

Property-for-Share Swap between Megaworld Corporation and MREIT, Inc.

Fairness Opinion Report

STRICTLY PRIVATE & CONFIDENTIAL

06 May 2024

Megaworld Corporation

30F Alliance Global Tower,
36th St. cor 11th Ave., Uptown Bonifacio, Taguig City

MREIT, Inc.

18F Alliance Global Tower,
36th St. cor 11th Ave., Uptown Bonifacio, Taguig City

Attention: Board of Directors of Megaworld Corporation and MREIT, Inc.

Re: Fairness Opinion Report

Ladies and Gentlemen:

FTI Consulting Philippines, Inc. ("FTI Consulting") is pleased to submit this Fairness Opinion Report ("Report") covering the property-for-share swap transaction in relation to the planned infusion of certain properties (the "Properties") owned by Megaworld Corporation ("MEG") into MREIT, Inc. ("MREIT").

MEG intends to transfer the Properties to MREIT for primary shares to be issued by MREIT (the "Transaction"). The Properties consist of six office properties, namely Two West Campus, Ten West Campus and One Le Grand in McKinley West, One Fintech Place and Two Fintech Place in Iloilo, and Davao Finance Center in Davao. The land where the Properties are located will not be transferred.

In this regard, FTI Consulting has been asked to render an opinion on whether the proposed exchange of MREIT shares for the Properties is fair from a financial point of view.

FTI Consulting conducted a valuation study of the Properties and MREIT in accordance with the 2022 International Valuation Standards (“IVS”) to determine the fairness of the consideration to be transferred and consideration to be received by MREIT. The following standards were used:

- IVS 101 Scope of Work
- IVS 102 Investigations and Compliance
- IVS 103 Reporting
- IVS 104 Bases of Value
- IVS 105 Valuation Approaches and Methods
- IVS 200 Business and Business Interests
- IVS 400 Real Property Interests*

The Valuation Date is 31 December 2023, with the Philippine Peso (“PHP”) as the Valuation Currency. Market Value (also referred to as “Fair Value”) is the basis of value used in this engagement. Market Value is defined in the IVS as the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion.

The Philippine Stock Exchange, Inc.’s (“PSE”) Memorandum on Guidelines for Fairness Opinions and Valuation Reports (No. 2011-0104, amended No. 2024-0019) requires a fairness opinion covering the property-for-share swap transactions. Such fairness opinion must be supported by a valuation report.

FTI Consulting is an independent firm accredited by the PSE (PSE Accreditation CN 2023-0073 released on 29 December 2023) for purposes of issuing fairness opinions and valuation reports of listed companies and prospective initial listing applicants of the Exchange in compliance with the PSE Memorandum on Guidelines for Fairness Opinions and Valuation Reports (No. 2011-0104), as amended. FTI Consulting is also accredited by the Securities and Exchange Commission (SEC Accreditation No. 032) as a Professional Services Organization (PSO) in accordance with SEC Memorandum No 2 Series of 2014 (Guideline on Asset Valuation).

*Provisions on valuation approaches and methods

Summary of Findings

The Properties were valued using the Discounted Cash Flows (“DCF”) Method and Direct Capitalization Method under the Income Approach. MREIT, on the other hand, was valued using the DCF Method as the primary method. The Volume Weighted Average Price (“VWAP”) Method and Comparable Public Companies Method under the Market Approach were used as cross-checks. The estimated valuation ranges of the Properties and MREIT as of the Valuation Date are presented in Exhibits 1 and 2, respectively.

Exhibit 1. Valuation Summary – Properties

Properties	Low Estimate	High Estimate
In PHP millions		
Two West Campus	708.00	1,115.00
Ten West Campus	2,514.00	3,440.00
One Le Grand	3,743.00	4,354.00
One Fintech Place	1,351.00	1,590.00
Two Fintech Place	1,269.00	1,642.00
Davao Finance Center	1,346.00	1,655.00
TOTAL RANGE OF MARKET VALUES	10,931.00	13,796.00

Sources: FTI Consulting Analysis

Exhibit 2. Valuation Summary – MREIT

Method	Equity Value		Value per Share ¹	
In PHP millions except for the per share values	Low Est.	High Est.	Low Est.	High Est.
Discounted Cash Flows Method	38,416.41	47,974.25	13.74	17.16
<i>Cross-checks:</i>				
Volume Weighted Average Price Method	33,729.38	38,056.65	12.06	13.61
Comparable Public Companies Method				
Enterprise Value-to-LTM ² EBITDA	28,700.94	42,853.44	10.27	15.33
Enterprise Value-to-LTM EBIT	34,245.48	41,561.17	12.25	14.87
Price-to-LTM Earnings Per Share (EPS)	41,522.15	47,427.10	14.85	16.96
RANGE OF MARKET VALUES	38,416.41	47,974.25	13.74	17.16

¹Rounded to two decimal places for presentation purposes

²LTM = Last Twelve Months

Source: FTI Consulting Analysis

Fair Range of MREIT shares to be Exchanged

Given the range of market values of the Properties and the range of market values per share of MREIT, we determined the range of MREIT shares to be issued which is considered fair from a financial point of view as shown in Exhibit 3.

