# COVER SHEET

SEC Registration Number
CS202052294

**Company Name**

MREIT, INC.

**Principal Office (No./Street/Barangay/City/Town/Province)**

18/F, ALLIANCE GLOBAL TOWER, 36TH ST., COR. 11TH AVE., UPTOWN BONIFACIO, TAGUIG CITY

GIANCARLO V. INACAY
Contact Person

(632) 8894-6300/6400
Company Telephone Number

12 (Month) 31 (Day)
Fiscal Year

09 (Month) 29 (Day)
Annual Meeting

SEC FORM 20-IS (DEFINITIVE INFO. STATEMENT)
Form Type

MSRD
Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel Concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = Pls. use black ink for scanning purposes

PSE Security Code ______
SEC Number CS202052294
File Number ______

**MREIT, INC.**

(Company's Full Name)

**18$^{TH}$ FLOOR ALLIANCE GLOBAL TOWER, 36$^{TH}$ STREET CORNER 11$^{TH}$ AVENUE, UPTOWN BONIFACIO, TAGUIG CITY 1634, METRO MANILA, PHILIPPINES**

(Company's Address)

**(02) 88946400**

(Company's Telephone Number)

**DECEMBER 31**

(Fiscal Year Ending)
(Month & Day)

**SEC FORM 20-IS (DEFINITIVE INFORMATION SHEET)**
**2025 ANNUAL STOCKHODLERS' MEETING**

(Form Type)

(Amendment Designation, if Applicable)

Period Ended Date

(Secondary License Type, if any)

**SECURITIES AND EXCHANGE COMMISSION**
**SEC FORM 20-IS**
**INFORMATION STATEMENT PURSUANT TO SECTION 20**
**OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:
   **[ ] Preliminary Information Statement**
   **[x] Definitive Information Statement**

2. Name of Registrant as specified in its charter: **MREIT, Inc.**

3. **Metro Manila, Philippines**
   Province, country or other jurisdiction of incorporation or organization

4. **CS202052294**
   SEC Identification Number

5. **502-228-971**
   BIR Tax Identification Code

6. **18th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City 1634**
   Address of principal office

7. **(02) 88946400**
   Registrant's telephone number, including area code

8. **29 September 2025, 2:00 p.m., presided at 18/F, Alliance Global Tower, 36th Street. cor. 11th Ave., Uptown Bonifacio, Taguig City and by livestream access via** https://mreit.com.ph/asm2025
   Date, time and place of the meeting of security holders

9. **29 August 2025**
   Approximate date on which the Information Statement is first to be sent or given to security holders

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA

| Title of Each Class | Number of Shares of Stock Outstanding |
|---|---|
| **Common** | 3,721,983,381[1] |

11. Are any or all of registrant's securities listed on the Philippine Stock Exchange?

    **[x] Yes** **[ ] No**

    If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

    **Philippine Stock Exchange** **Common Shares**

**THE COMPANY IS NOT SOLICITING PROXIES AND YOU ARE NOT REQUESTED TO SEND A PROXY**

[1] As of 28 August 2025, 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 (the "Exchange"), while the 926,162,000 common shares issued on 19 November 2024 are pending listing with the Exchange.

A MEGAWORLD COMPANY

18th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City, Philippines, 1634

## NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To all stockholders of
**MREIT, INC.**

NOTICE IS HEREBY GIVEN that the 2025 Annual Meeting of Stockholders (the "Annual Meeting") of MREIT, Inc. (the "Company") will be held on **29 September 2025 at 2:00 p.m.** to be conducted virtually, through the link https://mreit.com.ph/asm2025 that can be accessed through the Company's website, with the following agenda:

1. Call to Order
2. Proof of Notice and Determination of Quorum
3. Approval of the Minutes of the Previous Stockholders' Meeting held on 26 June 2024
4. Annual Report of Management
5. Approval of the increase of MREIT's Authorized Capital Stock from Five Billion Pesos to Eight Billion Pesos divided into Eight Billion (8,000,000,000) common voting shares with par value of One Peso (Php1.00) per share and the amendment of the Seventh Article of the Articles of Incorporation for the purpose; issuance of such number of shares out of such increase in order to support the increase under such price and such other terms and conditions as the Company's Senior Management will decide; and, delegation to the Company's Senior Management of the power and authority to determine and fix the terms and conditions of the issuance to support the increase
6. Approval of the issuance and listing of up to One Billion Three Hundred Sixty Million (1,360,000,000) primary common shares, details of which are yet to be determined, in exchange for cash and/or properties, subject to the submission of a Comprehensive Corporate Disclosure on the Issuance of Shares, if applicable, and upon final determination of the valuation of the properties, the Swap Price, and compliance with the requirements of the Securities and Exchange Commission and the Philippine Stock Exchange, and the delegation to the Company's Senior Management of the power and authority to determine and fix the terms and conditions of the property for share exchange in order to ensure compliance with the minimum public ownership requirements imposed upon MREIT.
7. Appointment of External Auditors
8. Ratification of Acts and Resolutions of the Board of Directors, Board Committees and Management
9. Election of Directors
10. Other Matters
11. Adjournment

Stockholders of record as of 29 August 2025 will be entitled to notice of, and to vote at, the Annual Meeting. Pursuant to Article 2, Sections 5 and 7 of the Company's Amended By-Laws and Sections 57 and 23 of the Revised Corporation Code, the Company decided to hold the Annual Meeting via remote communication, and allow the stockholders to cast their votes by remote communication or in absentia, or by proxy.

To participate in the Annual Meeting, stockholders must register from 9:00 AM of 03 September 2025 until 5:00 PM of 12 September 2025. The procedure for participation via remote communication and in absentia are contained in the Information Statement.

Stockholders who wish to appoint proxies may submit proxy instruments until 5:00 PM of 12 September 2025, to the Office of the Corporate Secretary at the 30th Floor, Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City or by email to

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18th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City, Philippines, 1634

compliance@mreit.com.ph. Validation of proxies shall be held on 15 to 17 September 2025. A sample proxy form will be enclosed in the Information Statement for your convenience.

Copies of the Information Statement, the Management Report, SEC Form 17-A (Annual Report), and other relevant reports and disclosures shall be made available in the Company's Website (https://mreit.com.ph/) and in PSE Edge.

Taguig City, Philippines, 19 August 2025.

**MARIA CARLA T. UYKIM**
*Corporate Secretary*

- **The Notice of Meeting was distributed through alternative mode of distribution as follows:**
  **a. Uploaded in PSE Edge -**
  **https://edge.pse.com.ph/openDiscViewer.do?edge_no=79c86b834829cfd6ec6e1601ccee8f59**
  **b. Uploaded in the Company's website –**
  **https://mreit.com.ph/assets/Uploads/MREIT-Notice-of-ASM-2025.pdf**

  **It will also be published in the print and online publications of Manila Times on September 4 and 5, 2025 and in the print and online publications of Daily Tribune on September 4 and 5, 2025.**

## EXPLANATION OF AGENDA ITEMS

### 1. Call to Order

The meeting will be formally opened at approximately 2:00 o'clock in the afternoon.

### 2. Certification of Notice and Quorum

The Corporate Secretary will certify that the written notice for the meeting was duly sent to stockholders of record, including the date of publication and the newspapers where the notice was published. The Corporate Secretary will also certify that a quorum exists, and the Stockholders representing at least a majority of the outstanding capital stock, present in person or by proxy, shall constitute a quorum for the transaction of business.

Pursuant to Article 2, Sections 5 and 7 of the Company's Amended By-Laws and Sections 57 and 23 of the Revised Corporation Code, which allow voting through remote communication or *in absentia* by the stockholders, Stockholders may register by submitting requirements via email at compliance@mreit.com.ph and vote through remote communication or *in absentia* on the matters for resolution at the meeting. A stockholder who votes in absentia as well as a stockholder participating by remote communication shall be deemed present for purposes of quorum.

Please refer to **Annex "A"** on the Procedures and Requirements for Voting and Participation in the 2025 Annual Meeting for complete information on remote participation or voting in absentia, as well as on how to join the livestream for the 2025 Annual Meeting.

### 3. Approval of Minutes of the Previous Annual Meeting

The minutes of the annual meeting held on 26 June 2024 is available at the Company's website through this link https://mreit.com.ph/disclosures/minutes-of-stockholders-meetings/.

### 4. Annual Report of Management

The performance of the Company in 2024 will be reported.

### 5. Approval of the Increase of MREIT's Authorized Capital Stock

The proposal to increase MREIT's Authorized Capital Stock from Five Billion Pesos to Eight Billion Pesos divided into Eight Billion (8,000,000,000) common voting shares with par value of One Peso (Php1.00) per share and the amendment of the Seventh Article of the Articles of Incorporation for the purpose; issuance of such number of shares out of such increase in order to support the increase under such price and such other terms and conditions as the Company's Senior Management will decide; and, delegation to the Company's Senior Management of the power and authority to determine and fix the terms and conditions of the issuance to support the increase will be endorsed to the stockholders for approval.

The increase in ACS will enable MREIT to expand its assets under management through asset infusions and other permissible investments in accordance with the REIT Law.

| Article No. | From | To | Reason | General Effect |
|---|---|---|---|---|
| Seventh | The authorized capital stock of the corporation is Five Billion Pesos (Php5,000,000,000.00) in lawful money of the Philippines, divided into FIVE BILLION (5,000,000,000) common voting shares | The authorized capital stock of the corporation is **Eight Billion Pesos (Php8,000,000,000.00)** in lawful money of the Philippines, divided into **EIGHT BILLION (8,000,000,000)** common voting shares | The proposed amendment is being suggested to support MREIT's growth by facilitating the infusion of additional | The increase in ACS will enable MREIT to expand its assets under management through asset infusions and other permissible |

| | | | | |
|---|---|---|---|---|
| | with par value of ONE PESO (Php1.00) per share.<br><br>No stockholders of any class shall be entitled to any pre-emptive rights to purchase, subscribe for, or receive any part of the shares of the Corporation, whether issued from its unissued capital, increase in its authorized capital or its treasury stock. | with par value of ONE PESO (Php1.00) per share.<br><br>No stockholders of any class shall be entitled to any pre-emptive rights to purchase, subscribe for, or receive any part of the shares of the Corporation, whether issued from its unissued capital, increase in its authorized capital or its treasury stock. | assets under management. | investments in accordance with the REIT Law. |

**6. Approval of Issuance and Listing of up to One Billion Three Hundred Sixty Million (1,360,000,000) Primary Common Shares**

The proposal for the issuance and listing of up to One Billion Three Hundred Sixty Million (1,360,000,000) primary common shares, details of which are yet to be determined, in exchange for cash and/or properties, subject to the submission of a Comprehensive Corporate Disclosure on the Issuance of Shares, if applicable, and upon final determination of the valuation of the properties, the Swap Price, and compliance with the requirements of the Securities and Exchange Commission and the Philippine Stock Exchange, and the delegation to the Company's Senior Management of the power and authority to determine and fix the terms and conditions of the property for share exchange in order to ensure compliance with the minimum public ownership requirements imposed upon MREIT will also be endorsed to the stockholders for approval.

**7. Appointment of External Auditors**

The election of the external auditor for the ensuing year will be endorsed to the stockholders for approval. The external auditor conducts an independent verification of the Company's financial statements and provides an objective assurance on the accuracy of its financial statements.

**8. Ratification of Acts and Resolutions of the Board of Directors, Board Committees and Management**

The actions of the Board and its committees for ratification are those taken since the annual stockholders' meeting on 26 June 2024 until 28 September 2025. They include the approval of agreements, projects, investments and acquisitions, treasury-related matters, matters covered by disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange, and other similar activities of the Company. The acts of the officers were those taken to implement the resolutions of the Board or its committees or made in the general conduct of business.

**9. Election of Directors**

Nominees for election of seven (7) members of the Board of Directors, including three (3) independent directors, will be submitted for election by the stockholders. The profiles of the nominees to the Board of Directors are provided in the Information Statement.

**10. Other Matters**

Other concerns or matters raised by stockholders will be discussed.

## 11. Adjournment

Upon determination that there are no other matters to be considered, the meeting shall be adjourned.

**SAMPLE ONLY**

**PROXY**
**MREIT, INC.**
**2025 STOCKHOLDERS' MEETING**

I/We hereby name and appoint ____________________________________, or in his absence, the Chairman of the meeting, as my/our proxy at the annual stockholders' meeting of **MREIT, INC.** ("MREIT") to be held on 29 September 2025 and/or at any postponement or adjournment thereof, and/or any annual stockholders' meeting of MREIT, which appointment shall not exceed five (5) years from date hereof.

In particular, I/we hereby direct my/our said proxy to vote all my/our shares on the agenda items set forth below as I/we have expressly indicated by marking the same with an "X".

| **Items No.** | **Subject** | **Action** | | |
|---|---|---|---|---|
| | | **For** | **Against** | **Abstain** |
| 3. | Approval of Minutes of the Previous Annual Meeting held on 26 June 2024 | | | |
| 5. | Approval of the increase of MREIT's Authorized Capital Stock from Five Billion Pesos to Eight Billion Pesos divided into Eight Billion (8,000,000,000) common voting shares with par value of One Peso (Php1.00) per share and the amendment of the Seventh Article of the Articles of Incorporation for the purpose; issuance of such number of shares out of such increase in order to support the increase under such price and such other terms and conditions as the Company's Senior Management will decide; and, delegation to the Company's Senior Management of the power and authority to determine and fix the terms and conditions of the issuance to support the increase | | | |
| 6. | Approval of the issuance and listing of up to One Billion Three Hundred Sixty Million (1,360,000,000) primary common shares, details of which are yet to be determined, in exchange for cash and/or properties, subject to the submission of a Comprehensive Corporate Disclosure on the Issuance of Shares, if applicable, and upon final determination of the valuation of the properties, the Swap Price, and compliance with the requirements of the Securities and Exchange Commission and the Philippine Stock Exchange, and the delegation to the Company's Senior Management of the power and authority to determine and fix the terms and conditions of the property for share exchange in order to ensure compliance with the minimum public ownership requirements imposed upon MREIT | | | |
| 7. | Appointment of External Auditors | | | |

| | | | | |
|---|---|---|---|---|
| 8. | Ratification of Acts and Resolutions of the Board of Directors, Board Committees and Management | | | |
| 9. | Election of Directors | | | |
| | i. Francisco C. Canuto | | | |
| | ii. Kevin Andrew L. Tan | | | |
| | iii. Jose Arnulfo C. Batac | | | |
| | iv. Lourdes T. Gutierrez-Alfonso | | | |
| | v. Antonio E. Llantada, Jr. | | | |
| | vi. Jesus B. Varela | | | |
| | vii. Sergio R. Ortiz-Luis, Jr. | | | |
| **FULL DISCRETION** | | | | |

PRINTED NAME OF STOCKHOLDER

AUTHORIZED SIGNATORY

THIS PROXY SHOULD BE SUBMITTED UNTIL 5:00 PM OF 12 SEPTEMBER 2025, TO THE OFFICE OF THE CORPORATE SECRETARY AT 30TH FLOOR, ALLIANCE GLOBAL TOWER, 36TH STREET CORNER 11TH AVENUE, UPTOWN BONIFACIO, TAGUIG CITY OR BY EMAIL TO COMPLIANCE@MREIT.COM.PH.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER ATTENDS THE MEETING IN PERSON AND EXPRESSED HIS INTENTION TO VOTE IN PERSON.

