Net profit (loss) for the year	3,973,869,843	168,343,855	(176,553,547)
Divided by weighted number of outstanding common shares	2,903,873,614	2,729,896,381	2,532,121,381
Basic and diluted earnings (loss) per share	1.37	0.06	(0.07)

The Company has no potential dilutive common shares during the reporting periods.

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, 2024 and 2023 are shown below.

(Amounts in PHP)	2024	2023
Within one year	4,711,624,718	2,917,612,931
After one year but not more than two years	4,133,956,015	2,547,489,544
After two years but not more than three years	3,337,775,440	1,740,895,275
After three years but not more than four years	2,444,406,864	1,051,335,041
After four years but not more than five years	1,735,493,813	673,081,114
More than five years	4,442,140,557	2,598,259,220
	20,805,397,407	11,528,673,125

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).

- 24 -

16.2 Dividends

The details of the Company's cash dividend declarations are as follows:

2024	Q4	Q3	Q2	Q1
Declaration date/approved by BOD	Nov. 4, 2024	August 2, 2024	May 10, 2024	March 1, 2024
Date of record	Nov. 18, 2024	August 16, 2024	May 24, 2024	March 18, 2024
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Amounts declared to common	P 695,879,942	P 691,686,210	P 687,772,060	P 687,772,060
Per share value	P 0.2489	P 0.2474	P 0.2460	P 0.2460
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Declaration date/approved by BOD	Nov. 6, 2023	August 8, 2023	May 12, 2023	Jan. 6, 2023
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Per share value	P 0.2444	P 0.2468	P 0.2430	P 0.2399

16.3 Distributable Income

The computation of the distributable income of the Company for the year ended December 31 is shown below.

(Amounts in PHP)	2024	2023	2022
Net income (loss)	3,973,869,843	168,343,855	(176,553,547)
Fair value adjustment of investment property resulting to loss (gain)	(790,416,800)	2,732,200,000	2,822,000,000
Unrealized gains or adjustments to income as a result of certain transactions accounted for under PFRS Accounting Standards	(42,653,190)	(97,293,999)	(121,191,720)
Adjustments due to any prescribed accounting standard which result to a loss	37,480,908	40,881,185	1,939,137
Distributable income	3,178,280,761	2,844,131,041	2,526,193,870

- 25 -

17. EARNINGS (LOSS) PER SHARE

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

(Amounts in PHP)	2024	2023	2022
Net profit (loss) for the year	3,973,869,843	168,343,855	(176,553,547)
Divided by weighted number of outstanding common shares	2,903,873,614	2,729,896,381	2,532,121,381
Basic and diluted earnings (loss) per share	1.37	0.06	(0.07)

The Company has no potential dilutive common shares during the reporting periods.

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, 2024 and 2023 are shown below.

(Amounts in PHP)	2024	2023
Within one year	4,711,624,718	2,917,612,931
After one year but not more than two years	4,133,956,015	2,547,489,544
After two years but not more than three years	3,337,775,440	1,740,895,275
After three years but not more than four years	2,444,406,864	1,051,335,041
After four years but not more than five years	1,735,493,813	673,081,114
More than five years	4,442,140,557	2,598,259,220
	20,805,397,407	11,528,673,125

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).

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18.2 Operating Lease Commitments – Company as a Lessee

The Company entered into a land lease agreement with MC and a related party under common ownership, 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 for the land lease with MC and the related party will commence on July 1, 2023, and October 1, 2024, respectively. The lease agreement does not contain any fixed lease payments. In addition, the lease agreement with MC involves payment for security deposit (see Note 7).

The related variable lease expense incurred amounting to P85.3 million and P39.5 million in 2024 and 2023, respectively, is presented as Land lease under the Cost of Services account in the statements 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, 2024 and 2023, the Company is exposed to market risk through its cash in banks, which are subject to changes in market interest rates. However, management believes that the related interest rate risk exposure is not significant. All other financial assets and financial liabilities are either noninterest-bearing or subject to fixed interest rates.

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.

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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.

<i>(Amounts in PHP)</i>	Notes	2024	2023
Cash and cash equivalents	4	2,025,255,093	1,678,912,046
Trade and other receivables	5	593,417,558	451,266,601
Security deposit	7	26,458,224	20,649,401
		<u>2,645,130,875</u>	<u>2,150,828,048</u>

(a) Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum of P0.5 million for every depositor per banking institution.

(b) Trade and Other Receivables

The Company applies the simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The other receivables relate to receivables from third parties other than trade receivables and have substantially the same risk characteristics as the trade receivables. The Company has therefore concluded that the expected loss rates for Trade receivables are a reasonable approximation of the loss rates for the other assets.

Management considers the ECL on the Company's trade and other receivables to be negligible taking into consideration the counterparties' ability to repay at the reporting date and the actual collection from such counterparties during the reporting periods.

Furthermore, the Company considers credit enhancements in determining the expected credit loss. Trade receivables are collateralized by advance rental and security deposits received from lessees.

The estimated fair value of collateral and other security enhancements held against trade and other receivables as of December 31, 2024 and 2023 is presented below.

<i>(Amounts in PHP)</i>	Gross Maximum Exposure	Fair Value of Collaterals	Net Exposure
As of December 31, 2024	593,417,558	1,683,780,032	-
As of December 31, 2023	451,266,601	1,253,261,792	-

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(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, 2024 and 2023, the Company's financial liabilities have contractual maturities which are presented below.