Exhibit 3. Fair Range of MREIT Shares to be Issued

Summary	Range of Market Values	
Amounts in PHP millions, except price per share	Low Estimate	High Estimate
Two West Campus	708.00	1,115.00
Ten West Campus	2,514.00	3,440.00
One Le Grand	3,743.00	4,354.00
One Fintech Place	1,351.00	1,590.00
Two Fintech Place	1,269.00	1,642.00
Davao Finance Center	1,346.00	1,655.00
Total Range of Market Values	10,931.00	13,796.00
MREIT (PHP/share) ¹	13.74	17.16
Fair Range of MREIT Shares to be Exchanged (in millions)	Low Estimate	High Estimate
Two West Campus	41.26	81.15
Ten West Campus	146.51	250.35
One Le Grand	218.13	316.87
One Fintech Place	78.73	115.72
Two Fintech Place	73.95	119.50
Davao Finance Center	78.44	120.45
Total Fair Range of MREIT Shares to be Exchanged	637.03	1,004.03

¹Rounded to two decimal places for presentation purposes

Source: FTI Consulting Analysis

Valuation Conclusion and Fairness Opinion

Exhibit 4 shows the comparison of the fair range of MREIT shares to be issued calculated by FTI Consulting and the proposed number of shares to be issued by MREIT's management in the Transaction.

Exhibit 4. Comparison of the Fair Range of MREIT Shares to be Issued and the Proposed Number of Shares to be Issued by MREIT

Total Number of Shares In Millions	Fair Range of Shares to be Issued		Proposed Number of Shares to be issued by MREIT
	Low	High	
Two West Campus	41.26	81.15	58.09
Ten West Campus	146.51	250.35	228.90
One Le Grand	218.13	316.87	306.59
One Fintech Place	78.73	115.72	111.92
Two Fintech Place	73.95	119.50	115.33
Davao Finance Center	78.44	120.45	105.33
Total number of shares	637.03	1,004.03	926.16

Source: FTI Consulting Analysis, MREIT Management

Given that the shares to be issued by MREIT fall within our fair ranges of shares that MREIT can issue in exchange for the Properties (as seen in Exhibit 4), we are of the opinion that the proposed Transaction is considered fair from a financial point of view.

Statement of Limitations

- This Report opines solely on the fairness of the number of shares to be issued by MREIT and the valuation of the Properties and MREIT shares. It does not opine as to the operational merits or strategic rationale of the Transaction.
- In the preparation of the valuation report, FTI Consulting relied on available information and records, including but not limited on the representations of MEG and MREIT, audited and unaudited financial statements, reports of competent entities, and such other relevant supporting documents.
- While our work may include an analysis of financial and accounting data, our work does not constitute an audit conducted in accordance with generally accepted auditing standards, an examination of internal controls, or other attestation or review services in accordance with standards established by the Auditing and Assurance Standards Council ("AASC"). Accordingly, we do not express an opinion or any other form of assurance on the financial statements of the Properties and MREIT or any financial or other information.
- With respect to prospective financial information relative to the Properties and MREIT referenced throughout the valuation report, we did not examine, compile, or apply agreed-upon procedures to such information in accordance with standards established by the AASC and we express no assurance of any kind on such information. There will usually be differences between estimated and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We take no responsibility for the achievability of the expected results anticipated by the Management.
- Management is responsible for any and all financial information provided to us during the course of our work.

Statement of Compliance

- The Report is not approved by an internal committee. The Report is reviewed and approved by the Senior Managing Directors of FTI Consulting.
- The Report does not express an opinion about the fairness of the compensation in the Transaction to any of MEG's or MREIT's directors, officers, or employees relative to the compensation to MEG's and MREIT's shareholders.
- FTI Consulting did not act as a financial advisor to any party to the Transaction and did not or will not receive a payment that is contingent on the successful completion of the Transaction, for rendering the fairness opinion.
- There is no material relationship between FTI Consulting and any party to the Transaction. During the prior two years, as it relates to this Transaction, FTI Consulting has not received or intends to receive compensation as a financial advisor.
- Information with respect to the Properties' and MREIT's operations and account balances purported to be in effect and described in our valuation report was obtained primarily through analyses provided by and discussions with MEG's and MREIT's management ("Management").
- FTI Consulting performed appropriate analysis to evaluate inputs and assumptions, and their appropriateness for the valuation purpose.
- Members of FTI Consulting, particularly those who are registered Certified Public Accountants, Chartered Financial Analysts, and Chartered Valuer and Appraiser, are compliant with the Code of Ethics of the Philippine Institute of Certified Public Accountants, the CFA Institute Code of Ethics, and Code for Ethical Principles for Professional Valuers.
- A brief description of FTI Consulting and the educational and professional qualification of its representatives who conducted the valuation is included in our valuation report.

Should you require clarification on any of the matters contained in this Report or any further information, we would be pleased to meet and discuss.

Yours faithfully,

FTI CONSULTING PHILIPPINES, INC.

Unit 2403 24th Floor, Discovery Center

25 ADB Avenue, Ortigas Center

Pasig City, Philippines

PSE Accreditation CN - No. 2023-0073

Validity Date: 29 December 2023 to 28 December 2024

SEC Accreditation No. 032

Validity Date: 29 October 2020 to 28 October 2025

A handwritten signature in black ink, appearing to read "John B. Balce".

John B. Balce

Senior Managing Director

Unit 2403 24th Floor, Discovery Center, 25 ADB Avenue, Ortigas Center

Pasig City, Philippines

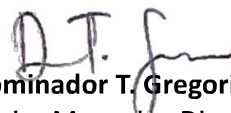
PRC License No: 0113153

Validity Date: until 27 June 2025

APO Receipt Number: 711733

PTR Number: 9588865

TIN: 236-703-421

A handwritten signature in black ink, appearing to read "D.T. Gregorio III".

Dominador T. Gregorio III

Senior Managing Director

Unit 2403 24th Floor, Discovery Center, 25 ADB Avenue, Ortigas Center

Pasig City, Philippines

PRC License No: 0057726

Validity Date: until 18 May 2025

APO Receipt Number: 711733

PTR Number: 9588864

TIN: 177-088-250