THIS PROXY DOES NOT NEED TO BE NOTARIZED.

(Partnerships, Corporations and Associations must attach certified resolutions designating their proxies/representatives and authorized signatories.)

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# INFORMATION STATEMENT

## GENERAL INFORMATION

**Date, Time and Place of Meeting of Security Holders**

| | | |
|---|---|---|
| Date of Meeting | : | 29 September 2025 |
| Time of Meeting | : | 2:00 p.m. |
| Place of Meeting | : | To be called and presided by the Presiding Officer at the 18/F, Alliance Global Tower, 36th Street. cor. 11th Ave., Uptown Bonifacio, Taguig City and to be conducted virtually by remote communication |
| Approximate Distribution of this Statement | : | 29 August 2025[2] |
| Complete Mailing Address of the Principal Office of the Registrant | : | 18th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City 1634 |

**The Company is not soliciting proxies. We are not asking you for a proxy. Neither are you required to send us a proxy.**

**Dissenters' Right of Appraisal**

There is no proposed corporate action in the agenda for the annual meeting of stockholders that will grant appraisal rights pursuant to the Revised Corporation Code of the Philippines to dissenting stockholders.

Any stockholder of the Company shall have the right to dissent and demand payment of the fair value of his shares in the following instances: 1) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; 2) in case the corporation decides to invest its funds in another corporation or business or for any purpose outside of the primary purpose for which it was organized; 3) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; and 4) in case of merger or consolidation.

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the Company within thirty (30) days after the date on which the vote was taken, for payment of the fair value of his shares. **A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right.** Failure to make the demand within the 30-day period shall be deemed a waiver of the appraisal right. From the time of the demand until either the abandonment of the corporate action in question or the purchase of the dissenting shares by the Company, all rights accruing to the dissenting shares shall be suspended, except the stockholder's right to receive payment of the fair value thereof. If the proposed corporate action is implemented or effected, the Company shall pay to such stockholder, upon surrender of the stock certificate(s) representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

[2] Pursuant to SEC Notice dated 20 April 2020, digital copies of the Information Statement, Management Report, Annual Report, and other relevant documents will be made available at the Company's website: https://mreit.com.ph/ and through the PSE Edge.

If the fair value is not determined, within sixty (60) days from the date the corporate action was approved by the stockholders, it will be determined by three (3) disinterested persons (one chosen by the Company, another chosen by the dissenting stockholder and the third to be chosen jointly by the Company and the stockholder). The findings of the majority of the appraisers shall be final, and their award shall be paid by the Company within thirty (30) days after such award is made. Upon payment by the Company of the awarded price, the dissenting stockholder shall forthwith transfer his shares to the Company.

No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings.

**Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

No director or officer of the Company, or any nominee for election as a director of the Company, or any associate thereof, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon, other than election to office.

No director of the Company has informed it in writing that he intends to oppose any action to be taken by the Company at the annual meeting of stockholders.

## CONTROL AND COMPENSATION INFORMATION

**Voting Securities and Principal Holders Thereof**

**(a) Number of Shares Outstanding**

As of 28 August 2025, the Company had outstanding shares of 3,721,983,381 common stock. Each common share is entitled to one (1) vote.

**(b) Record Date of Meeting**

All stockholders on record as of 29 August 2025 will be entitled to notice of, and to vote at, the annual meeting of stockholders.

**(c) Manner of Voting**

Pursuant to Article 2, Sections 5 and 7 of the Company's Amended By-Laws, Sections 23 and 57 of the Revised Corporation Code, and SEC Memorandum Circular No. 06, Series of 2020 allowing voting through remote communication or in absentia, stockholders may now participate in the 2025 Annual Meeting by remote communication and cast their votes in absentia. A stockholder may cast his/her votes by remote communication or *in absentia* until 5:00 pm of 12 September 2025. A stockholder voting remotely or *in absentia* shall be deemed present for purposes of quorum. Please refer to **Annex "A"** on the Procedures and Requirements for Voting and Participation in the 2025 Annual Meeting for complete information on voting via remote participation or voting in absentia, as well as on how to join the livestream for the 2025 Annual Meeting.

**(d) Cumulative Voting Rights**

Each stockholder shall be entitled to one (1) vote with respect to all matters to be taken up during the annual meeting of stockholders. With respect to the election of the members of the board of directors of the Company, each stockholder shall have cumulative voting rights. Cumulative voting entitles each stockholder to cumulate his shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or distribute them on the same principle among as many nominees as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

**(e) Security Ownership of Certain Record and Beneficial Owners and Management**

(i) Security Ownership of Record and Beneficial Owners of more than 5% of the Company's Voting Stock as of 25 July 2025

| Title of Class | Name, address of Record Owner and Relationship with Issuer | Name of Beneficial Owner and Relationship with Record Owner | Citizenship | No. of Shares Held | Percent of Class |
|---|---|---|---|---|---|
| Common | Megaworld Corporation<br><br>30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City 1634<br><br>Parent/Sponsor | Megaworld Corporation | Filipino | 2,276,343,881 | 61.16% |
| Common | PCD Nominee Corp. (Filipino)<br><br>G/F MKSE Bldg., 6767 Ayala Ave., Makati | Participants of the PCD composed of custodian banks and brokers.[4] | Filipino | 1,416,111,405 | 38.05% |

Other than the persons identified above, there are no other beneficial owners of more than 5% of the Company's voting stock known to the Company.

(ii) Security Ownership of Management as of 25 July 2025

| Title of Class | Name of Beneficial Owner | Amount and Nature of Beneficial Ownership* | Citizenship | Percent of Class |
|---|---|---|---|---|
| **Directors/Nominees** | | | | |
| Common | Kevin Andrew L. Tan[5] | 9,995,000 (Indirect) | Filipino | 0.2700% |
| Common | Jose Arnulfo C. Batac | 1,000 (Direct)<br>100,000 (Indirect)[6] | Filipino | 0.0027% |
| Common | Francisco C. Canuto[7] | 1,000 (Indirect) | Filipino | 0.0000% |
| Common | Lourdes T. Gutierrez-Alfonso[8] | 1,000 (Indirect) | Filipino | 0.0000% |
| Common | Antonio E. Llantada, Jr. | 1,000 (Direct) | Filipino | 0.0000% |
| Common | Jesus B. Varela | 1,000 (Direct) | Filipino | 0.0000% |
| Common | Sergio R. Ortiz-Luis, Jr. | 1,000 (Direct) | Filipino | 0.0000% |
| **CEO and Most Highly Compensated Officers** | | | | |
| Common | Kevin Andrew L. Tan | Same as above | | |

[4] As of the end of the second quarter of 2025, among the PCD participants, Banco de Oro – Trust Banking Group owns 203,943,910 representing 5.48% of the Company's outstanding capital stock, Government Sevice Insurance System owns 274,349,100 representing 7.37% of the Company's outstanding capital stock, and Aurora Securities, Inc. owns 314,886,800 representing 8.46% of the Company's outstanding capital stock.

[5] Shares are lodged with PCD Nominee Corporation.

[6] Shares are lodged with PCD Nominee Corporation.

[7] Shares are lodged with PCD Nominee Corporation.

[8] Shares are lodged with PCD Nominee Corporation.

| Title of Class Name of Beneficial Owner | | Amount and Nature of Beneficial Ownership* | Citizenship | Percent of Class |
|---|---|---|---|---|
| Common | Jose Arnulfo C. Batac | Same as above | | |
| Common | Giovanni C. Ng | 0 | Filipino | n/a |
| Common | Maria Carla T. Uykim | 0 | Filipino | n/a |
| Common | Giancarlo V. Inacay | 0 | Filipino | n/a |
| **Other Executive Officers** | | | | |
| Common | Andy Willing Dela Cruz, Jr. | 0 | Filipino | n/a |

(iii) Voting Trust Holders of 5% or More

The Company is not aware of the existence of persons holding more than five percent (5%) of the Company's common shares under a voting trust or similar agreement.

(iv) Changes in Control

On 01 February 2021, Megaworld obtained control over the Company by subscribing to 12,400,000 shares of the Company's authorized capital stock with par value of Php100.00 per share or a total of Php1,240,000,000.00. Accordingly, Megaworld acquired 99.20% direct ownership of the Company's total issued and outstanding capital stock.

On 07 April 2021, the Company approved the amendment of its Articles of Incorporation to change the par value of common shares from Php100.00 to Php1.00, resulting to an increase in the number of common shares from 50,000,000 to 5,000,000,000.

On 07 April 2021, the Company also approved the Property-for-Share Swap transaction with Megaworld in which Megaworld transferred, assigned and conveyed absolutely in favor of the Company all of its rights, title and interests in ten (10) mixed-use buildings, in exchange for 1,282,120,381 common shares with a par value of Php1.00 per share and additional paid-in capital (APIC) of Php47,920,287,239.00. The Philippine SEC certified the approval of the valuation of the Property-for-Share Swap on 01 June 2021; hence, the issuance of additional common shares to Megaworld was consummated. Accordingly, Megaworld's direct ownership interest increased to 99.61% of the total issued and outstanding capital stock of the Company.

On 01 October 2021, upon the Company's listing in the PSE, Megaworld sold 949,837,500 of its shares in the Company to the public. As a result, Megaworld became the 62.09% owner of the Company, while 37.51% of the Company's shares are held by the public. The remaining shares are held by the Company's directors.

On 01 April 2022, the Company approved the Property-for-Share Swap transaction with Megaworld pursuant to which Megaworld transferred, assigned and conveyed absolutely in favor of the Company all of its rights, title and interests in four (4) Grade A buildings located in PEZA-registered Zones in exchange for 263,700,000 common shares of the Company, with a par value of Php1.00 per share and APIC of Php5,010,300,000.00, or for a total subscription price of Php5,274,000,000.00. On 23 March 2023, the Philippine SEC approved the valuation of the Property-for-Share Swap, which resulted in the issuance of 263,700,000 additional common shares to Megaworld.

On 06 June 2023, Megaworld disclosed in its SEC Form 23-B the disposition of 1,250 shares of the Company. Accordingly, as of 31 December 2023, Megaworld's interest in the Company is 55.63%, while the shares held by the public are at 42.98%. The remaining shares are held by Emperador, Inc. (1.03%) and the Company's directors (0.36%).

On May 10, 2024, the BOD of the Company approved the subscription of Megaworld 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. Accordingly, as of 31 December 2024, Megaworld's interest in the Company is 63.44%, while the shares held by the public are at 35.52%. The remaining shares are held by affiliates and Company's directors at 1.05%.

On 25 July 2025, Megaworld sold 84,800,000 MREIT, Inc. common shares under a block sale transaction. As of date, Megaworld's total interest in the Company is at 61.16%.

**(f) Foreign ownership level as of 30 June 2025**

As of 30 June 2025, a total of 27,653,727 common shares are held by foreigners, amounting to approximately 0.74% of the total outstanding capital stock of the Company.

**Board of Directors and Senior Management**

**(a) Background of Directors and Executive Officers**

The overall management and supervision of the Company is undertaken by the Board of Directors ("Board"). Currently, the Board consists of seven members, of which three (3) are independent directors. The directors will hold office until their successors have been duly elected and qualified.

Information concerning the background of the directors and executive officers of the Company is provided in the Company's Management Report.

**(b) Procedure for Nomination and Election of Independent Directors**

Pursuant to Article III, Section 2 of the Company's Amended By-Laws, the nomination and election of independent directors shall be conducted in accordance with the procedures for nomination and election prescribed by laws and regulations.

SRC Rule 38 provides that the nomination and election of independent directors shall be conducted in accordance with the following rules:

1. Nomination of independent directors shall be conducted by the Corporate Governance Committee prior to a stockholders' meeting. All recommendations shall be signed by nominating stockholders and shall bear the conformity of the nominees.
2. The Corporate Governance Committee shall pre-screen the nominees and prepare a final list of candidates.
3. The final list of candidates shall contain the business and/or professional experience of the nominees for independent directors, which list shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Company is required to submit to the Commission. The name of the person or group of persons who recommended the nominees for independent directors shall be identified in such report including any relationship to the nominees.
4. Only nominees whose names appear in the final list of candidates shall be eligible for election as independent directors. No other nominations shall be entertained after the final list of candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.
5. The conduct of the election of independent directors shall be made in accordance with the standard election procedures of the Company in its by-laws, subject to pertinent laws, rules and regulations of the Commission.
6. It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure those independent directors are elected during the stockholders' meeting.
7. In case of failure of election for independent directors, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.

**(c) Nominees**

Directors are elected annually by the stockholders at the annual stockholders' meeting to serve until the election and qualification of their successors. The Corporate Governance Committee composed of Sergio R. Ortiz-Luis, Jr. as Chairman, Jesus B. Varela and Antonio E. Llantada, Jr. as members, accepts nominees to the Board of Directors, including nominees for independent director. The Committee is responsible for screening and qualifying the list of nominees. The following is the complete and final list of nominees and candidates for members of the Board of Directors:

1. Francisco C. Canuto
2. Kevin Andrew L. Tan
3. Jose Arnulfo C. Batac
4. Lourdes T. Gutierrez-Alfonso
5. Antonio E. Llantada, Jr. – Independent Director
6. Jesus B. Varela – Independent Director
7. Sergio R. Ortiz-Luis, Jr. – Independent Director

**(d) Independent Directors**

This year's nominees for directors include three (3) persons who qualify as independent directors. Francisco C. Canuto nominated Antonio E. Llantada, Jr. as independent director, while Kevin Andrew L. Tan nominated Jesus B. Varela and Sergio R. Ortiz-Luis, Jr. as the two other independent directors. The nominators are not related by consanguinity or affinity up to the fourth civil degree to the nominees.