<i>(Amounts in PHP)</i>	Within 1 Year	1 to 5 Years	More than 5 Years
December 31, 2024			
Interest-bearing loan	470,155,247	1,999,814,229	8,072,679,275
Security deposits	210,919,111	687,712,822	256,376,203
Accounts payable	197,854,085	-	-
Accrued expenses	482,385,265	-	-
	<u>1,361,313,708</u>	<u>2,687,527,051</u>	<u>8,329,055,478</u>
December 31, 2023			
Interest-bearing loan	257,347,079	1,978,800,374	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	-	-
	<u>1,138,216,111</u>	<u>2,561,426,112</u>	<u>8,653,760,720</u>

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods.

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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.

<i>(Amounts in PHP)</i>		2024		2023	
	Notes	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets					
Financial assets at amortized cost:					
Cash and cash equivalents	4	2,025,255,093	2,025,255,093	1,678,912,046	1,678,912,046
Trade and other receivables	5	593,417,558	593,417,558	451,266,601	451,266,601
Security deposit	7	26,458,224	25,782,163	20,649,401	19,570,069
		<u>2,645,130,875</u>	<u>2,644,454,814</u>	<u>2,150,828,048</u>	<u>2,149,748,716</u>
Financial liabilities					
Financial liabilities at amortized cost:					
Interest-bearing loan	10	7,212,172,904	7,212,172,904	7,206,697,580	7,206,697,580
Security deposits	9	1,052,863,842	1,021,797,438	779,152,958	744,498,127
Accounts payable	8	197,854,085	197,854,085	460,332,383	460,332,383
Accrued expenses	8	482,385,265	482,385,265	240,679,842	240,679,842
Interest payable	8	8,055,636	8,055,636	8,055,636	8,055,636
		<u>8,953,331,732</u>	<u>8,922,265,328</u>	<u>8,694,918,399</u>	<u>8,660,263,568</u>

A description of the Company's risk management objectives and policies for financial instruments is provided in Note 19.

20.2 Offsetting of Financial Assets and Financial Liabilities

Except when applicable for the offsetting of rental receivables and rental deposits arising from the normal course of the Company's leasing activities, the Company has not set off financial instruments and do not have relevant offsetting arrangements. Currently, all other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and shareholders. As such, the Company's outstanding receivables from and payables to the same related parties can be potentially offset to the extent of their corresponding outstanding balances.

21. FAIR VALUE MEASUREMENT AND DISCLOSURE

21.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS Accounting Standards, 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, 2024 and 2023, the Company's investment properties amounting to P73.0 billion and P59.0 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 Cuervo Appraisers, Inc. in 2024 and Santos Knight Frank, Inc. in 2023. Both are independent appraisers 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 both independent appraisers are based on the Income Approach. Under the Income Approach, the fair value of an asset is measured by calculating the present value of its economic benefits by discounting expected cash flows at a rate of return that compensates the risks associated with the particular investment. The most common approach in valuing future economic benefits of a projected income stream is the discounted cash flows model. This valuation process of this model consists of the following: (a) estimation of the revenues generated; (b) estimation of the costs and expenses related to the operations of the development; (c) estimation of an appropriate discount rate; and (d) discounting process using an appropriate discount rate to arrive at an indicative fair value. The most significant inputs used in this model are the estimated expected future annual cash inflow and outgoing expenses, anticipated increase in market rental, discount rate and terminal capitalization rate.

The fair value is sensitive to changes in discount rate, terminal capitalization rate and market rental. A change in these unobservable inputs would have the following impact on fair value:

	<u>Increase</u>	<u>Decrease</u>
Discount rate	Decrease	Increase
Terminal capitalization rate	Decrease	Increase
Increase in market rental	Increase	Decrease

The discount rates and terminal capitalization rates were determined with reference to published risk free rates and risk premium rates at the date of valuation.

Also, there were no transfers into or out of Level 3 fair value hierarchy.

22. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern.

The Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and liabilities. The Company manages the capital structure and makes adjustment to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company's total liabilities and total equity are presented below.

<i>(Amounts in PHP)</i>	2024	2023
Total liabilities	9,804,379,740	9,312,561,087
Total equity	66,289,666,703	52,138,558,919

Under REIT Act, the Company is subject to external capital requirement to have a minimum paid-up capital of P300.0 million, which was complied with as of the reporting periods presented.

23. OPERATING SEGMENT

The Company has determined that it operates as one operating segment. The Company's only income-generating activity is the lease of its buildings, which is the measure used by the Chief Operating Decision Maker in allocating resources.



Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Financial Statements

Punongbayan & Araullo
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The Enterprise Center
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**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, 2024 and have issued our report thereon dated February 20, 2025. 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 (PFRS Accounting 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. 10465907, January 2, 2025, Makati City
BIR AN 08-002551-040-2023 (until January 24, 2026)
BOA/PRC Cert. of Reg. No. 0002/P-012 (until August 12, 2027)

February 20, 2025

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.
(A Subsidiary of Megaworld Corporation)
List of Supplementary Information
December 31, 2024

MREIT, Inc.
(A Subsidiary of Megaworld Corporation)
Schedule A - Financial Assets
December 31, 2024

Schedule	Content	Page No.
A	Financial Assets	1
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	2
C	Amounts Receivable/Payable from/to Related Parties which are Eliminated during the Consolidation of Financial Statements	3
D	Long-term Debt	4
E	Indebtedness to Related Parties (Long-term Loans from Related Companies)	5
F	Guarantees of Securities of Other Issuers	6
G	Capital Stock	7

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, 2024.

