

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

1. **02 December 2024**
Date of Report
2. SEC Identification Number: **CS202052294** 3. BIR Tax Identification No: **502-228-971-000**
4. **MREIT, INC.**
Exact name of Issuer as specified in its charter
5. **Metro Manila**
Province, Country or other jurisdiction of incorporation or organization
6. (SEC Use Only)
Industry Classification Code
7. **18th Floor, Alliance Global Tower, 36th Street corner 11th Avenue
Uptown Bonifacio, Taguig City 1634**
Address of principal office
8. **(632) 8894-6300/6400**
Issuer's telephone number, including area code
9. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of Shares of Stock Outstanding</u>
Common	3,721,983,381 ¹
Preferred	0
Total	3,721,983,381¹

10. **Item 9(b)**

In compliance with Rule 6, Section 10.1 of the revised Implementing Rules and Regulations of Republic Act No. 9856 (REIT Act of 2009), MREIT, Inc. hereby submits its Three-Year Investment Strategy as prepared by MREIT Fund Managers, Inc.

SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MREIT, INC.
Issuer

By:


ANGELI S. TRISTEZA
Compliance Officer
02 December 2024

¹ As of 19 November 2024, MREIT, Inc. has a total of 3,721,983,381 common shares issued and outstanding. 2,795,821,381 common shares are listed in the Philippines Stock Exchange, while the 926,162,000 common shares issued on 19 November 2024 are pending listing with the Exchange.



Three-Year Investment Strategy

December 02, 2024

Prepared by: MREIT Fund Managers, Inc.

Section 1: Use of this document

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

No part of this document may be reproduced or transmitted in any form or by any means, electronic or mechanical, including but not limited to photocopy, recording on any information storage and retrieval system without the written permission of MREIT, or a valid order of the SEC or the PSE. If you receive this document in error, please return to MREIT.

Section 2: Disclaimer

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

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

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

- risks relating to the Company's business and operations, including those relating to the Company's limited operating history as a REIT and the Company's ability to obtain and retain tenants in its properties;
- the Fund Manager's ability to successfully implement the Company's current and future business strategies and to manage our expansion and growth;
- increases in maintenance and operational costs;
- changes in the Philippine real estate market and the demand for the office, BPO and other commercial property spaces and developments;
- any material adverse change in the quality of the tenants in the Company's properties;
- risks (including political, social and economic conditions) relating to the Philippines;
- the condition and changes in the Philippine, Asian or global economies and future political instability in the Philippines;
- the Company's ability to obtain financing or raise debt, changes in interest rates, inflation rates and the value of the Philippine Peso against the U.S. dollar and other currencies;
- changes in government laws and regulations, including changes in REIT regulations, tax laws, or licensing in the Philippines;
- competition in the commercial real estate market in the Philippines;
- material changes to any planned capital expenditures for the Company's properties as a result of market demands, financial conditions, and legal requirements, among others;

- any other matters not yet known to the Fund Manager or not currently considered material by the Fund Manager.

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

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

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

In addition, all statements other than statements of historical facts included in this Investment Strategy are forward-looking statements. In view of the risks and uncertainties associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances discussed in this Investment Strategy might not occur. Any forward-looking statements and forward-looking financial information contained in this Investment Strategy must be considered with caution and reservation. Actual results could differ materially from those contemplated in the relevant forward-looking statement and the Company gives no assurance that such forward-looking statements will prove to be correct or that such intentions will not change.

All subsequent written and oral forward-looking statements attributable to the Company or persons acting on behalf of the Company are expressly qualified in their entirety by the above cautionary statements.

Section 3: Overview

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

In December 2021, less than three (3) months since the Company's market debut, it completed the acquisition of four (4) commercial properties with a total gross leasable area of 56,329 square meters. Additional four (4) prime, grade A, PEZA-accredited office properties located in McKinley West and Iloilo were acquired in March 2023. Recently, in October 2024, the SEC approved the property-for-share swap pertaining to additional six (6) prime, grade A, PEZA-accredited office properties. As of the date of this report, the portfolio has grown to twenty-four (24) buildings with a total gross leasable area of 482,056 square meters (the “Properties”).