**(e) Significant Employees**

While the Company values its workforce, the business of the Company is not highly dependent on the services of personnel outside of Senior Management. Nevertheless, the entire workforce is considered significant, and is expected to work together to achieve the Company's goals and objectives.

**(f) Family Relationships**

Chairman Kevin Andrew L. Tan is the son of Andrew L. Tan, the Chairman of Megaworld Corporation (the Company's Parent and Sponsor). Kevin Andrew L. Tan is also the Executive Director of Megaworld Corporation.

**(g) Involvement in Certain Legal Proceedings**

The Company is not aware of the occurrence, as of 28 August 2025 and during the past five (5) years preceding this date, of any of the following events which it believes to be material to the evaluation of the ability or integrity of any of its directors, nominees for election as director, or executive officers:

1. Any bankruptcy petition filed by or against any business of a director, nominee for election as director, or executive officer who was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

2. Any director, nominee for election as director, or executive officer being convicted by final judgment in a criminal proceeding, domestic or foreign, or being subject in his personal capacity to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

3. Any director, nominee for election as director, or executive officer being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

4. Any director, nominee for election as director, or executive officer being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

**(h) Related Party Transactions**

The Company, in the ordinary course of business, engages in transactions with its Parent and affiliates. On 25 June 2021, the Company adopted a Related Party Transaction Policy to ensure that related party transactions are entered into terms comparable to those available to unrelated third parties in similar transactions. The Company has also established a Related Party Transaction Committee composed of three members of the board, two of whom are independent, including the Chairman.

Transactions with related parties include asset acquisitions from, and land leases with, Megaworld Corporation (the Company's Parent and Sponsor), and fund and property management agreements with affiliates. The table below sets out the principal transactions of the Company with related parties as of 31 March 2025:

| Year | Related Parties | Nature of the Transaction | Value of the Transaction |
|---|---|---|---|
| 2024 | Megaworld Corporation (and Davao Park District Holdings, Inc. in respect of certain properties) | Acquisition of six buildings owned by Megaworld in exchange for shares of stock in the Company | The six properties, which were valued by an independent property, were transferred to the Company in exchange for 926,162,000 common shares for a total subscription price of Php13,151.5M with a resulting additional paid-in capital of Php12,225.3. |
| 2024 | Megaworld Corporation (and Davao Park District Holdings, Inc. in respect of a certain property) | Lease of various lands where the buildings acquired from Megaworld are located[9] | Commencing on the start of the quarter when the SEC's confirmation of valuation is obtained up to 30 June 2025, rent equivalent to, as applicable:<br><br>(a) 2.5% of the Company's gross rental income for office and retail properties; and<br>(b) 1.5% of the Company's hotel rental/revenues for hotel properties.<br><br>From 01 July 2025 onwards, rent equivalent to, as applicable:<br>(a) 5% of the Company's gross rental income for office and retail properties; and<br>(b) 3% of the Company's hotel rental/revenues for hotel properties. |
| 2022 | Megaworld Corporation | Acquisition of four buildings owned by Megaworld in | The four properties, which were valued by an independent property, were |

[9] These leases pertain to the various parcels of land where the buildings to be acquired from Megaworld are located in relation to the 2024 property-for-share swap transactions described above.

| | | | |
|---|---|---|---|
| | | exchange for shares of stock in the Company[10] | transferred to the Company in exchange for 263,700,000 common shares for a total subscription price of Php5,274,000,000.00, with a resulting additional paid-in capital of Php5,010,300,000.00 |
| 2021 | Megaworld Corporation (and Empire East Land Holdings, Inc. in respect of certain properties) | Acquisition of ten buildings owned by Megaworld in exchange for shares of stock in the Company | The ten properties, which were valued by an independent property, were transferred to the Company in exchange for 1,282,120,381 common shares for a total subscription price of Php49,202,407,620.00, with a resulting additional paid-in capital of Php47,920,287,239.00 |
| 2021 | Megaworld Corporation | Acquisition of four buildings owned by Megaworld for cash | The four properties were acquired by the Company for cash in the amount of Php9,116,000,000.00 |
| 2021, 2022, and 2023 | Megaworld Corporation (and Empire East Land Holdings, Inc. in respect of certain properties) | Lease of various lands where the buildings acquired from Megaworld are located[11] | From 01 July 2023, rent equivalent to, as applicable:<br><br>a. 2.5% of the Company's gross rental income for office and retail properties; and<br>b. 1.5% of the Company's hotel rental/revenues for hotel properties.<br><br>From 01 July 2025 onwards, rent equivalent to, as applicable:<br><br>c. 5% of the Company's gross rental income for office and retail properties; and<br>d. 3% of the Company's hotel rental/revenues for hotel properties. |
| 2021 | MREIT Fund Managers, Inc. | Fund management agreement for the management of the | Fund management fee equivalent to 3.5% of the Company's gross |

[10] This transaction was consummated in 2024 upon the SEC's approval of the valuation of the properties transferred to the Company.

[11] These leases pertain to the various parcels of land where the buildings acquired from Megaworld in the property-for-share swap transactions and cash acquisition transactions are located.

| | | | |
|---|---|---|---|
| | | Company's funds and assets | revenues, payable annually, not to exceed 1% of the net asset value of the properties under management |
| 2021 | MREIT Property Managers, Inc. | Property management agreement for the operation and management of the Company's properties and facilities | Property management fee equivalent to 2% of the Company's gross revenues, payable monthly, not to exceed 1% of the net asset value of the properties under management |

Other than the foregoing and those disclosed in the Company's Financial Statements, the Company has not entered into any other related party transactions. (*Please see:* Audited Financial Statements for 2024, Note 6 – Investment Properties and Note 15 – Related Party Transactions)

*Reinvestment of Proceeds*

On 11 March 2022, Megaworld, the Company's Parent and Sponsor, amended its Reinvestment Plans in connection with the Initial Public Offering of the Company (October 2021) and the sale to the Company of four (4) Prime, Grade A buildings, located in PEZA-registered Zones (December 2021).

On 27 July 2023, Megaworld disclosed its Reinvestment Plan in connection with the block sale of 279,400,000 common shares of the Company. On 18 April 2024, Megaworld disclosed that it sold 40,650,000 common shares of the Company under a block sale transaction. Further, on 03 June 2024, Megaworld disclosed that it sold 79,700,000 common shares of the Company under a sale transaction.

On 25 July 2025, Megaworld disclosed that it sold 84,800,000 common shares of the Company under a block sale transaction.

Copies of the amended Reinvestment Plans, as well as the latest Reinvestment Plan Progress Reports, can be viewed in the Company's website (https://mreit.com.ph/disclosures/sec-pse-disclosures/).

As of date, the status of the Reinvestment Plans are as follows:

| Relevant Transaction | Date of Reinvestment Plan | Date of Full Compliance |
|---|---|---|
| Secondary Offer by Megaworld Corporation of 844,300,000 Common Shares of MREIT, Inc. on 1 October 2021 | 9 September 2021; Amended as of 9 March 2022 | 30 September 2022 |
| Sale by Megaworld Corporation to MREIT, Inc. of Four Prime, Grade A buildings located in PEZA-registered Zones for Php9.116 billion on 20 December 2021 | 17 December 2021; Amended as of 9 March 2022 | 19 December 2022 |
| Block Sale by Megaworld Corporation of 279,400,000 Common Shares of MREIT, Inc. on 27 July 2023 | 27 July 2023 | Q2 2024 |
| Block Sale by Megaworld Corporation of 40,650,000 Common Shares of MREIT, Inc. on 18 April 2024 | 22 April 2024 | Q1 2025 |

| | | |
|---|---|---|
| Sale by Megaworld Corporation of 79,700,000 Common Shares of MREIT, Inc. on 03 June 2024 | 05 June 2024 | Q1 2025 |
| Block Sale by Megaworld Corporation of 84,800,000 Common Shares of MREIT, Inc. on 25 July 2025 | 01 August 2025 | Q2 2026 |

**(h) Resignation/Disagreement**

No director has resigned or declined to stand for re-election to the Board of Directors because of a disagreement with the Company on any matter relating to the Company's operations, policies or practices.

**<u>Compensation of Directors and Executive Officers</u>**

**(a) Summary of Compensation Table**

Aggregate compensation paid to the Company's Chief Executive Officer and the four (4) most highly compensated executive officers as a group for the last two fiscal years and the estimate for the ensuing year are as follows:

| Name and Principal Position | Year | Salary | Other Variable Pay | Total Annual Compensation |
|---|---|---|---|---|
| Kevin Andrew L. Tan<br>Chairman | | | | |
| Jose Arnulfo C. Batac<br>President and CEO | | | | |
| Giovanni C.Ng<br>Treasurer | | | | |
| Maria Carla T. Uykim<br>Corporate Secretary | | | | |
| Andy Willing Dela Cruz<br>Investor Relations Officer | | | | |
| President and Four Most Highly Compensated Officers | Actual 2024 | Php4.6m | Php1.2m | Php5.8m |
| | Projected 2025 | Php4.8m | Php1.3m | Php6.1m |
| All Other Officers and Directors as a Group | Actual 2024 | Php2.1m | Php0.5m | Php2.7m |
| | Projected 2025 | Php2.2m | Php0.6m | Php2.8m |

**(b) Compensation of Directors**

The Company's By-Laws stipulates that the total yearly compensation of all directors and principal officers of the Corporation shall not exceed 10% of the net income before tax of the Corporation for the preceding year. In the last two reporting periods, directors received per diem only from the Company.

For 2025, the Company has allocated Php525,000.00 for Directors' per diems. There are no arrangements pursuant to which any Director of the Company was compensated, or is to be compensated, directly or indirectly, during the year ended 31 December 2024 for any service provided as a Director.

| Name of Directors | Year | Salary | Total Annual Director's Per Diem |
|---|---|---|---|
| Francisco C. Canuto | | Per diem | |
| Kevin Andrew L. Tan | | Per diem | |
| Jose Arnulfo C. Batac | | Per diem | |
| Lourdes T. Gutierrez-Alfonso | | Per diem | |
| Antonio E. Llantada, Jr. | | Per diem | |
| Jesus B. Varela | | Per diem | |
| Sergio R. Ortiz-Luis, Jr. | | Per diem | |
| Total Annual Director's Per Diem | 2022 | | 700,000 |
| | 2023 | | 500,000 |
| | 2024 | | 500,000 |
| | 2025 | | 525,000 |

**(b) Employment Contracts and Termination of Employment and Change-in-Control Arrangement**

Executive officers are appointed by the Board to their respective offices. The Company does not enter into employment contracts with its executive officers. Other than benefits available under the Company's applicable retirement plan, there is no compensatory plan or arrangement with respect to an executive officer which results or will result from the resignation, retirement or any other termination of such executive officer's employment with the Company and its subsidiaries, or from a change-in-control of the Company, or a change in an executive officer's responsibilities following a change-in-control of the Company.

**(c) Options Outstanding**

There are no outstanding warrants or options in connection with the shares of the Company held by any of the directors or executive officers.

## ISSUANCE AND EXCHANGE OF SECURITIES

**Authorization or Issuance of Securities Other than for Exchange**

Based on the valuation report and fairness opinion issued by independent consultants of the Company and Megaworld, MREIT Fund Managers, Inc. ("MFMI") and the Related Party Transaction Committee recommended on 07 May 2024, and the Board of Directors approved on 10 May 2024, the subscription price of Php13,151,500,400.00. The transaction price for the shares subscribed was set at a 10.1% premium over the thirty (30)-day volume weighted average price of Php12.90 per share over a period of thirty (30) trading days prior to the Related Party Transactions Committee meeting as validated by a fairness opinion issued by FTI Consulting Philippines, Inc. Accordingly, the transaction falls within the exceptions to the conduct of a rights or public offering requirement of the Philippine Stock Exchange.

On 26 June 2024, the stockholders approve the issuance of to 926,162,000 primary common shares to Megaworld Corporation at an issue price of 14.20 pesos per share in exchange for six (6) Grade A Asset Buildings of Megaworld located in PEZA-registered zones, namely: 100% ownership of One Fintech Place and Two Fintech Place, which are located in Iloilo Business Park, 100% ownership of Davao Finance Center, which is located in Davao Park District, and 80% pro indiviso ownership of Two West Campus, Ten West Campus and One Le Grand, which are located in McKinley Hill in Fort Bonifacio, Taguig.