Other Required Information

Reconciliation of Retained Earnings Available for Dividend Declaration

Supplementary Schedule of External Auditor Fee-Related Information

Map Showing the Relationship Between the Company and its Related Entities

MREIT, Inc.
(A Subsidiary of Megaworld Corporation)
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders
(Other than Related Parties)
December 31, 2024

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, 2024.

MREIT, Inc.
(A Subsidiary of Megaworld Corporation)
Schedule C - Amounts Receivable/ Payable from/ to Related Parties which are Eliminated
During the Consolidation of Financial Statements
December 31, 2024

<i>Name and Designation of Debtor</i>	<i>Balance at Beginning of Period</i>	<i>Additions</i>	<i>Deductions</i>		<i>Current</i>	<i>Not Current</i>	<i>Balance at End of Period</i>
			<i>Amounts Collected</i>	<i>Amounts Written Off</i>			
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

MREIT, Inc.
(A Subsidiary of Megaworld Corporation)
Schedule D - Long-Term Debt
December 31, 2024

<i>Title of Issue and Type of Obligation</i>	<i>Amount Authorized by Indenture</i>	<i>Amount shown under caption "Current portion of Interest-bearing loan" in related Balance Sheet</i>	<i>Amount shown under Caption "Non-current portion of Interest-bearing loan" in related Balance Sheet</i>
Long-term loan (Domestic)	P 7,250,000,000	P -	P 7,212,172,904

MREIT, Inc.
(A Subsidiary of Megaworld Corporation)
Schedule E - Indebtedness to Related Parties (Long-term Loans from Related Companies)
December 31, 2024

<i>Name of Related Party</i>	<i>Balance at Beginning of Period</i>	<i>Balance at End of Period</i>
N/A	N/A	N/A

MREIT, Inc.
 (A Subsidiary of Megaworld Corporation)
 Schedule F - Guarantees of Securities of Other Issuers
 December 31, 2024

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

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MREIT, Inc.
 (A Subsidiary of Megaworld Corporation)
 Schedule G - Capital Stock
 December 31, 2024

<i>Title of Issue</i>	<i>Number of Shares Authorized</i>	<i>Number of Shares Issued and Outstanding as shown under the related Balance Sheet Caption</i>	<i>Number of Shares Reserved for Options, Warrants, Conversion and other Rights</i>	<i>Number of Shares Held by</i>		
				<i>Related Parties</i>	<i>Directors, Officers and Employees</i>	<i>Others</i>
Common shares - P1 par value	5,000,000,000	3,721,983,381	-	2,390,047,781	10,001,000	1,321,934,600

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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, 2024

Unappropriated Retained Earnings at Beginning of Year		P	1,022,406,754
Add: <u>Category A:</u> Items that are directly credited to Unappropriated Retained Earnings			
Reversal of Retained Earning Appropriation/s	P	-	
Effect of restatements or prior-period adjustments		-	
Others		-	
Less: <u>Category B:</u> Items that are directly debited to Unappropriated Retained Earnings			
Dividend declaration during the reporting period	(2,763,110,271)	
Retained Earnings appropriated during the reporting period		-	
Effect of restatements or prior-period adjustments		-	
Others		-	
			(2,763,110,271)
Unappropriated Retained Earnings at Beginning of Year, as adjusted			(1,740,703,517)
Add/Less: Net Income (Loss) for the Current Year			3,973,869,843
Less: <u>Category C.1:</u> Unrealized income recognized in the profit or loss during the reporting period (net of tax)			
Equity in net income of associate/joint venture, net of dividends declared		-	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents		-	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)		-	
Unrealized fair value gain of investment property	(790,416,800)	
Other unrealized gains or adjustments to the retained earnings as result of certain transactions accounted for under the PFRS	(42,653,190)	
Sub-total			(833,069,990)
Add: <u>Category C.2:</u> Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)			
Realized foreign exchange gain, except those attributable to cash and cash equivalents		-	
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVTPL		-	
Realized fair value gain of investment property		-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS		-	
Sub-total			-
Add: <u>Category C.3:</u> Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)			
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents		-	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instrument at FVTPL		-	
Reversal of previously recorded fair value gain of investment property		-	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded		-	
Sub-total			-
<i>Balance carried forward</i>			
Adjusted Net Income/Loss	P		3,140,799,853

*Balance brought forward***Adjusted Net Income/Loss** P 3,140,799,853**Add: Category D: Non-actual lossess recognized in profit or loss during the reporting period (net of tax)**

Depreciation on revaluation increment (after tax)	P	-
Sub-total		-

Add/ Less: Category E: Adjustments related to relief granted by the SEC and BSP

Amortization of the effect of reporting relief	-
Total amount of reporting relief granted during the year	-
Others	-
Sub-total	-

Add/ Less: Category E: Other items that should be excluded from the determination of the amount of available for dividends distribution

