

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

1. **29 December 2023**
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 | 2,795,821,381 ¹ |
| Preferred | 0 |
| Total | 2,795,821,381¹ |

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:


KRIZELLE MARIE F. POBLACION
Compliance Officer
29 December 2023

¹ As of 31 March 2023, MREIT, Inc. has a total of 2,795,821,381 common shares issued and outstanding. 2,532,121,381 common shares are listed in the Philippines Stock Exchange, while the 263,700,000 common shares issued in March 2023 is currently pending listing with the Exchange.



Three-Year Investment Strategy

December 29, 2023

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. In particular, in light of the ongoing COVID-19 pandemic and associated uncertainties in the global financial markets and their contagion effect on the real economy, 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. primarily 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.

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, the Company 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 the Company's investors.

In less than three (3) months since the Company's market debut, it completed the acquisition of four commercial properties with a total gross leasable area of 55,700 square meters. Moreover, on 23 March 2023, the SEC issued its confirmation of the valuation of additional four (4) prime, grade A PEZA-accredited office properties in McKinley West and Iloilo Business Park. Accordingly, the Company's portfolio has grown to eighteen (18) buildings since its IPO (the "Properties"). 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 | 7,026 |
| | 1880 Eastwood Avenue | 2007 | 33,744 | 6,798 |
| | E-Commerce Plaza | 2008 | 20,940 | 4,276 |
| McKinley Hill, Taguig | One World Square | 2007 | 30,482 | 7,343 |
| | Two World Square | 2009 | 21,286 | 5,488 |
| | Three World Square | 2010 | 21,222 | 4,799 |
| | 8/10 Upper McKinley | 2009 | 19,938 | 4,633 |
| | 18/20 Upper McKinley | 2009 | 19,414 | 4,347 |
| | World Finance Plaza | 2010 | 25,067 | 5,245 |
| McKinley West, Taguig | One West Campus | 2016 | 9,704 | 1,697 |
| | Five West Campus | 2016 | 10,257 | 1,895 |
| Iloilo Business Park, Iloilo | One Techno Place | 2017 | 9,549 | 1,166 |
| | Richmonde | | | |
| | Richmonde Tower | 2016 | 6,355 | 863 |
| | Richmonde Hotel Iloilo | 2016 | 6,769 | 529 |
| | Two Techno Place | 2019 | 11,100 | 1,448 |
| | Three Techno Place | 2017 | 9,568 | 1,227 |
| | One Global Center | 2015 | 10,301 | 1,251 |
| | Two Global Center | 2014 | 9,903 | 1,045 |
| | Festive Walk 1B | 2018 | 14,703 | 1,510 |
| Total | | | 325,037 | 62,586 |

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 September 30, 2023, 95% of the leased area of all eighteen (18) Properties are either BPO or traditional office tenants ensuring stability in the Company's rental income.

The Properties are owned by the Company and stand on lands leased from the Sponsor, Megaworld, for aggregates period of fifty (50) years. As consideration for the land leases, the Company will pay Megaworld, 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 occupancy levels.
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. Following the IPO, 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 consider appropriate real estate opportunities in other high-growth areas where the Sponsor is located, other types of real estate properties, and also 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 re-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 500,000 sqm in portfolio GLA by end of 2024.** MFMI maintains its accelerated growth plan to increase the Company's portfolio GLA to 500,000 sqm by the end of 2024. In June 2023, the Company and Megaworld signed a memorandum of understanding for the potential acquisition of seven (7) grade A office assets with a total gross leasable area of around 150,500 square meters. These include buildings located in Megaworld townships McKinley Hill, McKinley West, Iloilo Business Park, and Davao Park District. Once the acquisition is completed, this will increase MREIT's total portfolio GLA by 46% to 475,500 sqm. MREIT remains committed to its target portfolio of 500,000 sqm of GLA by end-2024.
2. **Diversify MREIT's portfolio by investing in other townships and other real estate properties.** As opportunity arises, 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 include investment in other types of real estate properties, to include 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, but may be 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 11.7% 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, 2023 (in Php, millions)