As of 04 June 2024, Philippine Stock Exchange, Inc ("the Exchange") approved the listing of the additional 263,700,000 common shares, as of 30 June 2024, the capital structure of the Company and total issued and outstanding common shares is with par value of P1.00 per share, are as follows:

| Shareholder | Subscribed Shares | Percentage of Ownership |
|---|---|---|
| Megaworld Corporation | 1,415,332,881 | 50.62% |
| PCD Nominee Corp. (Filipino) | 1,352,801,717 | 48.38% |
| PCD Nominee Corp. (Non-Filipino) | 26,288,483 | 0.94% |
| Aim Scientific Research Foundation, Inc. | 1,250,000 | 0.04% |
| James Esteves Takano | 124,000 | 0.00% |
| Myra P. Villanueva | 10,000 | 0.00% |
| Milagros P. Villanueva | 4,000 | 0.00% |
| Myrna P. Villanueva | 4,000 | 0.00% |
| Juan Carlos V. Cabreza | 1,000 | 0.00% |
| Marietta V. Cabreza | 1,000 | 0.00% |
| Antonio E. Llantada, Jr. | 1,000 | 0.00% |
| Sergio R. Ortiz-Luis, Jr. | 1,000 | 0.00% |
| Katherine L. Tan | 1,000 | 0.00% |
| Jesus B. Varela | 1,000 | 0.00% |
| Jennifer T. Ramos | 100 | 0.00% |

| | | |
|---|---|---|
| Jennifer T. Ramos | 100 | 0.00% |
| Francis J. Ricamora | 100 | 0.00% |
| **TOTAL** | **2,795,821,381** | **100.00%** |

As of 31 March 2025, the capital structure of the Company and total issued and outstanding common shares is 3,721,983,381 with par value of P1.00 per share, are as follows:

| Shareholder | Subscribed Shares | Percentage of Ownership |
|---|---|---|
| Megaworld Corporation | 2,077,794,881 | 55.83% (direct) |
| PCD Nominee Corp. (Filipino) | 1,613,913,401 | 43.36% |
| PCD Nominee Corp. (Non-Filipino) | 26,989,499 | 0.72% |
| Aim Scientific Research Foundation, Inc. | 1,250,000 | 0.03% |
| Pryce Gases, Inc. | 1,035,900 | 0.02% |
| Pryce Corporation | 851,400 | 0.02% |
| James Esteves Takano | 124,000 | 0.00% |
| Myra P. Villanueva | 10,000 | 0.00% |
| Milagros P. Villanueva | 4,000 | 0.00% |
| Myrna P. Villanueva | 4,000 | 0.00% |
| Juan Carlos V. Cabreza | 1,000 | 0.00% |
| Marietta V. Cabreza | 1,000 | 0.00% |
| Antonio E. Llantada, Jr. | 1,000 | 0.00% |
| Sergio R. Ortiz-Luis, Jr. | 1,000 | 0.00% |
| Katherine L. Tan | 1,000 | 0.00% |
| Jesus B. Varela | 1,000 | 0.00% |
| Jennifer T. Ramos | 100 | 0.00% |
| Jennifer T. Ramos | 100 | 0.00% |
| Francis J. Ricamora | 100 | 0.00% |
| **TOTAL** | **3,721,983,381** | **100.00%** |

As of 30 June 2025, the capital structure of the Company and total issued and outstanding common shares is 3,721,983,381 with par value of P1.00 per share, are as follows:

| Shareholder | Subscribed Shares | Percentage of Ownership |
|---|---|---|
| Megaworld Corporation | 2,077,794,881 | 55.83% (direct) |
| PCD Nominee Corp. (Filipino) | 1,613,248,173 | 43.34% |

| | | |
|---|---|---|
| PCD Nominee Corp. (Non-Filipino) | 27,653,727 | 0.74% |
| Aim Scientific Research Foundation, Inc. | 1,250,000 | 0.03% |
| Pryce Gases, Inc. | 1,035,900 | 0.02% |
| Pryce Corporation | 851,400 | 0.02% |
| James Esteves Takano | 124,000 | 0.00% |
| Myra P. Villanueva | 10,000 | 0.00% |
| Milagros P. Villanueva | 4,000 | 0.00% |
| Myrna P. Villanueva | 4,000 | 0.00% |
| Jose Arnulfo C. Batac | 1,000 | 0.00% |
| Juan Carlos V. Cabreza | 1,000 | 0.00% |
| Marietta V. Cabreza | 1,000 | 0.00% |
| Antonio E. Llantada, Jr. | 1,000 | 0.00% |
| Sergio R. Ortiz-Luis, Jr. | 1,000 | 0.00% |
| Katherine L. Tan | 1,000 | 0.00% |
| Jesus B. Varela | 1,000 | 0.00% |
| Jennifer T. Ramos | 100 | 0.00% |
| Jennifer T. Ramos | 100 | 0.00% |
| Francis J. Ricamora | 100 | 0.00% |
| **TOTAL** | **3,721,983,381** | **100.00%** |

The Company is currently in the process of applying for the listing of the 926,162,000 additional shares issued to Megaworld Corporation.

**Acquisition of Properties**

Please refer to the previous discussions in *Authorization or Issuance of Securities Other than for Exchange* and *Related Transactions* of this report.

**Independent Public Accountants**

The Board of Directors of the Company, in consultation with the Audit Committee composed of Antonio E. Llantada, Jr. as Chairman, and Kevin Andrew L. Tan and Sergio R. Ortiz-Luis, Jr. as members, will recommend to the stockholders the engagement of Punongbayan & Araullo as external auditors of the Company for 2025.

Mr. Endel S. Mata of Punongbayan and Araullo was designated as handling partner for the audit of the financial statements of the Company starting the year ending 31 December 2024. Punongbayan & Araullo was also the auditor of the Company for the year ended 31 December 2023, 31 December 2022, and the 6-month period from 1 July 2021 to 31 December 2021.

There are no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Company and its subsidiaries.

Representatives of Punongbayan & Araullo are expected to be present at the Annual Meeting of stockholders. They will have the opportunity to make a statement if they desire to do so and, are expected to be available to respond to appropriate questions.

**Financial Information**

Financial Statements of the Company and its subsidiaries as of 31 December 2024, 31 December 2023, 31 December 2022, 31 December 2021 and 30 June 2021, and the Management's Discussion and Analysis of Results of Operations and Financial Condition for the corresponding periods are contained in the Company's Annual Report to Stockholders and are incorporated herein by reference.

**Action with Respect to Reports**

The minutes of the annual meeting of stockholders held on 26 June 2024 will be submitted to the Company's stockholders for approval. The minutes will refer to the adoption of stockholders' resolutions pertaining to, among others, the following matters:

1. Ratification of Corporate Acts and Resolutions of the Board of Directors and Officers
2. Election of Directors
3. Appointment of External Auditors

The approval or disapproval of the Minutes will constitute merely an approval or disapproval of the correctness of the Minutes but will not constitute an approval or disapproval of the matters referred to in the Minutes.

The minutes of the 2024 Annual Stockholders Meeting has been uploaded to the Company's website and may be viewed through the following link: https://mreit.com.ph/disclosures/minutes-of-stockholders-meetings/.

As of the date of this report, the Company has 3,721,983,381 common shares issued and outstanding, 2,795,821,381 of which are listed in the Philippine Stock Exchange. 61.16% of the issued and outstanding shares is held by the Sponsor, Megaworld Corporation, while the remaining shares are held by the public and minority shareholders. Each common share is entitled to one (1) vote with respect to all matters to be taken up during the annual meeting of stockholders.

**Amendment of Articles of Incorporation**

The amendment of the Seventh Article of the Company's Articles of Incorporation, which was approved by the Board of Directors on 12 August 2025, shall be submitted for the stockholders' consideration and approval at the Annual Stockholders' Meeting. The details regarding the amendment and the rationale thereof are provided below:

| Article No. | From | To | Reason | General Effect |
|---|---|---|---|---|
| Seventh | The authorized capital stock of the corporation is Five Billion Pesos (Php5,000,000,000.00) in lawful money of the Philippines, divided into FIVE BILLION (5,000,000,000) | The authorized capital stock of the corporation is **Eight Billion Pesos (Php8,000,000,000.00)** in lawful money of the Philippines, divided into **EIGHT BILLION (8,000,000,000)** | The proposed amendment is being suggested to support MREIT's growth by facilitating the infusion of | The increase in ACS will enable MREIT to expand its assets under management through asset infusions and other |

| | | | | |
|---|---|---|---|---|
| | common voting shares with par value of ONE PESO (Php1.00) per share.<br><br>No stockholders of any class shall be entitled to any pre-emptive rights to purchase, subscribe for, or receive any part of the shares of the Corporation, whether issued from its unissued capital, increase in its authorized capital or its treasury stock. | common voting shares with par value of ONE PESO (Php1.00) per share.<br><br>No stockholders of any class shall be entitled to any pre-emptive rights to purchase, subscribe for, or receive any part of the shares of the Corporation, whether issued from its unissued capital, increase in its authorized capital or its treasury stock. | additional assets under management. | permissible investments in accordance with the REIT Law. |

**Other Proposed Action**

The stockholders will be asked to ratify all resolutions of the Board of Directors and the Board Committees and acts of Senior Management adopted during the period covering 26 June 2024 through 28 September 2025. These include, among others, the following matters:

1. Election and Appointment of Officers
2. Approval of the Audited Financial Statements as of 31 December 2024
3. Appointment of Contract Signatories;
4. Application for, or Renewal of, Permits, Licenses, Clearances and Accreditations
5. Declaration of Cash Dividends
6. Holding of 2025 Annual Meeting of Stockholders

These also include the approval of agreements, projects, investments, treasury-related matters, and other matters covered by disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange, and other similar activities of the Company. The acts of the officers were those taken to implement the resolutions of the Board or its committees or made in the general conduct of business.

**Voting Procedures**

**(a) Vote Required**

In the election of directors, the seven (7) nominees garnering the highest number of votes will be elected as members of the board of directors, provided that there shall be elected at least one-third (1/3) or at least two (2), whichever is higher, independent directors in the Company's board of directors.

**(b) Method of Counting of Votes**

Each common share entitles the person in whose name it is registered in the books of the Company to one vote with respect to all matters to be taken up during the annual meeting of stockholders. In the election of directors, each holder of common share may vote such number of shares for as many persons as there are directors to be elected or may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many nominees as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

There will be seven (7) persons to be elected to the Company's board of directors, including at least three (3) independent directors. In the event that the number of nominees to the board of directors should exceed the number of board seats, voting shall be done by ballot. However, if the number of nominees to the board of directors will not exceed the number of board seats, voting may be done by ballot or a show of hands. Election inspectors duly appointed for the meeting shall be responsible for counting the number of votes, subject to validation by representatives of Punongbayan & Araullo, the Company's external auditors.

**(c) Participation of Shareholders by Remote Communication**

Stockholders may cast their votes by remote communication or in *absentia*, or by proxy. A stockholder who votes in absentia as well as a stockholder participating by remote communication shall be deemed present for purposes of quorum. Please refer to **Annex "A"** on the Procedures and Requirements for Voting and Participation in the 2025 Annual Meeting for complete information on voting via remote participation or voting in absentia, as well as on how to join the livestream for the 2025 Annual Meeting.

**The Company shall provide, without charge, to each stockholder a copy of its annual report on SEC Form 17-A, upon written request addressed to MREIT, Inc., Attention: The Corporate Secretary, 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City 1634.**

[*Signature page follows.*]

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Taguig on 29 August 2025.

**MREIT, INC.**

By:

**JOSE ARNULFO C. BATAC**
President & Chief Executive Officer

M·REIT
A MEGAWORLD COMPANY

# MANAGEMENT REPORT

## I. BUSINESS

Overview

MREIT, Inc. (the Company) is a real estate investment trust (REIT) incorporated under the Philippine Real Estate Investment Trust Law (Republic Act No. 9856) on 02 October 2020. The Company was designated by Megaworld Corporation (Megaworld), its Parent and Sponsor, to operate as its flagship REIT company, the primary focus of which will be office and retail leasing to a diversified tenant base, with a high-quality portfolio of twenty four (24) office, hotel, retail and other assets across the Philippines and an aggregate gross leasable area (GLA) of of 481,261 square meters as of 31 December 2024.

The Company has an authorized capital stock of ₱5,000,000,000.00 divided into 5,000,000,000 common shares with a par value of ₱1.00 per share, with no preferred shares and no shares held in treasury.

On 01 October 2021, the Company conducted an initial public offering and listed its shares in the Philippine Stock Exchange (PSE). MREIT has a total market capitalization of Php 49.7 billion based on the closing price of Php 13.34 per common share on 31 December 2024, the last trading day of the year. As of the date of this report, the Company has 3,721,983,381 common shares issued and outstanding. 63.44% of the issued and outstanding shares is held by the Sponsor, Megaworld, while 35.52% is held by the public. The remaining shares are held by affiliates and Company's directors at 1.05%.

Current Asset Portfolio

The Company is a REIT formed primarily to own and invest in income-producing commercial portfolio of office, retail, and hotel properties in the Philippines, that meets its investment criteria. The principal investment mandate and strategy of the Company 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. As of 2024, the Company owns and operates a total of Twenty Four (24) mixed-use buildings (the Properties), with a total GLA of 481,261 square meters, namely:

**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

All twenty-four (24) Properties are acquired from Megaworld. In furtherance of the transfer, assignment and conveyance in favor of the Company of all of Megaworld's rights, title and interests in the Properties, Megaworld also assigned in favor of the Company all of its rights and interests in and to the contracts of lease over portions of the Properties leased out to various entities as office, retail and hotel. The Company started earning rental income from 1800 Eastwood Avenue, 1880 Eastwood Avenue, E Commerce Building, One World Square, Two World Square, Three World Square, 8/10 Upper McKinley, 18/20 Upper McKinley, World Finance Plaza, Richmonde Hotel Iloilo and Richmonde Iloilo Office Tower, One Techno Place, Two Techno Place, Three Techno Place and One Global Center in 2021, from One West Campus, Five West Campus, Two Global Center and Festive Walk 1B in 2023, and from One Fintech Place, Two Fintech Place, Davao Finance Center, Two West Campus, Ten West Campus, One Le Grand in 2024. (For more information, see Exhibit 1 – Audited Financial Statements).

As a commercial REIT, the Company will focus on expanding its office, mall, and hotel properties. However, if the opportunity arises, the Company may also explore other types of real estate properties available in the market. The Company offers shareholders an investment opportunity with a stable yield, opportunities for Gross Revenue and Net Operating Income growth, high-quality properties with strong tenant demand, strong Sponsor support from Megaworld, experienced management with incentive to grow the Company's Gross Revenue and Net Operating Income, and distribution of at least 90% of the Company's Distributable Income.

Through its Fund Manager, the Company intends to maximize investment returns by growing the Gross Revenue as well as the Net Operating Income from the Company's 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 Company derives its revenues through leasing real properties. The twenty four (24) mixed used buildings owned by the Company located in Quezon City, Taguig City, Iloilo City, and Davao City are leased out to various entities as office, retail and hotel. All of the Properties were developed by Megaworld and stand on land leased from Megaworld for an aggregate period of fifty (50) years.

All Properties are PEZA-registered and/or located in PEZA-registered zones. The Company's portfolio has tenants across various sectors which are categorized as follows: (i) Business Process Outsourcing (BPO) and traditional office; (ii) hotel, (iii) retail and others. In prior years, the Company has secured a number of major BPO customers as long-term tenants in the properties. As of 31 December 2024, 86.4% or 415,828 square meters of the total available GLA of the portfolio was occupied by BPOs and traditional offices, and 4.1% or 12,949 square meters of the total available GLA of the portfolio was occupied by retail and other tenants including 6,769 square meters pertaining to the hotel GLA.