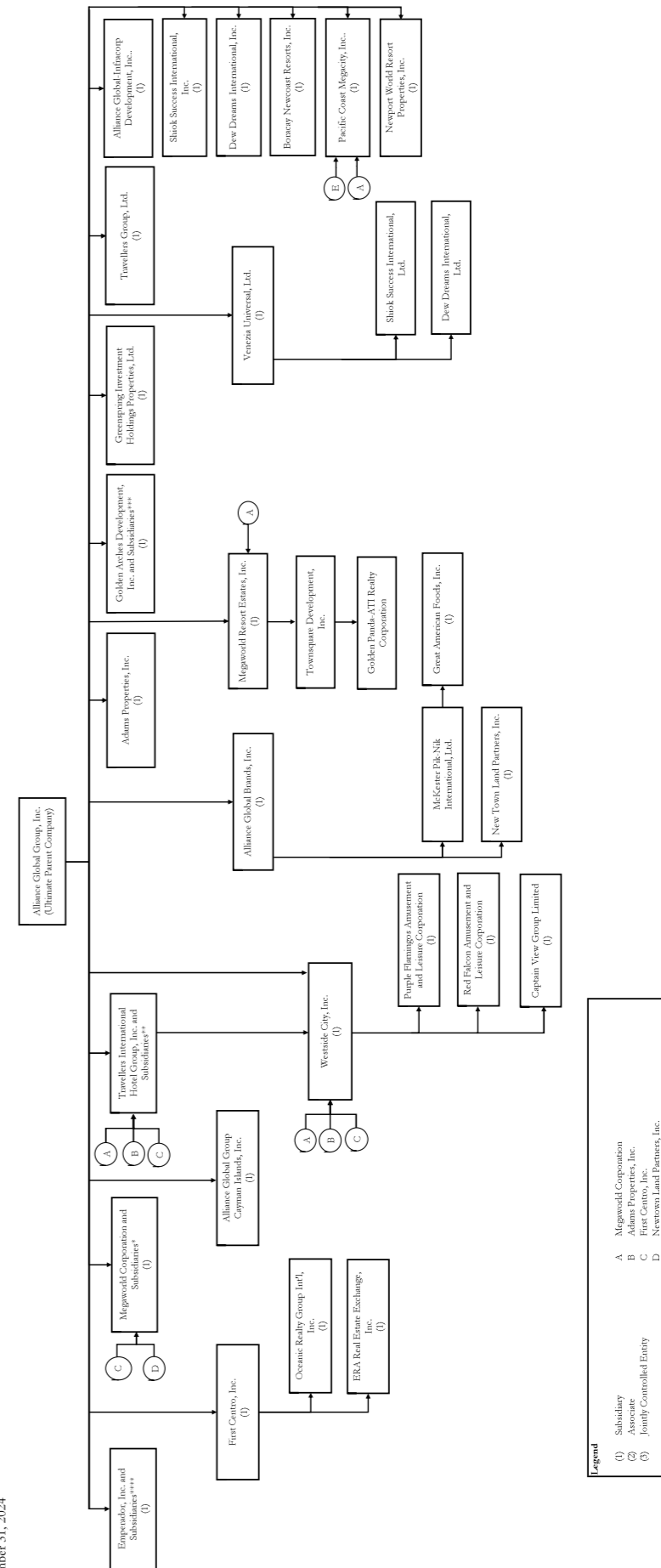
Net movement of treasury shares (except for reacquisition of redeemable shares)	-
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right-of-use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-
Adjustment due to deviation from PFRS/GAAP - gain (loss)	37,480,908.00
Others	-
Sub-total	37,480,908

Unappropriated Retained Earnings Available for Dividend Distribution at End of Year P **1,437,577,244**

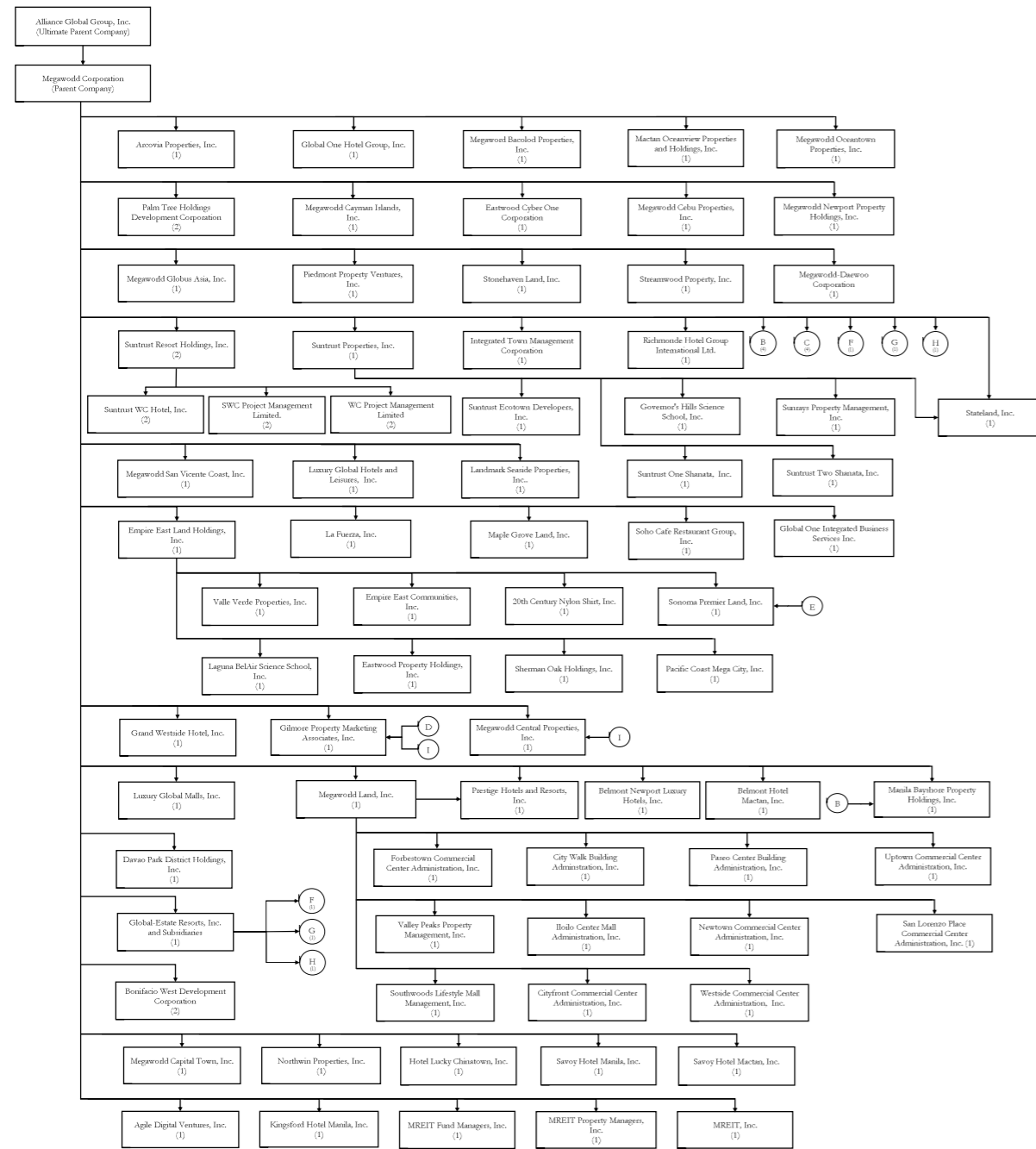
MREIT, INC.
(A Subsidiary of Megaworld Corporation)
Supplementary Schedule of External Auditor Fee-Related Information
For the Years Ended December 31, 2024 and 2023
(Amounts in Philippine Pesos)