The details of the Properties are listed below:

Township	Building	Years Completed	GLA	Appraisal
			in sqm	mPhp
Eastwood, Quezon City	1800 Eastwood Avenue	2006	34,738	6,912
	1880 Eastwood Avenue	2007	33,745	6,124
	E-Commerce Plaza	2008	21,032	4,020
McKinley Hill, Taguig	One World Square	2007	30,482	6,853
	Two World Square	2009	21,286	5,064
	Three World Square	2010	21,222	4,341
	8/10 Upper McKinley	2009	19,938	4,636
	18/20 Upper McKinley	2009	19,413	4,031
	World Finance Plaza	2010	25,067	5,279
McKinley West, Taguig	One West Campus	2016	9,704	1,583
	Five West Campus	2016	10,257	1,873
	Two West Campus	2016	9,332	1,090
	Ten West Campus	2018	36,214	4,356
	One LeGrand Tower	2020	48,801	5,812
Iloilo Business Park, Iloilo	One Techno Place	2017	9,549	1,061
	Richmonde			
	Richmonde Tower	2016	6,355	892
	Richmonde Hotel Iloilo	2016	6,769	426
	Two Techno Place	2019	11,393	1,487
	Three Techno Place	2017	9,568	1,155
	One Global Center	2015	10,301	1,278
	Two Global Center	2014	9,903	1,133
	Festive Walk 1B	2018	14,703	1,524
	One Fintech Place	2019	18,157	1,792
Two Fintech Place	2019	18,053	1,737	
Davao Park District	Davao Finance Center	2018	26,074	1,533
Total			482,056	75,992

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

The Properties were selected in accordance with MREIT's investment criteria. All of the Properties are prime, Grade A buildings which are either PEZA-registered buildings or located in PEZA-registered zones. As of the date of this Report, 92% of the leased area of the twenty-four (24) Properties are either BPO or traditional office tenants, thus ensuring stability in the Company's rental income.

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

Section 4: Three-Year Investment Strategy

Key Strategies

The Company's primary objective is to increase shareholder value, and it plans to achieve this through the implementation of the following strategies:

1. **Drive organic growth through proactive asset management and enhancement.** The Fund Manager, in partnership with the Property Manager, will actively manage the Company's property portfolio to generate resilient and steadily growing gross revenues and net operating income, and optimize efficient property management.
2. **Preserve tenant loyalty through enhanced, reliable and consistent service and support.** To maintain the Company's reputation as the partner of choice in the Philippines for the BPO industry and traditional tenants, the Property Manager and Fund Manager will work collectively to ensure that the tenants in the Properties receive continued and dedicated service to drive high retention rates.
3. **Optimize tenant mix to maximize the desirability of the Properties through sustained leadership as partner of choice.** In order to enhance the Properties' appeal to a broad range of office and retail tenants, the Property Manager will monitor the mix of tenants in each of the Properties in relation to industry or market standards and requirements. By having a good mix of tenants in each Property, the Company aims to generate a higher percentage of rental income from returning lessees and ensure sustained growth in rental rates. Generally, the Company targets well-established, corporate and retail clients and seeks to attract them by offering prime locations suitable for headquarter and BPO operations with adequate infrastructure among other things.
4. **Leverage on economies of scale to drive profitability.** The Company expects that the Property Manager, in accordance with the Company's investment strategies, to optimize property operating expenses at each of the Properties while still adhering to prescribed standards of top-quality service.
5. **Pursue sustained inorganic growth through well-planned and timed asset acquisition and investments.** To enhance the value of the Company's portfolio, the Fund Manager, pursuant to the Fund Management Agreement and REIT Law, and in accordance with the Company's plans,

will perform dedicated oversight in studying potential pipeline assets for infusion into the Company's portfolio. The Fund Manager actively considers and solicits opportunities, consistent with the Company's investment policy to grow the portfolio and invest in appropriate properties to improve portfolio performance. The Company also considers appropriate real estate opportunities in other high-growth areas where the Sponsor is located, other types of real estate properties, and other opportunities from sources aside from the Sponsor.

6. **Prudent and focused management of capital and risk.** The Fund Manager will closely monitor and manage the Company's balance sheet and resources to optimize the overall returns for shareholders while preserving the long-term financial health of the Company. In order to support the Company's organic and inorganic growth initiatives, the Fund Manager will adopt financing policies to maximize risk-adjusted returns to shareholders, consider accessing the capital markets as appropriate to manage the Company's financial risk exposures, and assess alternative forms of capital and other capital management strategies where appropriate.

Investment Objectives

MFMI and the Company affirm their commitment to secure income growth and provide a competitive investment return to the Company's shareholders and have crafted the following set of objectives to guide its investment activities in the next three (3) years:

1. **Reach 1,000,000 sqm in portfolio GLA by end of 2030.** MFMI maintains its accelerated growth plan to increase the Company's portfolio of high-quality, income-generating assets with GLA of 100,000 square meters each year to reach 1,000,000 square meters by the end of 2030.
2. **Diversify MREIT's portfolio by investing in other townships and other real estate properties.** As opportunities arise, the Company may choose to diversify to other high-growth geographic areas like Cebu, Bacolod, and Pampanga, and other growth areas in the country where the Sponsor's townships are located.

Diversification plans also include investment in other types of real estate properties, such as retail, hospitality, industrial, logistics, warehouse, other real property sectors that meet the Company's investment criteria for Grade A, centrally-located, stably occupied, and income producing properties.