Most of the commercial office lease agreements for the Company's properties are for tenancy periods of between five (5) to ten (10) years. To ensure the timely payment of rent, arrears management procedures are enforced to ensure timely payment of rent. For office properties, the Company requires three months' deposit and three months' advance rental. For retail properties, the Company requires six months' deposit and one month advance rental. Rentals, as well as common use service area (CUSA) fee of the maintenance and upkeep of the buildings are billed monthly or quarterly and are collected either every fifth of the month or first month of the quarter, as applicable. In addition, under the general terms of the leases, lessees and tenants for office properties are obligated to pay additional security deposit also equivalent to three months' rental upfront.

The Company's current committed leases structurally provide opportunities for growth, and this is primed to continue into the future. The total Gross Revenue from the Properties is expected to increase continuously primarily due to higher rental rates obtained on new leases or on renewals of existing leases and built-in rental escalations. The Properties have contractual fixed lease rental escalations of 5% to 10% per annum, providing for a secure source of organic growth and clear income visibility. Additionally, the Company also has the ability to lease up the assets, raising the overall occupancy of the buildings.

The Company is also not subject to the effects of seasonality or other sales cycles, as its rent terms are fixed and apply uniformly (subject to individually negotiated escalation rates) across the lease terms. Additionally, tenants of office properties typically pay a security deposit equal to three months' rent and advance rent equal to three months. Meanwhile, tenants of commercial properties usually pay a security deposit equal to six months' rent and advance rent equal to one month. All of these advance rents are forfeited in case the tenant pre-terminates the lease agreement without prior notice or before the expiry of the lease term without cause. Such stable cash flows have allowed, and will continue to allow, the Company flexibility in maintaining and upgrading the Properties to continually satisfy its tenants' needs; in seeking further investment opportunities, whether expansion of the Company's existing Properties or acquisition of additional properties; and in making regular distributions to the Company's shareholders.

Business Strategy

The principal investment mandate and strategy of the Company 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. In determining future investments to expand the REIT portfolio, the key criteria in making an investment decision include:

- **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; and,

- **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.

The Fund Manager and the Property Manager intend to work towards maximizing investment returns by increasing Gross Revenue as well as Net Operating Income over time through active management of the properties. The Fund Manager and the Property Manager aim to promote growth in returns by obtaining better lease terms through proactive lease negotiations, by optimizing the use of the GLA at each of the Properties, and by taking advantage of desirable opportunities for property acquisition. Further, 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 portfolio to enhance long-term growth.

The Fund Manager intends to hold the Properties in the Portfolio on a long-term basis. However, where suitable opportunities arise, and subject to applicable laws and regulations, the Fund Manager may also consider divesting Properties or part thereof to realize their optimal market potential and value. In the future, the Fund Manager may also consider divesting mature and non-core properties which have reached a stage that affords limited growth for income in order to free up capital and reinvest proceeds into properties that meet the Company's investment criteria.

## II. MARKET PRICE INFORMATION

The common shares of the Company are traded on the PSE under the symbol of **MREIT**. The Company's common stock was first listed on the PSE on 1 October 2021.
The following table sets out, for the periods indicated, the high and low sales price for the Company's common shares as reported on the PSE as of 31 March 2024:

| Year | | Q1 | Q2 | Q3 | Q4 |
|---|---|---|---|---|---|
| 2021 | High | | | | 19.70 |
| | Low | | | | 16.70 |
| 2022 | High | 22.50 | 18.58 | 16.04 | 14.48 |
| | Low | 18.50 | 15.14 | 13.90 | 11.28 |
| 2023 | High | 15.36 | 15.90 | 14.56 | 12.80 |
| | Low | 13.70 | 13.76 | 12.08 | 11.54 |
| 2024 | High | 14.20 | 13.26 | 13.82 | 14.04 |
| | Low | 12.30 | 12.30 | 12.64 | 13.14 |
| 2025 | High | 13.98 | 13.98 | | |
| | Low | 13.00 | 13.80 | | |

Market price of the Company Shares as on 30 June 2025 was ₱13.90 per share.

## III. HOLDERS

The Company has twenty (20) shareholders of record. The following table sets forth the largest shareholders of the Company as of the date of this report.

| Rank | Name of Stockholder | Number of Common Shares | Percentage of Ownership |
|---|---|---|---|
| 1. | Megaworld Corporation | 2,077,794,881 | 55.83% (direct) |
| 2. | PCD Nominee Corp. (Filipino) | 1,613,248,173 | 43.34% |
| 3. | PCD Nominee Corp. (Non-Filipino) | 27,653,727 | 0.74% |
| 4. | AIM Scientific Research Foundation, Inc. | 1,250,000 | 0.03% |
| 5. | Pryce Gases, Inc. | 1,035,900 | 0.02% |
| 6. | Pryce Corporation | 851,400 | 0.02% |
| 7. | James Esteves Takano | 124,000 | 0.00% |
| 8. | Myra P. Villanueva | 10,000 | 0.00% |
| 9. | Milagros P. Villanueva | 4,000 | 0.00% |
| 10. | Myrna P. Villanueva | 4,000 | 0.00% |
| 11. | Jose Arnulfo C. Batac | 1000 | 0.00% |
| 12. | Juan Carlos V. Cabreza | 1,000 | 0.00% |

| | | | |
|---|---|---|---|
| 13. | Marietta V. Cabreza | 1,000 | 0.00% |
| 14. | Antonio E. Llantada Jr. | 1,000 | 0.00% |
| 15. | Sergio R. Ortiz-Luis Jr. | 1,000 | 0.00% |
| 16. | Katherine L. Tan | 1,000 | 0.00% |
| 17. | Jesus B. Varela | 1,000 | 0.00% |
| 18. | Jennifer T. Ramos | 100 | 0.00% |
| 19. | Jennifer T. Ramos | 100 | 0.00% |
| 20. | Francis J. Ricamora | 100 | 0.00% |

## II. DIVIDENDS AND DIVIDEND POLICY

The Company is required to declare dividends pursuant to the REIT Law. The REIT Law requires a REIT to distribute annually a total of at least 90% of its distributable net income, as adjusted for unrealized gains and losses/expenses and impairment losses, and other items in accordance with generally accepted accounting standards (excluding proceeds from the sale of the Company's assets that are reinvested in the Company within one year from the date of the sale), as dividends to its shareholders. Such dividends shall be payable only from the unrestricted retained earnings, and the income distributable as dividends shall be based on the audited financial statements for the most recently completed fiscal year prior to the prescribed distribution. The Company may declare either cash, property, or stock dividends. However, the declaration of stock dividends must be approved by at least a majority of the entire membership of the Company's Board, including the unanimous vote of all its independent Directors, and stockholders representing not less than two-thirds (2/3) of the outstanding capital stock at a regular meeting or special meeting called for that purpose. Any such stock dividend declaration is also subject to the approval of the Philippine SEC within five working days from receipt of the request for approval. If the Philippine SEC does not act on said request within such a period, the declaration shall be deemed approved.

The Company has adopted a dividend policy in accordance with the provisions of the REIT Law, pursuant to which the Company's shareholders are entitled to receive at least 90% of the Company's annual Distributable Income. The Company intends to declare and pay out dividends on a quarterly basis each year.

In 2024, the Company's distributable income reached Php 3,178.3 million, reflecting a 12% increase from the previous year. Revenue also experienced a 9% year-on-year jump to Php 4,513.5 million. This growth was driven by the four new high-quality office towers and raising rents from current tenants.

Out of the distributable net income for 2024, the Company declared total cash dividends on the Company's common shares amounting to Php 3,007,695,048 broken down as follows:

| Payment Date | Amount | Amount per Share |
|---|---|---|
| | | |
| June 14, 2024 | Php 687,772,059.73 | Php0.2460 |
| August 30, 2024 | Php 691,686,209.66 | Php0.2474 |
| December 3, 2024 | Php 695,879,941.73 | Php0.2489 |
| March 6, 2025 | Php 932,356,836.90 | Php0.2505 |
| **Total** | | **Php0.9928** |

The Company has distributed 95% of its distributable income for the period.

## IV. RECENT SALES OF UNREGISTERED OR EXEMPT SECURITIES

On 03 June 2024, the Company has been informed of Megaworld's sale of 79,700,000 common shares in the Company through a block sale transaction. The shares were sold at a transaction price of P12.30 per share, resulting in a total transaction value of around P900-million. The reinvestment plan has been filed on 05 June 2024 with a reinvestment period of Q2 2024 to Q1 2025.

On 18 April 2024, the Company has been informed of Megaworld's sale of 40.65-million common shares in the Company through a block sale transaction. The shares were sold at a transaction price of P12.30 per share, resulting in a total transaction value of around P500-million. The reinvestment plan has been filed on 22 April 2024 with a reinvestment period of Q2 2024 to Q1 2025.

On 10 May 2024, Megaworld and the Company entered into a property-for-share swap transaction covering 926,162,000 shares in the Company, for a total subscription price of Php13.15 billion, to be paid by way of transfer of six (6) Grade A buildings located in PEZA-registered zones, namely: 100% ownership of One Fintech Place and Two Fintech Place, which are located in Iloilo Business Park, 100% ownership of Davao Finance Center located in Davao Park District, and 80% pro indiviso ownership of Two West Campus, Ten West Campus and One Le Grand, which are located in McKinley West in Fort Bonifacio, Taguig.

The foregoing transaction is an exempt transaction pursuant to Section 10.1(k) of the Securities Regulation Code, which exempts from registration the sale of securities by an issuer to fewer than twenty (20) persons in the Philippines during any twelve-month period.

On 25 July 2025, the Company has been informed of Megaworld's sale of 84,800,000 common shares in the Company through a block sale transaction. The shares were sold at a transaction price of P13.82 per share, resulting in a total transaction value of around P1.17-billion. The reinvestment plan has been filed on 01 August 2025 with a reinvestment period of Q3 2025 to Q2 2026.

As of the date of this report, the Company has 926,162,000 common shares that are yet to be listed in the Philippine Stock Exchange. These shares were issued on 19 November 2024 pursuant to the Property-for-Shares swap transaction entered into by the Company with Megaworld in May 2024, which was approved by the Securities and Exchange Commission in November 2024. The shares are currently pending for listing with the PSE.

## III. BOARD OF DIRECTORS AND SENIOR MANAGEMENT

There are seven (7) members of the Company's Board of Directors, three (3) of whom are independent directors. An independent director is a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as director [SRC Rule 38]. All directors will hold office until their successors have been duly elected and qualified. All the incumbent directors have been nominated for election to the Board of Directors of the Company for the ensuing calendar year.

Information concerning the background of the directors/nominees for directors and executive officers of the Company indicating their principal occupation or employment and their business experience for the past five (5) years is provided below.

The table sets forth each member of the Company's Board as of 30 June 2025.

| Name | Age | Citizenship | Position | Period of Service in MREIT, Inc. |
|---|---|---|---|---|
| Kevin Andrew L. Tan | 45 | Filipino | Director and Chairman | 4 years and 9 months |

| | | | | |
|---|---|---|---|---|
| Jose Arnulfo C. Batac | 51 | Filipino | Director, President, and CEO | 1 year and 1 month |
| Francisco C. Canuto | 67 | Filipino | Director | 4 years and 9 months |
| Lourdes T. Gutierrez-Alfonso | 62 | Filipino | Director | 4 years and 9 months |
| Antonio E. Llantada, Jr. | 69 | Filipino | Independent Director | 4 years and 1 month |
| Jesus B. Varela | 68 | Filipino | Independent Director | 4 years and 2 months |
| Sergio R. Ortiz-Luis, Jr. | 82 | Filipino | Independent Director | 4 years and 2 months |

The table below sets forth the Company's executive officers in addition to its executive directors listed above as of 30 June 2025.

| Name | Age | Citizenship | Position | Period of Service |
|---|---|---|---|---|
| Giovanni C. Ng | 50 | Filipino | Treasurer | 3 years and 9 months |
| Maria Carla T. Uykim | 48 | Filipino | Corporate Secretary | 4 years and 1 month |
| Giancarlo V. Inacay | 31 | Filipino | Chief Financial Officer and Compliance Officer | 5 months |
| Andy Willing Dela Cruz, Jr. | 30 | Filipino | Investor Relations Officer | 2 years and 5 months |

**Francisco C. Canuto**

Mr. Canuto joined the Company as a Director in 2020. He is a Certified Public Accountant holds a bachelor's degree in Commerce major in Accounting and a Master's Degree in Business Administration. He is concurrently Senior Vice President, Chief Finance Officer, Treasurer, Compliance Officer, Corporate Information Officer and Chief Audit Executive and Senior Assistant to the Chairman of Megaworld Corporation (publicly-listed). He is concurrently a Director of Megaworld Global-Estate, Inc., Gilmore Property Marketing Associates, Inc. and Eastwood Property Holdings, Inc., Director and Corporate Secretary of Megaworld Central Properties, Inc., and Director and Treasurer of Megaworld Cebu Properties, Inc., Twin Lakes Corporation, Megaworld Oceantown Properties, Inc., Megaworld Resort Estates, Inc., Megaworld Land, Inc., Megaworld-Daewoo Corporation and Eastwood Cyber One Corporation. He serves as Chairman and President of Prestige Hotels & Resorts, Inc. Arcovia Properties, Inc., Lucky Chinatown Cinemas, Inc., Festive Walk Cinemas, Inc., Southwoods Cinemas, Inc., McKinley Cinemas, Inc., Uptown Cinemas, Inc. He is also the President of Megaworld Foundation, Inc. Before joining the Megaworld Group, he worked as Audit Manager of SGV & Company and Controller of Federal Express Corporation. Mr. Canuto holds a bachelor's degree in Commerce major in Accounting from Polytechnic University of the Philippines in 1978 and a Master's Degree in Business Administration from Ateneo de Manila University in 1986.