	2024	2023
Total Audit Fees	P 671,000	P 610,000
Non-audit service fees:		
Other assurance service	-	-
Tax service	-	-
All other service	-	-
Total Audit and Non-audit Fees	P 671,000	P 610,000
Audit and Non-audit fees of other related entities	2024	2023
Audit fees	P -	P -
Non-audit service fees:		
Other assurance service	-	-
Tax service	-	-
All other service	-	-
Total Audit and Non-audit Fees of other related entities	P -	P -

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
 Map Showing the Relationship Between Alliance Global Group, Inc. and its Related Parties
 December 31, 2024



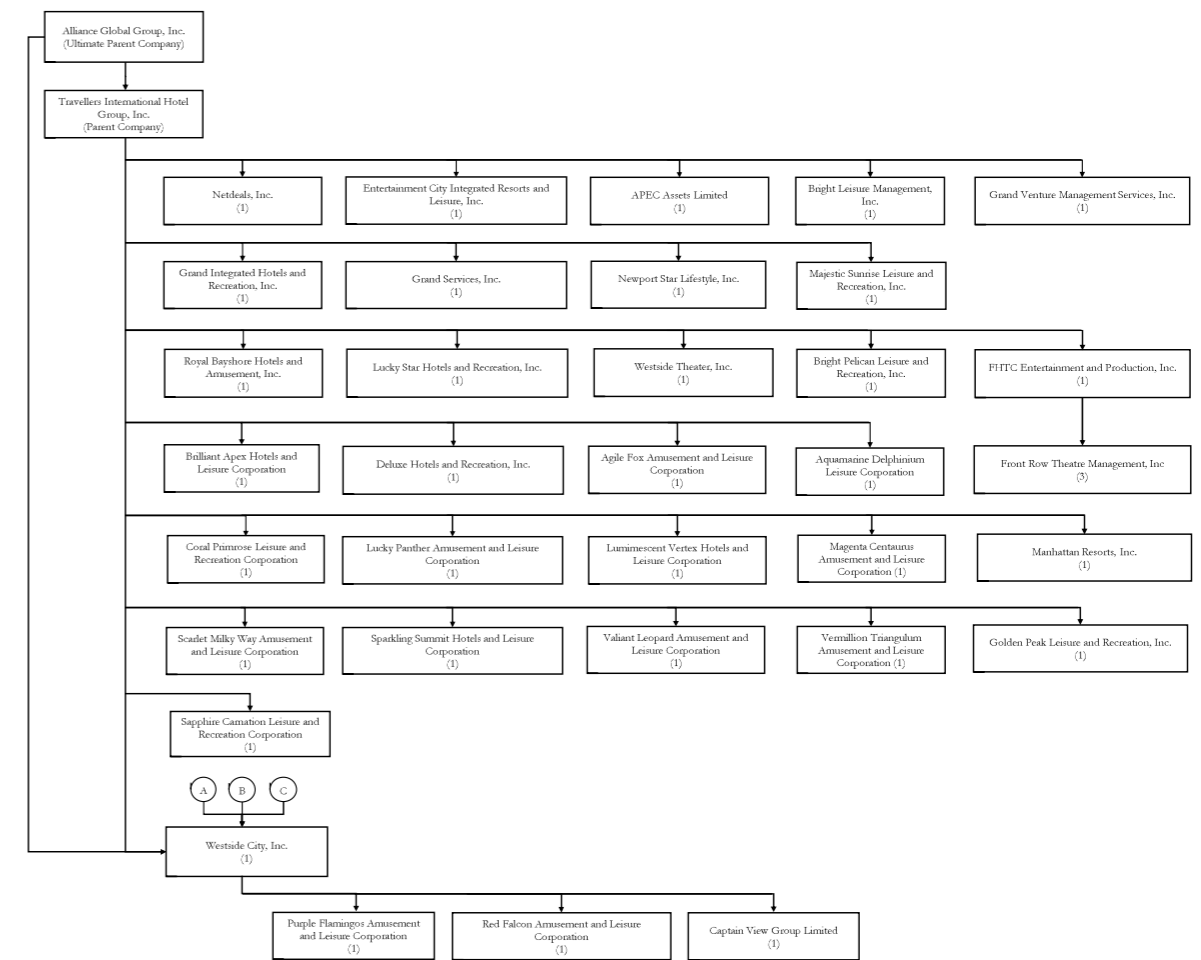
ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc. and Megaworld Corporation Group
December 31, 2024