| Properties | Overall | | | | | Office | |
|----------------------|----------------------------|-------------|----------------|--------------|-----------------|--------------|---------------|
| | Gross leasable area (GLA)* | Leased area | Occupancy rate | Total Rent** | % of Total Rent | Occupied GLA | Average rent |
| | in sqm | in sqm | | in mPhp | | in sqm | Php/sqm/month |
| 1800 Eastwood Avenue | 34,738 | 34,704 | 100% | 255 | 11% | 32,478 | 774 |
| 1880 Eastwood Avenue | 33,744 | 26,417 | 78% | 174 | 8% | 24,515 | 726 |
| E-Commerce Plaza | 20,940 | 17,700 | 85% | 129 | 6% | 17,700 | 781 |
| One World Square | 30,482 | 27,919 | 92% | 276 | 12% | 26,826 | 996 |
| Two World Square | 21,286 | 21,282 | 100% | 193 | 8% | 20,877 | 974 |
| Three World Square | 21,222 | 21,222 | 100% | 162 | 7% | 20,734 | 844 |
| 8/10 Upper McKinley | 19,938 | 19,772 | 99% | 220 | 9% | 19,297 | 1,222 |
| 18/20 Upper McKinley | 19,414 | 19,413 | 100% | 164 | 7% | 18,948 | 911 |
| World Finance Plaza | 25,067 | 22,986 | 92% | 206 | 9% | 22,917 | 976 |
| Richmonde Tower | 13,124 | 13,124 | 100% | 83 | 4% | 5,855 | 752 |
| One Techno Place | 9,549 | 9,041 | 95% | 45 | 2% | 8,953 | 559 |

| | | | | | | | |
|--------------------|----------------|----------------|------------|--------------|----|----------------|-----|
| Two Techno Place | 11,100 | 11,100 | 100% | 63 | 3% | 10,809 | 656 |
| Three Techno Place | 9,568 | 9,305 | 97% | 46 | 2% | 8,726 | 596 |
| One Global Center | 10,301 | 9,957 | 97% | 53 | 2% | 9,337 | 586 |
| One West Campus | 9,704 | 9,657 | 100% | 58 | 2% | 9,657 | 832 |
| Five West Campus | 10,257 | 10,257 | 100% | 67 | 3% | 10,257 | 908 |
| Festive Walk 1B | 14,703 | 13,687 | 93% | 74 | 3% | 12,103 | 634 |
| Two Global Center | 9,903 | 9,903 | 100% | 53 | 2% | 9,048 | 566 |
| Total | 325,037 | 307,443 | 95% | 2,321 | | 289,037 | |

*Additional retail spaces identified with a total area of 295 sqm (290 sqm and 5 sqm for Two Techno Place and Three World Square, respectively)

**Excludes income from straight-line method of recognizing rental income and amortization of deferred credits

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

| | Dec-22 3M | Mar-23 3M | Jun-23 3M | Sep-23 3M |
|---|----------------|--------------|--------------|--------------|
| Net Income After Tax | -2169.9 | 730.4 | 734.0 | 713.1 |
| Straight-Line Adjustment and Amortization of Deferred Credits | -33.7 | -27.1 | -32.2 | -15.4 |
| Other Account Adjustments | 11.2 | 9.6 | 11.8 | 10.8 |
| Fair value gains (losses) on investment properties | 2822.0 | 0.0 | 0.0 | 0.0 |
| Distributable Income | 629.7 | 712.9 | 713.6 | 708.4 |
| Total Dividends | 614.8 | 692.2 | 692.2 | 687.8 |
| Dividends per Share | 0.2428 | 0.2476 | 0.2476 | 0.2460 |
| Declaration Date | Jan 06, 2023 | May 12, 2023 | Aug 8, 2023 | Nov 6, 2023 |
| % of Distributable Income | 98% | 97% | 97% | 97% |

Investment Returns

| | Period Ending September 30, 2023 |
|---|----------------------------------|
| MREIT Returns | |
| Dividends per share (last 12 months) | Php0.9840 per share |
| Price per Share as of closing of September 29, 2023 | Php12.30 per share |
| IPO Price | Php16.10 per share |
| Dividend (LTM) Yield at current share price | 8.0% |
| Dividend (LTM) Yield at listing price | 6.1% |
| Total Return since IPO (unannualized) | -9.9% |
| Benchmark Returns | |
| FTSE Asia Pacific ex Japan ex China – Mid Cap and Large Cap – Total Returns per Annum (12M) | 9.5% |
| FTSE Asia Pacific ex Japan ex China All Cap – Total Returns per Annum (12M) | 10.2% |
| FTSE Asia Pacific ex Japan ex China – Mid Cap and Large Cap – Total Returns per Annum (5Y) | 34.7% |
| FTSE Asia Pacific ex Japan ex China All Cap – Total Returns per Annum (5Y) | 35.0% |

Source: FTSE Russell Factsheet: FTSE Asia Pacific ex Japan ex China Indexes (October 31, 2023)

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:

A handwritten signature in black ink, appearing to read 'Rolando J. Tiongson', is written over the printed name.

Rolando J. Tiongson
President & CEO

MREIT Fund Managers, Inc.

December 29, 2023