**Kevin Andrew L. Tan**
*Director and Chairman of the Board*

Mr. Tan is a Director since 2020 and the current Chairman of the Company. He obtained his bachelor's degree in Business Administration major in Management from the University of Asia and the Pacific. He is concurrently Executive Vice President and Chief Strategy Officer of Megaworld Corporation. He previously held the position of Senior Vice President of Megaworld Corporation for Commercial Division which markets and operates 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, both 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. He is the President, Chief Executive Officer and Vice Chairman of Alliance Global Group, Inc (public-listed). He is also concurrently a Director of Empire East Land Holdings, Inc., Emperador Inc. and Global-Estate Resorts, Inc. (all publicly-listed companies) and of Eastwood Cyber One Corporation, Uptown Cinemas, Inc., Megaworld Central Properties Inc., Twin Lakes Corporation, Megaworld Land, Inc., Townsquare Development, Inc., Emperador Distillers, Inc., Alliance Global Brands, Inc., Anglo Watsons Glass, Inc., Yorkshire Holdings, Inc., The Bar Beverage, Inc., Emperador Brandy, Inc., and New Town Land Partners, Inc. He is also Chairman of Megaworld Foundation, Inc.

**Jose Arnulfo C. Batac**
*President and Chief Executive Officer*

Mr. Batac is the current President and Chief Executive Officer of the Company. He concurrently serves as Head for Corporate Ventures and Partnerships Management of Megaworld Corporation, the Company's Parent and Sponsor. Prior to this role, he used to lead the estate management department handling the operations of Megaworld's township developments around the country. He is also supporting Megaworld Corporation and MREIT, Inc. to pursue sustainability in its businesses as a shared value among its stakeholders by anchoring its corporate activities to the principles of global ESG standards.

**Lourdes T. Gutierrez-Alfonso**
*Director*

Ms. Alfonso is a Director of the Company since 2020. Ms. Gutierrez has extensive experience in real estate and a strong background in finance and marketing. A certified public accountant by profession, she is concurrently the President of Megaworld Corporation, where she also previously held the position of Senior Executive Vice President for Finance and Administration. Ms. Alfonso is also the Chairman of the property management company, First Oceanic Property Management, Inc. She serves as Director in numerous affiliate companies including Alliance Global Group, Inc., and Global-Estate Resorts, Inc. (both publicly-listed), and Suntrust Properties, Inc., Twin Lakes Corporation, Southwoods Mall, Inc., Mactan Oceanview Properties and Holdings, Inc., Megaworld Resort Estates, Inc., Megaworld Cebu Properties, Inc., Megaworld Oceantown Properties, Inc., Megaworld Bacolod Properties, Inc., Eastwood Cyber One Corporation, Davao Park District Holdings, Inc., and Prestige Hotels & Resorts, Inc. She is currently the Chairman of Belmont Newport Luxury Hotels, Inc., Megaworld Global-Estate, Inc., and Savoy Hotel Manila, Inc. She is also a trustee and a Corporate Secretary of Megaworld Foundation, Inc. Ms. Alfonso graduated Cum Laude from the Far Eastern University with the degree of Bachelor of Science major in Accounting in 1984.

**Jesus B. Varela**
*Independent Director*

Mr. Varela is an Independent Director of the Company and has served as such since April 2021. He concurrently serves as independent director in the boards of Megaworld Corporation (publicly-listed), Global-Estate Resorts, Inc. (publicly-listed), Travellers International Hotel Group, Inc. and Suntrust Resorts Holdings, Inc. (publicly listed). He is also Director General of the International Chamber of Commerce Philippines a Board Regent of Unibersidad de Manila and a columnist at the Philippine Daily Tribune and President of the Erehwon Art Foundation. Mr. Varela has more than twenty years of experience in the fields of marketing, human resources, international labor affairs, agriculture, and commerce, among others. He has done executive work with the Department of Agriculture, National Food Authority Council, Philippine Genetics, Inc., National Irrigation Administration, Philippine Planters Products, National Agri- Business Corporation, Agriculture Anti-Smuggling Task Force, and Nautical Highway Board. He served as Labor Attaché to Kobe, Japan, to the Commonwealth of Northern Marianas Island, and to Athens. He attended training courses in Labor Administration and Policy Formulation under the International Labor Organization/ARPLA program, the Corporate Planning

Course at the Center for Research Communication, Foreign Exchange Training by Metro Bank and Forex Club of the Philippines, Systems Analysis by the Presidential Management Staff, Asian Productivity Seminar and other in-house seminars conducted by the Department of Labor and the Development Academy of the Philippines. He was formerly Chairman & Acting CEO of GS1 Philippines, Director of PCCI and Vice President of the Employers Confederation of the Philippines. Mr. Varela obtained his bachelor's degree in Economics from Ateneo De Manila University in 1979.

**Antonio E. Llantada, Jr.**
*Independent Director*

Mr. Llandata is an Independent Director of the Company and has served as such since May 2021. Mr. Llantada is a certified public accountant by profession. He is concurrently a professor of Accounting and Finance in Enderun Colleges and Thames International Business School, and a guest lecturer in the Asian Institute of Management School of Executive Education and Lifelong Learning. He previously served as the Internal Audit Consultant and Chief Audit Executive of Empire East Land Holdings, Inc. (publicly-listed). Mr. Llantada obtained his Bachelor of Science Commerce degree in Accounting and Bachelor of Arts degree in Behavioral Science in De La Salle University Manila, and his Master's Degree in Business Administration in the Ateneo Graduate School of Business.

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

Mr. Ortiz-Luis is an Independent Director of the Company and has served as such since April 2021. He is concurrently an Independent Director of Alliance Global, Inc. (publicly-listed), and Calapan Ventures, Inc. He is the President of the Philippine Exporters Confederation, Inc. (PHILEXPORT) and Honorary Chairman and Treasurer of the Philippine Chamber of Commerce & Industry. He is also Vice Chairman of Export Development Council. He is a Director of Waterfront Philippines, Inc., Philippine Estate Corporation, B.A. Securities, Manila Exposition Complex, Inc., and Jolliville Holdings. Mr. Ortiz-Luis, Jr. obtained his bachelor's degree in Liberal Arts and Business Administration, and a candidate of Master of Business Administration from De La Salle College. He has a PhD in Humanities from Central Luzon State University, PhD in Business Technology from Eulogio "Amang" Rodriguez Institute of Science and Technology, and PhD in Business Administration from Angeles University Foundation.

**Giovanni C. Ng**
*Treasurer*

Mr. Ng, is the Treasurer of the Company. He concurrently serves as Senior Vice President and Finance Director of Megaworld Corporation, the Company's Parent and Sponsor (publicly-listed). He also serves as Director of Eastwood Property Holdings, Inc., Megaworld Oceantown Properties, Inc., Empire East Communities, Inc., Gilmore Property Marketing Associates, Inc., First Centro, Inc., Valle Verde Properties, Inc., Lucky Chinatown Cinemas, Inc., McKinley Cinemas, Inc., Uptown Cinemas, Inc., Mactan Oceanview Properties and Holdings, Inc. and New Town Land Partners, Inc. He also serves as Treasurer of publicly-listed Empire East Land Holdings, Inc., Adams Properties, Inc. and Townsquare Development, Inc. He is also a Director and Corporate Secretary of Megaworld Land, Inc. Previously, he worked as Analyst Associate in Keppel IVI Investments. Mr. Ng obtained his bachelor's degree in Quantitative Economics from the University of Asia and the Pacific, graduating summa cum laude in 1995.

**Maria Carla T. Uykim**
*Corporate Secretary*

Atty. Uykim is the Corporate Secretary of the Company. She is concurrently the Head of the Corporate Advisory and Compliance of Megaworld Corporation, the Company's Parent and Sponsor, and a member of its Management Executive Committee. She is concurrently the Corporate Secretary of Megaworld San Vicente Coast, Inc., Northwin Properties, Inc. and Maple Grove Land, Inc. and a

Director and Corporate Secretary of Luxury Global Malls, Inc. and Mactan Oceanview Properties and Holdings, Inc. Atty. Uykim was previously an Associate at Andres Marcelo Padernal Guerrero and Paras law offices from August 2005 to April 2007, where she specialized in labor and corporate law, and at ACCRA Law from February 2003 to January 2004, where she practiced immigration law. She also served as Chief of Staff of Congresswoman Remedios L. Petilla from July 2004 until June 2005. Atty. Uykim obtained her Juris Doctor Degree from the Ateneo De Manila School of Law in 2002 and is a graduate of the double degree program of De La Salle University, with a Bachelor of Arts in Psychology and a Bachelor of Science in Marketing Management in 1997.

**Giancarlo V. Inacay**
*Chief Financial Officer*

Mr. Inacay, is the Chief Financial Officer of the Company. He concurrently serves as Compliance Officer. Prior to joining the Company, Mr. Inacay was associated with Whitestone Holdings Inc., Philippines, Bayfront Capital Advisors, Singapore and PwC Philippines. Mr. Inacay graduated from De La Salle University – Manila with a degree in Applied Economics and Business Management.

**Andy Willing Dela Cruz, Jr.**
*Investor Relations Officer*

Mr. Dela Cruz is the Investor Relations Officer of the Company. Mr. Dela Cruz is concurrently the Investor Relations Head of Megaworld Corporation, the Company's Parent and Sponsor. Prior to joining the Megaworld Group, Mr. Dela Cruz held several roles as an Equity Analyst in Philippine Equity Partners (Bank of America Securities), as Institutional Sales and as Senior Analyst in COL Financial Group. Mr. Dela Cruz graduated from Ateneo de Manila University with a degree in BS Management-Honors.

**EXTERNAL AUDIT FEES AND SERVICES**

The external auditors of the Company billed the amounts of Php771,650 for the year ended 2024; Php1,292,500 for the year ended 31 December 2023; Php968,000 for the year ended 31 December 2022, in fees for professional services rendered for the audit of the Company's annual financial statements and services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for 2023 and 2022. The external auditors also billed the Company the amount of Php440,000 for services related to the property-for-shares swap transaction between the Company and Megaworld Corporation in April 2022.

Except as disclosed above, no other services were rendered or fees billed by the external auditors of the Company for the years 2022 and 2021.

The Board of Directors, after consultation with the Audit Committee, recommends to the stockholders the engagement of the external auditors of the Company. The selection of external auditors is made on the basis of credibility, professional reputation, accreditation with the Philippine Securities and Exchange Commission, and affiliation with a reputable foreign partner. The professional fees of the external auditors of the Company are approved by the Company's Audit Committee after approval by the stockholders of the engagement and prior to the commencement of each audit season.

## V. CORPORATE GOVERNANCE

Pursuant to the Company's corporate governance manual, and in compliance with Leading Practices on Corporate Governance, its Board created each of the following committees and appointed Board members thereto.

<u>Audit Committee</u>

The Audit Committee is responsible for ensuring that all financial reports comply with internal financial management and accounting standards, performing oversight financial management functions, preapproving all audit plans, scope and frequency and performing direct interface functions with internal and external auditors. On 7 July 2021, the Board approved the Audit Committee Charter which provide for the purpose, membership, structure, operations, duties and responsibilities of the Audit Committee. The Company's Audit Committee has three members, two of whom are independent directors. An independent director serves as the head of the committee. The membership of the Audit Committee is as follows: Antonio E. Llantada, Jr. as Chairman, and Kevin Andrew L. Tan and Sergio R. Ortiz-Luis, Jr., members.

<u>Corporate Governance Committee</u>

The Corporate Governance Committee is tasked to assist the Board in the performance of its corporate governance responsibilities. It also oversees the implementation, review and periodic evaluation of the corporate governance framework. It also recommends continuing relevant education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance, as well as establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers. It is also responsible for determining the nomination and election process for the Corporation's directors and the general profile of board members and ensures that this process is conducted in accordance with qualifications prescribed by Philippine law and the Company's Manual on Corporate Governance. The membership of the Corporate Governance Committee is as follows: Sergio R. Ortiz-Luis, Jr. as Chairman, and Jesus B. Varela and Antonio E. Llantada, Jr. as members.

<u>Board Risk Oversight Committee</u>

The Board Risk Oversight Committee is responsible for the development, evaluation, and oversight of the Corporation's Enterprise Risk Management system to ensure its functionality and effectiveness. It also advises the Board on its risk appetite levels and risk tolerance limits, and reviews the company's risk appetite levels and risk tolerance limits based on changes and developments in the business. The Company's Board Risk Oversight Committee consists of three members, including at least one independent director. The membership of the Board Risk Oversight Committee is as follows: Jesus B. Varela as Chairman, and Francisco C. Canuto and Sergio R. Ortiz-Luis, Jr. as members.

<u>Related Party Transaction Committee</u>

The Related Party Transaction Committee is responsible for reviewing all material related party transactions of the company to ensure that all transactions involving related parties are conducted in strict adherence to the principle of arm's length dealings and preventing potential conflicts of interests. This Committee shall evaluate on an ongoing basis the existing relations between and among business and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured, and evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms. The Company's Related Party Transaction Committee consists of three members, including at least one independent director. The membership of the Related Party Transaction Committee is as follows: Sergio R. Ortiz-Luis, Jr. as Chairman, and Lourdes T. Gutierrez-Alfonso and Jesus B. Varela as members.

<u>Evaluation System</u>

The Company has designated a Compliance Officer who is tasked with monitoring compliance with the provisions and requirements of its Manual on Corporate Governance. The Compliance Officer has established an evaluation system, patterned after the CG Scorecard of the Institute of Corporate Directors to measure or determine the level of compliance by the Company with its Manual.

The Board conducts an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. It periodically evaluates and monitors the implementation of such policies and strategies, including the business plans and operating budgets and monitor and assess the Management's overall performance based on established performance standards that are consistent with the Company's strategic objectives. The Company has not yet engaged a third party auditor to conduct the assessment.

The Corporate Governance Committee takes into consideration the performance of the directors when it reviews, evaluates, pre-screens and shortlists the nominees of candidates to become a member of the Board of Directors and other appointments requiring Board approval. The performance results are collated from the most recently concluded self-assessment of the Board.

Deviations from Manual and Sanctions Imposed

In 2024, the Company substantially complied with its Manual on Corporate Governance and did not materially deviate from its provisions. No sanctions were imposed on any director, officer or employee on account of non-compliance with the Company's Manual on Corporate Governance.

Plan to Improve Corporate Governance

The Company adopted a Manual of Corporate Governance that is compliant with SEC Memorandum Circular No. 19, Series of 2016. The Company will continue to adopt best practices in Corporate Governance as may be prescribed by the Commission.