Legend
Relationship with Megaworld Corporation

(1) Subsidiary	F Twin Lakes Corporation
(2) Associate	G Megaworld Global Estates, Inc.
(3) Jointly Controlled Entity	H Southwoods Mall, Inc.
(4) FVOCI	I Empire East Land Holdings, Inc.
A Megaworld Corporation	
B Travellers International Hotel Group	
C Westside City, Inc.	
D Townsquare Development, Inc.	
E First Centro, Inc.	

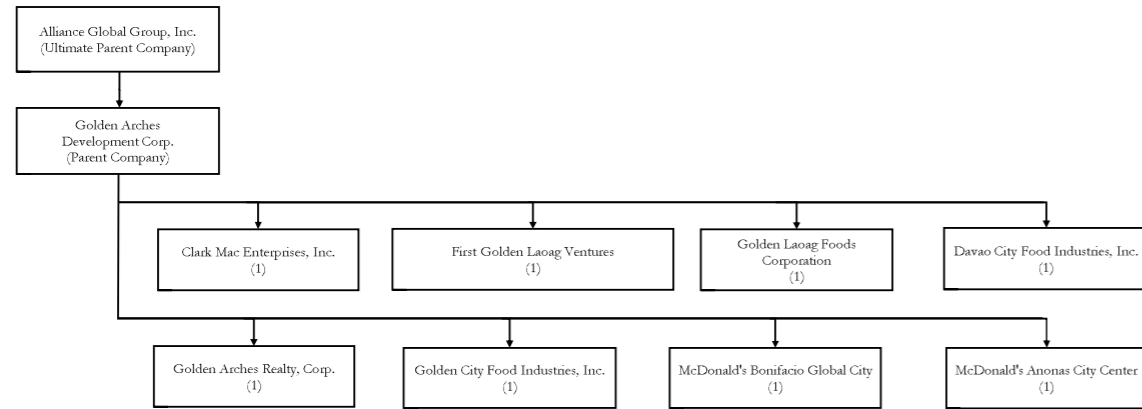
ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc. and Travellers Group
December 31, 2024



Legend
Relationship with Travellers International Hotel Group, Inc.

(1) Subsidiary	J Twin Lakes Corporation
(2) Associate	K Megaworld Global Estates, Inc.
(3) Jointly Controlled Entity	L Megaworld Central Properties, Inc.
(4) FVOCI	M Shaok Success International, Ltd.
A Megaworld Corporation	N Dew Dreams International, Ltd.
B Travellers International Hotel Group	O Southwoods Mall, Inc.
C Westside City, Inc.	P Sonoma Premier Land, Inc.
D Townsquare Development, Inc.	Q Gilmore Property Marketing Associates, Inc.
E First Centro, Inc.	R Emperor Inc.
F Megaworld Resort Estates, Inc.	T Statrust 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, 2024