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

Investment Criteria

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

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

- **Location:** The potential property should be located in a prime location in either Metro Manila, key provinces in the Philippines or other attractive locations, as opportunities arise;
- **Property Grade and Type:** The potential property should be primarily (but not exclusively) focused on Grade A office and retail properties, or related to other types of real estate properties, including, residential, hospitality, industrial, etc., available in the market;

- **Tenant Profile:** The potential property should have stable occupancy, tenancy and income operations. Target tenants would be reputable captive BPOs with track record of operations; and,
- **Yield Accretive:** The investment opportunity and the structure and pricing of the transaction should provide attractive dividend growth or yield accretion to its shareholders.

Section 5: Asset Acquisition and Financing

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

Acquisitions will be funded either through debt or equity or a combination thereof. The Company currently carries minimal debt at 12.3% of deposited properties, well below the aggregate leverage limit of 35% which may be further increased to 70% for REIT companies that have a publicly disclosed investment grade credit rating by a duly accredited or internationally recognized rating agency.

Section 6: Performance Metrics

Operating Statistics for the Nine Months Ended September 30, 2024 (in Php. millions)

	Overall					Office	
	Gross leasable area (GLA)*	Leased area	Occupancy rate	Total Rent**	% of Total Rent	Occupied GLA	Average rent
Properties	in sqm	in sqm		in mPhp		in sqm	Php/sqm/month
1800 Eastwood Avenue	34,738	34,599	100%	173	11%	32,478	785
1880 Eastwood Avenue	33,745	33,480	99%	159	10%	31,578	735
E-Commerce Plaza	21,032	21,032	100%	100	6%	21,032	776
One World Square	30,482	22,689	74%	154	10%	21,749	1,024
Two World Square	21,286	19,773	93%	130	8%	19,368	1,024
Three World Square	21,222	19,712	93%	114	7%	19,224	923
8/10 Upper McKinley	19,938	19,789	99%	126	8%	19,297	1,018
18/20 Upper McKinley	19,413	17,107	88%	119	8%	16,642	1,059
World Finance Plaza	25,067	21,420	85%	143	9%	21,116	1,088
Richmonde Tower	13,124	12,396	94%	54	3%	5,059	822
One Techno Place	9,549	9,287	97%	33	2%	8,707	574
Two Techno Place	11,393	7,895	69%	39	2%	7,310	763
Three Techno Place	9,568	9,392	98%	30	2%	8,726	529
One Global Center	10,301	9,751	95%	36	2%	9,337	608
One West Campus	9,704	9,704	100%	39	2%	9,657	832
Five West Campus	10,257	10,257	100%	46	3%	10,257	945
Festive Walk 1B	14,703	13,687	93%	51	3%	12,103	657
Two Global Center	9,903	9,903	100%	39	2%	9,048	627
Total	325,425	301,871	93%	1,586		282,688	

Adjusted Funds from Operations and Dividend Declaration (in Php millions)

	Dec 23 3M	Mar 24 3M	June 24 3M	Sep 24 3M
Net Income After Tax	-2009.1	733.1	736.5	719.6
Straight-Line Adjustment and Amortization of Deferred Credits	-22.6	1.1	0.3	-2.2
Other Account Adjustments	8.7	7.7	7.0	6.5
Fair value gains (losses) on investment properties	2732.2			
Distributable Income	709.2	741.9	743.7	723.8
Total Dividends	687.8	687.8	691.7	695.9
Dividends per Share	0.2460	0.2460	0.2474	0.2489
Declaration Date	Mar 1, 2024	May 10, 2024	Aug 2, 2024	Nov 4, 2024
% of Distributable Income	97%	93%	93%	96%

Investment Returns

	Period Ending September 30, 2024
MREIT Returns	
Dividends per share (last 12 months)	Php0.9854 per share
Price per Share as of closing of September, 2024	Php13.60 per share
IPO Price	Php16.10 per share
Dividend Yield at current share price	7.27%
Dividend Yield at listing price	6.14%
Total Return since IPO	4.26%
Benchmark Returns	
FTSE Asia Pacific ex Japan ex China – Mid Cap and Large Cap – Total Returns per Annum (3Y)	5.90%
FTSE Asia Pacific All Cap – Total Returns per Annum (3Y)	2.90%
FTSE Asia Pacific ex Japan ex China – Mid Cap and Large Cap – Total Returns per Annum (5Y)	11.60%
FTSE Asia Pacific All Cap – Total Returns per Annum (5Y)	7.80%

SIGNATURE

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

MREIT, Inc.

By:



Rolando J. Tiongson
† *President & CEO*
MREIT Fund Managers, Inc.

December 02, 2024