## IV. FINANCIAL INFORMATION

**Management's Discussion and Analysis of Results of Operations and Financial Condition**

### Management's Discussion and Analysis of Results of Operations and Financial Condition

**Results of Operations**

*(Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)*

*Review of Six Months ending June 30, 2025 versus Six Months Ending June 30, 2024*

For the six months ended June 30, 2025, the Company's net income rose to Php1,929 million, up from Php1,470 million in the same period last year. This growth was driven by the infusion of newly acquired assets and further supported by well-managed expenses, which helped offset the effects of a temporary decline in occupancy. By reinforcing its core operations and maintaining high-quality service standards, the Company is strengthening its position in the market and building a solid foundation for sustainable growth and long-term success.

**Revenues**

In the first six months of 2025, the Company's total revenue grew by 28% to Php2,702 million, an increase of Php594.3 million from Php2,107 million in the same period of 2024. This robust growth was primarily driven by the infusion of newly acquired assets, which expanded the Company's income-generating portfolio and enhanced overall operational performance. The result underscores the Company's strategic commitment to sustainable expansion and long-term value creation, achieved through proactive asset management and the continuous enhancement of its portfolio.

**Cost and Expenses**

The cost of services increased by 4%, from Php490.7 million in the first six months of 2024 to Php511 million in the same period of 2025, largely reflecting the additional operating expenses from newly acquired properties. Despite this increase, the Company effectively managed and optimized its operational costs through improved cost control measures, streamlined processes, and enhanced efficiencies. These efforts helped ensure that expenses remained well-contained relative to the portfolio's expansion, supporting the Company's strong financial performance during the period.

**Tax Expense**

Tax expense decreased by 31% to Php2.0 million, primarily due to lower final taxes on dividends paid and short-term placements during the period.

| | June 30, 2025 | December 31, 2024 |
|---|---|---|
| Current Ratio[1] | 1.92 | 1.90 |
| Debt to Equity Ratio[2] | 0.11 | 0.14 |
| Net Debt to Equity Ratio[3] | 0.12 | 0.15 |
| Return on Assets[4] | 2.53% | 4.63% |
| Return on Equity[5] | 2.91% | 5.38% |

**1 – Current Assets / Current Liabilities*
**2 – Total Debt / Equity (Total debt includes interest bearing loans and borrowings and bonds payable)*
**3 – Net Debt / Equity (Net debt is total debt less cash and cash equivalents)*
**4 – Net Profit / Average Total Assets*
**5 – Net Profit / Average Equity*

- Due to the Company's sound financial condition, there is no foreseeable trend or event which may have a material impact on its short-term or long-term liquidity.
- Funding will be sourced from internally-generated funds and/or bank loans.
- There is no known trend, event or uncertainty that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.
- There is no known significant element of income or loss that did not arise from the Company's continuing operations, except as disclosed above and in the attached financial statements.
- There have not been any seasonal aspects that had a material effect on the financial condition or results of the Company's operations.
- There were no known events and uncertainties that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.

*Material Changes in the Financial Statements*

***(Increase/decrease of 5% or more)***

**Statement of Income (June 30, 2025 vs June 30, 2024)**

| Item | June 30, 2025 | Increase/ Decrease | % Change | Causes |
|---|---|---|---|---|
| Rental income | 2,044,125,508 | 412,157,493 | 25% | The increase was primarily driven by the infusion of six newly acquired assets. |
| Income from dues - net | 657,697,232 | 182,239,422 | 38% | |
| Other operating expenses | 23,561,207 | (2,626,711) | -10% | The reduction in costs was mainly due to a one-time transaction-related expense. |
| Interest expense | 259,437,724 | (108,899,648) | 72% | The increase in interest expenses was attributed to the upward repricing of loan interest rates. |
| Interest income | 23,526,709 | (9,485,943) | -29% | The decline was primarily driven by interest income generated from the rollover of short-term placements. |
| Miscellaneous income | 2,053,295 | (943,002) | -31% | The decrease was driven by the collection of penalties and a one-time rental income from tenants. |

| | | | | |
|---|---|---|---|---|
| TAX INCOME (EXPENSE) | 4,427,910 | 1,981,895 | -31% | The decrease was due to lower final tax expenses and higher interest income from short-term placements during the period. |

There are no other significant changes in the Group's financial position (5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would have impact or change the reported financial information and condition on the Group.

***Review of Twelve Months ending 31 December 2024 versus Twelve Months Ending 31 December 2023***

The Company's net income saw a substantial increase, reaching Php3,973.9 million for the fiscal year ending December 31, 2024, compared to Php168.3 million in the same period last year. This remarkable growth reflects the company's strategic initiatives and asset expansion efforts. After adjusting for fair value gains or losses and other non-cash accounting items, the Company's distributable income also demonstrated strong growth, rising to Php3,178.3 million from Php2,844.1 million in the prior year. This increase was primarily driven by the recognition of newly infused assets in Q4 2024, which contributed to higher rental revenues and improved operational efficiencies. The significant year-over-year improvement highlights the Company's continued efforts to enhance its asset portfolio, optimize income-generating properties, and deliver sustained value to its stakeholders.

**Revenues**

Rental income increased to Php3,464.1 million from Php3,223.4 million, while net income from dues grew to Php1,049.3 million from Php933.1 million in the same period last year. These gains were driven by the recognition of newly infused assets in Q4 2024, specifically six (6) prime, Grade A office buildings added to the Company's portfolio.

**Cost and Expenses**

Cost of services increased to Php978.3 million from Php940.6 million, driven by the addition of six newly infused assets. Meanwhile, other operating expenses rose to Php92.5 million from Php62.2 million, primarily due to a one-time expense related to regulatory requirements for the property share swap.

Fair value gains on investment properties of Php790.4 million was recognized this year, driven by the same factors mentioned above. In contrast, the previous year saw a fair value loss of Php2,732.2 million.

Interest expenses declined slightly to Php304.4 million from Php306.9 million in the previous year.

**Tax Expense**

Tax expense declined by 24% to Php9.6 million, mainly due to lower final taxes from decreased interest income on the Company's rolled-over short-term placements.

The top five (5) key performance indicators of the Company are shown below:

| | **31 December 2024** | **31 December 2023** |
|---|---|---|
| Current Ratio[1] | 1.85 | 1.90 |
| Debt to Equity Ratio[2] | 0.11 | 0.14 |
| Net Debt to Equity Ratio[3] | 0.12 | 0.15 |
| | **31 December 2024** | **31 December 2023** |
| Return on Assets[4] | 4.63% | 0.28% |
| Return on Equity[5] | 5.38% | 0.33% |

**1 – Current Assets / Current Liabilities*
**2 – Total Debt / Equity (Total debt includes interest bearing loans and borrowings and bonds payable)*
**3 – Net Debt / Equity (Net debt is total debt less cash and cash equivalents)*

**4 – Net Profit / Average Total Assets*
**5 – Net Profit / Average Equity*

- Due to the Company's sound financial condition, there is no foreseeable trend or event which may have a material impact on its short-term or long-term liquidity.
- Funding will be sourced from internally-generated funds and/or bank loans.
- There is no material commitment for capital expenditures other than those performed in the ordinary course of trade or business.
- There is no known trend, event or uncertainty that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.
- There is no known significant element of income or loss that did not arise from the Company's continuing operations, except as disclosed above and in the attached financial statements.
- There have been no seasonal aspects that had a material effect on the financial condition or results of the Company's operations.
- There were no known events and uncertainties that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.

*Material Changes in the Financial Statements*

***(Increase/decrease of 5% or more)***

**Statement of Financial Position (31 December 2024 vs 31 December 2023)**

| Item | 31 December 2024 | Increase/ Decrease | % Change | Causes |
|---|---|---|---|---|
| Cash and cash equivalents | 2,025,255,093 | 346,343,047 | 21% | Increased by 21%, principally through to greater cash inflows from the Company's operations. |
| Trade and other receivables | 389,032,440 | 67,788,145 | 21% | Increase due to the assignment of receivables and security deposits. Advance rents resulting from the infusion of an extra six (6) offices assets included in the Property for "A share swap transaction" |
| Other current assets | 328,418,809 | 66,825,428 | 26% | Increased due to the received creditable withholding tax certificates alongside other taxes that was incurred for the year. |
| Investment properties | 72,922,717,200 | 13,941,917,200 | 24% | Increased due to the infusion of an extra six (6) offices assets included in the Property for "A share swap transaction" |
| Other non-current assets | 224,237,781 | 145,689,803 | 185% | Increased due to the additional projects which pertains to the building improvements and maintenance. |
| Other Liabilities | 1,782,471,224.75 | 462,290,077.07 | 35% | Increase which is due to a growth in fund and property management fees, and other payables such as trade, output VAT, and delayed output VAT outlay connected to the addition |

| | | | | |
|---|---|---|---|---|
| | | | | of the six (6) office assets during the period. |
| Capital stock | 3,721,983,381.00 | 926,162,000.00 | 33% | Increase resulted from the inclusion of six (6) office assets as part of the Property for Share Swap transaction. The SEC released its certification of valuation for the properties on October 2024, which triggered the issuance of new shares and the infusion of stated assets. |
| Additional Paid In Capital | 64,797,000,097.29 | 12,014,186,212.29 | 23% | |
| Retained earnings (deficit) | (2,229,316,774.45) | 1,210,759,577.13 | -36% | Decreased due to non-cash component on fair value losses. |

**Statement of Income (31 December 2024 vs 31 December 2023)**

| Item | 31 December 2024 (12 Months) | Increase/ Decrease | % Change | Causes |
|---|---|---|---|---|
| Rental income | 3,464,129,798.22 | 240,747,083.24 | 7% | The increase in revenue is attributed to the recognition of increased income from the six (6) office properties injected during the fourth quarter. |
| Income from dues - net | 1,049,348,193.75 | 116,226,441.61 | 12% | |
| Operating expense | 92,504,316.45 | 30,307,372.76 | 49% | The increase is primarily due to payment of fees from the SEC and PSE in relation to the Property for Share Swap transaction as well as expenses from the newly injected properties. |
| Miscellaneous income | 540,773,325.11 | 3,513,581,489.07 | -118% | Increase due to the collection of penalties and non-recurring rental income from tenants. |

There are no other significant changes in the Company's financial position (5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would have impact or change the reported financial information and condition on the Company.

***Review of Three Months ending March 31, 2024 versus Three Months Ending March 31, 2023***

In the three months ended March 31, 2024, the Company saw a decrease in net income to Php733 million from Php730 million in the same period last year. The increase in performance was primarily attributed to the stable occupancy of the Company, continued rental escalation, and increase in CUSA rates.

**Revenues**

Total revenue grew by 4% or Php21 million to Php1,076 million in the first quarter of 2023 from Php1,035 million in the first quarter of 2022. The increase in performance was primarily attributed to the stable occupancy of the Company, continued rental escalation, and increase in CUSA rates.

**Cost and Expenses**

The cost of services also grew by 26% from Php217 million during the first quarter of 2023 to Php273million in the first quarter of 2024. The increase in costs of services, driven by increases in professional fees, repairs, maintenance, and supplies, highlight a significant investment in infrastructure upkeep and enhancement.

Other operating expenses decreased by 41% due to the reduction in costs from one-time expenditures.

**Tax Expense**

Tax expense increased by 115% to Php1.9 million. The increase is primarily due to the higher final tax expenditure and increased interest expense gained from short-term placements in the current period.

| | 31 March 2024 | 31 December 2023 |
|---|---|---|
| Current Ratio[1] | 1.45 | 1.9 |
| Debt to Equity Ratio[2] | 0.14 | 0.14 |
| Net Debt to Equity Ratio[3] | 0.15 | 0.15 |
| Return on Assets[4] | 1.18% | 0.28% |
| Return on Equity[5] | 1.40% | 0.33% |

**1 – Current Assets / Current Liabilities*
**2 – Total Debt / Equity (Total debt includes interest bearing loans and borrowings and bonds payable)*
**3 – Net Debt / Equity (Net debt is total debt less cash and cash equivalents)*
**4 – Net Profit / Average Total Assets*
**5 – Net Profit / Average Equity*

- Due to the Company's sound financial condition, there is no foreseeable trend or event which may have a material impact on its short-term or long-term liquidity.
- Funding will be sourced from internally-generated funds and/or bank loans.
- There is no material commitment for capital expenditures other than those performed in the ordinary course of trade or business.
- There is no known trend, event or uncertainty that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.
- There is no known significant element of income or loss that did not arise from the Company's continuing operations, except as disclosed above and in the attached financial statements.
- There have been no seasonal aspects that had a material effect on the financial condition or results of the Company's operations.
- There were no known events and uncertainties that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.

**Material Changes in the Financial Statements**

(Increase/decrease of 5% or more)

**Statement of Financial Position (31 March 2024 vs 31 December 2023)**

| Item | 31 March 2024 | Increase/ Decrease | % Change | Causes |
|---|---|---|---|---|
| Cash and cash equivalents | 2,078,303,448 | 399,391,402 | 24% | Increase is primarily due to cash generated by the undistributed income over the past quarters |

| | | | | |
|---|---|---|---|---|
| Trade and other receivables | 707,189,548 | 255,922,947 | 57% | The rise in trade receivables is primarily attributable to the inclusion of newly recognized lease agreements during the current quarter. |
| Other non-current assets | 337,216,064 | 75,622,683 | 29% | Php55.84M of the increase in other current assets is attributable to additional balance of prepaid expenses which is composed of prepayments amounting to Php38M relating to business and real property taxes that will be amortized in the current year and the recognized input tax of Php9.1M as of end of quarter. Further, we also have additional provision of Php11.6M creditable withholding tax and Php9.5M deferred input tax earned in the current quarter. |
| Other Non-current assets | 112,181,353 | 33,633,375 | 43% | Upward movement of other noncurrent assets is mainly due to the payment of additional Php19.8M security deposit in relation to the contract of lease with Megaworld Corp. for the four additional properties injected in 2023. The Company also recognize additional cost of Php14.13M of on-going building enhancements and improvements for the current quarter. |
| Accounts and other payables | 1,613,998,730 | 828,316,370 | 105% | The increase in accounts and other payables is triggered by the Company's dividend declaration in March 2024 with dividend payment date of April 5, 2024. Further, the company recognize additional trade payables in 1Q2024 due to ongoing building enhancement projects. |
| Deposits and other liabilities | 1,209,711,400 | (110,469,747) | -8% | The decrease is attributable to the reduction in security deposits and advance rental payments from pre terminated contracts, as well as adjustments made due to the renewal of tenant contracts. |

**Statement of Income (March 31, 2024 vs March 31, 2023)**

| Item | 31 March 2024 | Increase/ Decrease | % Change | Causes |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| Income from dues - net | 239,264,091 | 14,852,983 | 7% | The increase is primarily driven by the increase in rates within the Common Use Service Area (CUSA), which became effective at the beginning of this year. |
| Cost of Services | 273,382,353 | 56,078,753 | 26% | The increase in costs across professional fees, repairs and maintenance, and supplies and materials indicate a significant expense in maintaining and enhancing infrastructure. |
| Other operating expenses | 11,896,218 | (8,301,061) | -41% | The decrease in costs is primarily attributed to a onetime transaction expense. |
| Interest income | 18,839,602 | 9,973,375 | 112% | The increase is due to the interest collected from rolled-over short-term placements. |
| Miscellaneous income | 972,668 | 887,847 | 1047% | The increase is attributed to the collection of penalties and nonrecurring rental income from tenants. |
| Tax income (expenses) | (3,674,658) | (1,963,007) | 115% | The increase is due to the higher final tax expenditure and elevated interest expense generated from short-term placements in the current period. |

There are no other significant changes in the Group's financial position (5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would have impact or change the reported financial information and condition on the Group.