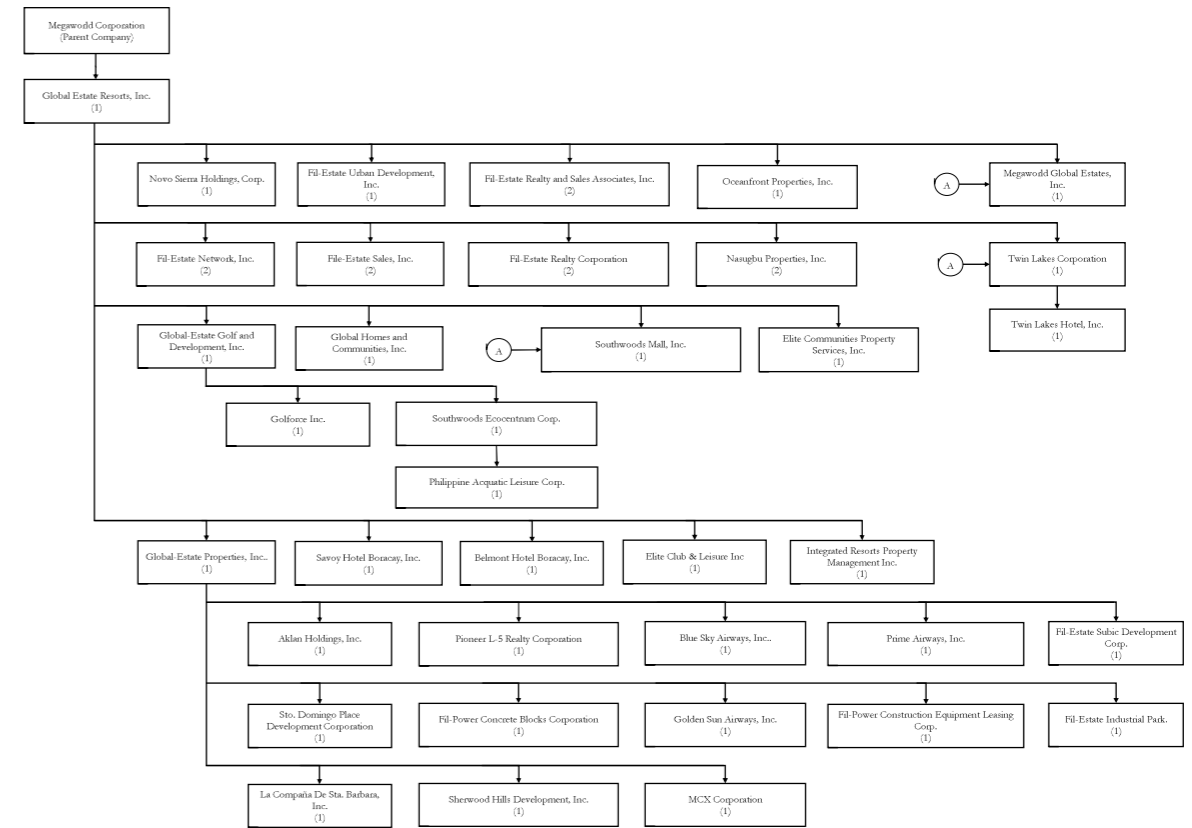


Legend
Relationship with Golden Arches Development Corporation

(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 Shioh 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, 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, 2024



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 Shioh 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, 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.



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, 2024 and have issued our report thereon dated February 20, 2025. 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 Accounting Standards) 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 Accounting Standards. The components of these financial soundness indicators have been traced to the Company's financial statements as at and for the years ended December 31, 2024, 2023 and 2022 and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: John Endel S. Mata
Partner

CPA Reg. No. 0121347
TIN 257-622-627
PTR No. 10465907, January 2, 2025, Makati City
BIR AN 08-002551-040-2023 (until January 24, 2026)
BOA/PRC Cert. of Reg. No. 0002/P-012 (until August 12, 2027)

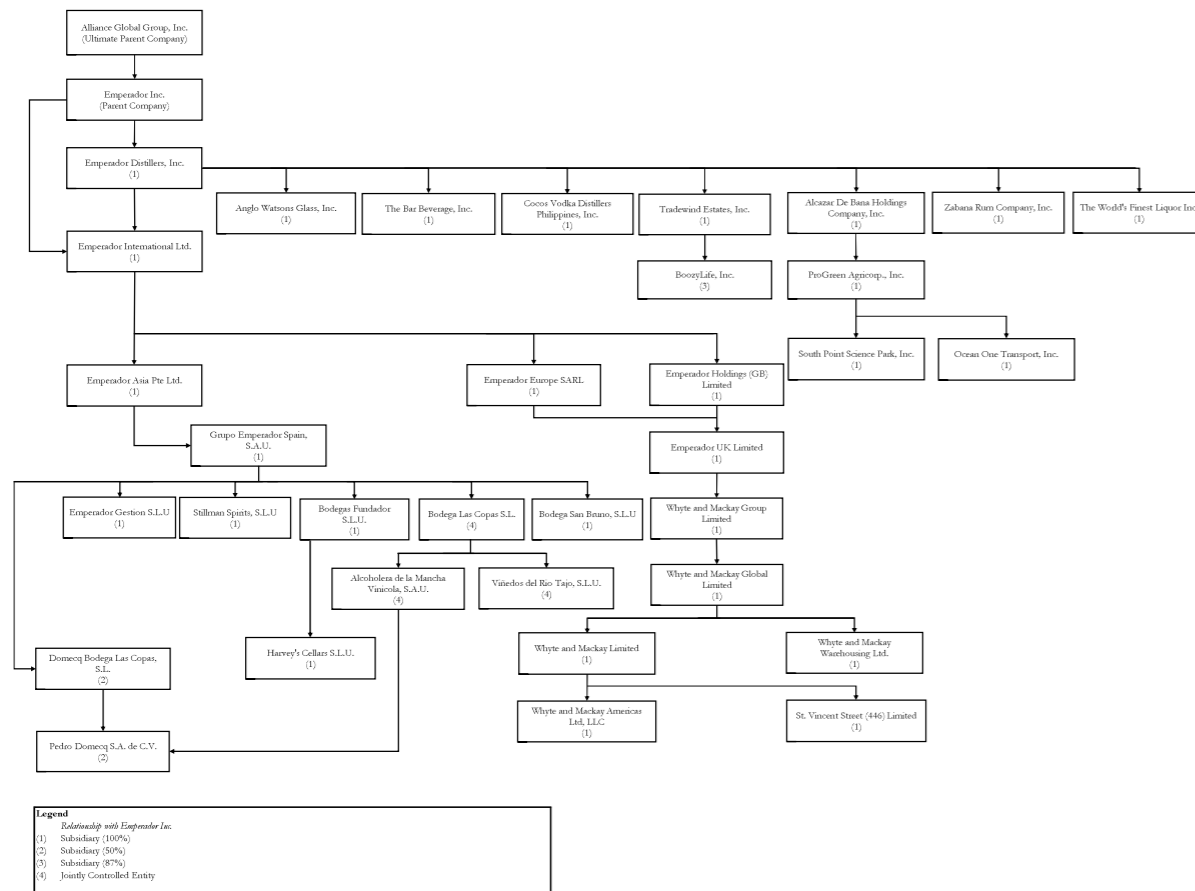
February 20, 2025

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

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SEC Accreditation No. 0002

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Emperor Group
December 31, 2024



GRI Index

Statement of use	MREIT has reported in accordance with the GRI Standards for the period January 1, 2024 to December 31, 2024.
Statement of use	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	N/A

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
General Disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	5, 10				
	2-2 Entities included in the organization's sustainability reporting	5, 10				
	2-3 Reporting period, frequency and contact point	5				
	2-4 Restatements of information	82-83, 92-93				
	2-5 External assurance				This report has not undergone external assurance.	
	2-6 Activities, value chain and other business relationships	10				
	2-7 Employees	68				
	2-8 Workers who are not employees					MREIT does not have any employees
	2-9 Governance structure and composition	25				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
General Disclosures						
GRI 2: General Disclosures 2021	2-10 Nomination and selection of the highest governance body	25				
	2-11 Chair of the highest governance body	25				
	2-12 Role of the highest governance body in overseeing the management of impacts	25				
	2-13 Delegation of responsibility for managing impacts	25				
	2-14 Role of the highest governance body in sustainability reporting	MREIT Manual on Corporate Governance pg.12				
	2-15 Conflicts of interest	31				
	2-16 Communication of critical concerns	31				
	2-17 Collective knowledge of the highest governance body	MREIT Manual on Corporate Governance pg.9				
	2-18 Evaluation of the performance of the highest governance body	MREIT Manual on Corporate Governance pg.39				
	2-19 Remuneration policies	MREIT Manual on Corporate Governance pg.17				
2-20 Process to determine remuneration	MREIT Manual on Corporate Governance pg.17					

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
General Disclosures						
GRI 2: General Disclosures 2021	2-21 Annual total compensation ratio		2-21	Information unavailable	The Group is still in the process of gathering the relevant information and is considering its inclusion in subsequent reporting periods.	
	2-22 Statement on sustainable development strategy	6				
	2-23 Policy commitments	31				
	2-24 Embedding policy commitments	10				
	2-25 Processes to remediate negative impacts	50				
	2-26 Mechanisms for seeking advice and raising concerns	MREIT Manual on Corporate Governance pg.37				
	2-27 Compliance with laws and regulations	105				
	2-28 Membership associations	Megaworld is not actively involved, in a leadership or influential capacity, in any national or international advocacy groups.				
	2-29 Approach to stakeholder engagement	48				
	2-30 Collective bargaining agreements	67				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
Material Topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	44				
	3-2 List of material topics	44				
Employee Wellness & Empowerment						
GRI 3: Material Topics 2021	3-3 Management of material topics	66				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover					
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	68				
	401-3 Parental leave	68				
GRI 404: Training and Education 2016	404-1 Average hours of training	68				
	404-3 Percentage receiving performance reviews	68				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	68				
	405-2 Ratio of basic salary and remuneration of women to men	68				
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination	68				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
Employee Wellness & Empowerment						
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Freedom of association and collective bargaining	68				
Community Transformation						
GRI 3: Material Topics 2021	3-3 Management of material topics	72				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	72				
	413-2 Operations with significant actual and potential negative impacts on local communities	72				
Customer Care						
GRI 3: Material Topics 2021	3-3 Management of material topics	74				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories Additional sector r	74				
	416-2 Incidents of non- compliance concerning the health and safety impact of product and services	74				
GRI418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	76				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
Carbon Neutrality						
GRI 3: Material Topics 2021	3-3 Management of material topics	80				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	81				
	305-2 Energy indirect (Scope 2) GHG emissions	81				
	305-3 Other indirect (Scope 3) GHG emissions	81				
	305-4 GHG emission intensity	81				
Resource Efficiency						
GRI 3: Material Topics 2021	3-3 Management of material topics	85				
GRI 301: Materials 2016	301-1 Material used by weight or volume	86				
	301-2 Recycled input materials used	86				
	301-3 Reclaimed products and their packaging materials			Information unavailable	The Group is still in the process of gathering the relevant information and is considering its inclusion in subsequent reporting periods.	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	92				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
Resource Efficiency						
GRI 302: Energy 2016	302-2 Energy consumption outside of the organization	92				
	302-3 Energy intensity	92				
GRI 303: Water and Effluents 201	303-3 Water withdrawal	88				
	303-4 Water discharge	88				
	303-5 Water Consumption	88				
GRI 306: Waste 2020	306-3 Waste generated	86				
	306-4 Waste diverted from disposal	86				
	306-5 Waste directed to disposal	86				
Sustainable Design						
GRI 3: Material Topics 2021	3-3 Management of material topics	94				
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	94				
Impactful Growth						
GRI 3: Material Topics 2021	3-3 Management of material topics	98				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	99				
	201-2 Financial implications and other risks and opportunities due to climate change	99				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
Impactful Growth						
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage					
	202-2 Proportion of senior management hired from the local community	102				
Good Governance						
GRI 3: Material Topics 2021	3-3 Management of material topics	103				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local supplies	105				
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption			Information unavailable	The Group is still in the process of gathering the relevant information and is considering its inclusion in subsequent reporting periods.	
	205-2 Communication and training about anti-corruption policies and procedures	104				
	205-3 Confirmed incidents of corruption and actions taken	104				
GRI 207: Tax 2019	207-1 Approach to tax	106				
	207-2 Tax governance, control, and risk management	106				
	207-3 Stakeholders engagement and management of concerns related to tax	106				