***Review of Twelve Months ending 31 December 2023 versus Twelve Months Ending 31 December 2022***

The Company's net income increased to Php168.3 million for the fiscal year ending 31 December 2023, from a net loss of Php176.6 million in the same period the previous year. In both periods, fair value loss was recognized driving down the net income of the Company. Adding back the fair value loss and removing other non-cash accounting adjustments, the distributable income of the company increased to 2.844.1 million from 2.562.2 million in the same period the previous year. The increase was primarily driven by the recognition of income from four (4) additional prime, grade A office buildings located in PEZA-registered zones.

**Revenues**

Rental income grew to Php3,223 million from Php2,918 million while income from dues – net grew to Php933 million from 731 million in the same period last year. Both increases are attributable to the full year recognition of income in the current year from the four (4) additional prime, Grade A office buildings that the Company owns.

**Cost and Expenses**

Cost of services also grew to Php940 million from Php676 million, while other operating expenses grew to Php62 million from Php38 million, in the same period last year as a result of the full year recognition of expenses for the operation of the four (4) additional office buildings.

A fair value loss of Php2,732 million was also recorded this year for the reason stated above. In the same period last year, a total fair value gain of Php2,822 million was recorded arising from upward adjustments in the appraisal of the Company's investment Properties.

Interest expenses also decreased slightly to Php306 million from Php309 million the previous year.

**Tax Expense**

Tax expense increased by 189% to Php12.6 million due to the higher final taxes arising from the higher interest income generated from the Company's rolled over short-term placement.

The top five (5) key performance indicators of the Company are shown below:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Current Ratio[1] | 1.90 | 2.52 |
| Debt to Equity Ratio[2] | 0.14 | 0.15 |
| Net Debt to Equity Ratio[3] | 0.15 | 0.15 |
| | **31 December 2023** | **31 December 2022** |
| Return on Assets[4] | 0.28% | -0.30% |
| Return on Equity[5] | 0.33% | -0.35% |

**1 – Current Assets / Current Liabilities*
**2 – Total Debt / Equity (Total debt includes interest bearing loans and borrowings and bonds payable)*
**3 – Net Debt / Equity (Net debt is total debt less cash and cash equivalents)*
**4 – Net Profit / Average Total Assets*
**5 – Net Profit / Average Equity*

- Due to the Company's sound financial condition, there is no foreseeable trend or event which may have a material impact on its short-term or long-term liquidity.
- Funding will be sourced from internally-generated funds and/or bank loans.
- There is no material commitment for capital expenditures other than those performed in the ordinary course of trade or business.
- There is no known trend, event or uncertainty that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.
- There is no known significant element of income or loss that did not arise from the Company's continuing operations, except as disclosed above and in the attached financial statements.
- There have not been any seasonal aspects that had a material effect on the financial condition or results of the Company's operations.
- There were no known events and uncertainties that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.

*Material Changes in the Financial Statements*

***(Increase/decrease of 5% or more)***

**Statement of Financial Position (31 December 2023 vs 31 December 2022)**

| Item | 31 December 2023 | Increase/ Decrease | % Change | Causes |
|---|---|---|---|---|
| Cash and cash equivalents | 1,678,912,046 | 298,385,986 | 22% | Increased by 22%, principally through to greater cash inflows from the Company's operations during the first half of 2023. |
| Trade and other receivables | 451,266,601 | 141,425,570 | 46% | Increase due to the assignment of receivables and security deposits. Advance rents |

| | | | | |
|---|---|---|---|---|
| | | | | resulting from the infusion of an extra four (4) offices assets included in the Property for "A share swap transaction" |
| Other non-current assets | 78,547,978 | -14,092,636 | -15% | Decreased due to the completion of construction in process for building renovations. |
| Accounts and other payables | 785,682,360 | 291,694,037 | 59% | Increase which is due to a growth in fund and property management fees, and other payables such as trade, output VAT, and delayed output VAT outlay connected to the addition of the four (4) office assets during the period.<br><br>Increase resulted from the inclusion of four (4) office assets as part of the Property for Share Swap transaction. The SEC released its certification of valuation for the properties on March 23, 2023, which triggered the issuance of new shares and the infusion of stated assets. |
| Capital stock | 2,795,821,381 | 263,700,000 | 10% | |
| Additional Paid In Capital | 52,782,813,885 | 4,875,347,850 | 10% | |
| Retained earnings (deficit) | -3,440,076,347 | -2,518,718,024 | 273% | Decreased due to non-cash component on fair value losses. |

**Statement of Income (31 December 2023 vs 31 December 2022)**

| Item | 31 December 2023 (12 Months) | Increase/ Decrease | % Change | Causes |
|---|---|---|---|---|
| Rental income | 3,223,382,715 | 305,597,030 | 10% | The increase in revenue is attributed to the recognition of increased income from the four (4) office properties injected during the first quarter. |
| Income from dues – net | 933,121,752 | 202,140,179 | 28% | |
| Cost of services | 940,568,965 | 264,357,772 | 39% | |
| Other operating expenses | 62,196,945 | 24,796,662 | 66% | The increase is primarily due to payment of fees from the SEC and PSE in relation to the Property for Share Swap transaction. |

| | | | | |
|---|---|---|---|---|
| Interest income | 64,685,771 | 41,643,448 | 181% | Increase due to higher interest collected from short term placements. |
| Miscellaneous income | 1,686,743 | 998,726 | 145% | Increase due to the collection of penalties and non-recurring rental income from tenants. |
| Tax income (expenses) | - 12,586,537 | -8,237,702 | 189% | The increase is attributable to increased final tax expenditure, as well as higher interest revenue obtained from short-term placements during the current period. |

There are no other significant changes in the Group's financial position (5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would have impact or change the reported financial information and condition on the Company.

***Review of Twelve Months ending December 31, 2022 versus Twelve Months Ending December 31, 2021***

The Company saw its net income decline from Php2,014 million in the twelve months ending December 31, 2021 to a net loss of Php177 million in the same period this year. The decline was mainly driven by the fair value loss recorded in the current year arising from the downward adjustment in the appraisal of the Company's investment properties. The downward adjustment came about as a result of the rising interest rates which is a key input in the income approach used in the appraisal of the properties.

**Revenues**

Rental income grew to Php2,918 million from Php1,393 million while income from dues – net grew to Php731 million from 295 million in the same period last year. Both increases are attributable to the full year recognition of income in the current year from the fourteen (14) Prime, Grade A office buildings that the Company owns.

**Cost and Expenses**

Cost of services also grew to Php676 million from Php243 million, while other operating expenses grew to Php38 million from Php28 million, in the same period last year as a result of the full year recognition of expenses for the operation of the 14 office buildings.

A fair value loss of Php2,822 million was also recorded this year for the reason stated above. In the same period last year, a total fair value gain of Php943 million was recorded arising from upward adjustments in the appraisal of the Company's investment Properties.

Interest expense also rose to Php309 million from Php24 million in the previous year due to the interest-bearing loan secured by the Company to finance the acquisition of additional four (4) office assets on December 21, 2021.

**Tax Expense**

Tax expense declined to (Php0.5 million) from Php100 million in the same period last year due to the one time recognition of deferred tax income in the prior year.

*Financial Condition as of the end of December 31, 2022*

The Company maintains a prudent financial policy and has a healthy balance sheet to support its financial and operational requirements. As of December 31, 2022, the Company's total assets stand at Php58.5 billion, a 3.9% decrease from the previous period arising from the adjustment in appraisal of the Company's properties.

The Company's total current assets now stand Php1,913 million compared to Php1,493 million in December 31, 2021. The change was driven by an increase in the company's trade and other receivables.

Interest bearing loans, net of capitalized transaction costs, remain at Php7.2 billion as of December 31, 2022, arising from the term loan obtained from a local bank to partially finance the acquisition of the four office assets.

The top five (5) key performance indicators of the Company are shown below:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Current Ratio[1] | 2.52 | 3.43 |
| Debt to Equity Ratio[2] | 0.15 | 0.14 |
| Net Debt to Equity Ratio[3] | 0.15 | 0.14 |
| | **December 31, 2022** | **December 31, 2021** |
| Return on Assets[4] | -0.30% | 3.57% |
| Return on Equity[5] | 0.35% | 3.91% |

**1 – Current Assets / Current Liabilities*
**2 – Total Debt / Equity (Total debt includes interest bearing loans and borrowings and bonds payable)*
**3 – Net Debt / Equity (Net debt is total debt less cash and cash equivalents)*
**4 – Net Profit / Average Total Assets*
**5 – Net Profit / Average Equity*

- Due to the Company's sound financial condition, there is no foreseeable trend or event which may have a material impact on its short-term or long-term liquidity.
- Funding will be sourced from internally-generated funds and/or bank loans.
- There is no material commitment for capital expenditures other than those performed in the ordinary course of trade or business.
- There is no known trend, event or uncertainty that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.
- There is no known significant element of income or loss that did not arise from the Company's continuing operations, except as disclosed above and in the attached financial statements.
- There have not been any seasonal aspects that had a material effect on the financial condition or results of the Company's operations.
- There were no known events and uncertainties that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.

*Material Changes in the Financial Statements*

***(Increase/decrease of 5% or more)***

**Statement of Financial Position (December 31, 2022 vs December 31, 2021)**

| Item | Dec. 31, 2021 | Increase/ Decrease | % Change | Causes |
|---|---|---|---|---|
| Trade and other receivables | 309,841,031 | 165,163,355 | 114% | Increase due to a combination of increase in accrued receivables arising from straight-line method recognition of |

| | | | | |
|---|---|---|---|---|
| | | | | rental income and increase in billed receivables which are generally collectible on a 30-<br>day term |
| Other current assets | 268,309,116 | 197,046,765 | 277% | Increase due to additional creditable withholding taxes and prepaid expenses |
| Other noncurrent assets | 92,640,614 | 38,198,685 | 70% | Increase is due to the additional security deposit paid for the additional assets |
| Accounts and other payables | 493,988,323 | 321,796,980 | 187% | Increase due to rise in fund and property management fees that are payable annually and quarterly, respectively |
| Retained earnings | -921,358,323 | -2,643,092,985 | -154% | Decrease due to recognition of fair value losses from adjustment in the appraisal of the Company's investment properties |

**Statement of Income (December 31, 2022 vs December 31, 2021)**

| Item | Dec. 31, 2022 (12 Months) | Increase/ Decrease | % Change | Causes |
|---|---|---|---|---|
| Rental income | 2,917,785,685 | 1,525,243,792 | 110% | Increase due to full year recognition of revenues and expenses from the Company's fourteen (14)<br>buildings |
| Income from dues - net | 730,981,573 | 435,614,410 | 147% | |
| Cost of services | 675,974,769 | 432,517,562 | 178% | |
| Other operating expenses | 37,636,707 | 9,244,646 | 33% | |
| Fair value gains on investment properties | -2,822,000,000 | -3,764,592,380 | -399% | Decrease due to nonrecurring downward adjustment in the fair value of the Company's investment properties for the year current reporting period. In the previous year, a nonrecurring upward adjustment was recognized in the fair value of the Company's investment properties |
| Interest Expense | 309,090,834 | 282,854,303 | 1078% | Increase primarily due to the interest |

| | | | | |
|---|---|---|---|---|
| | | | | payments and accruals arising from the Php7.25 billion interest bearing loan obtained by the Company in December 2021 |
| Interest Income | 23,042,323 | 14,030,848 | 156% | Increase due to interest earned over the full year from short term placements |
| Miscellaneous income | 688,017 | 688,017 | N/A | Increase due to collection of penalties and non-recurring rental related income from tenants in the current year |
| Tax Income (expense) | -4,348,835 | -103,928,787 | -104% | Decrease is due to the deferred tax income recognized in the prior year. The Company availed of tax incentives available under the REIT Act, thus no deferred taxes were recognized on temporary differences as of the current year. |

There are no other significant changes in the Group's financial position (5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would have impact or change the reported financial information and condition on the Group.

***Review of Six Months ending December 31, 2021 versus Six Months Ending June 30, 2021***

In the six months ending December 31, 2021, the Company saw an increase in its net income by 519% to Php2,014 million from Php325.5 million in the previous period. The increase was mainly driven by increase in rental revenues from the acquisition of the initial ten buildings, in exchange for shares of stock in the Company (the Initial Properties), in June 2021.

In December 2021, the Company also acquired four prime office assets from Megaworld for a consideration amounting to Php9,116 million, namely World Finance Plaza in McKinley Hill, Two Techno Place, Three Techno Place, and One Global Center in Iloilo Business Park which started contributing to the Company's income towards the end of the period.

**Revenues**

Revenues, primarily from rental income, grew by 543% to Php1,461 million from Php227 million for the same reason above. Total costs and expenses likewise grew by 493% to Php233 million from Php39.2 million.

**Cost and Expenses**

Cost of services also grew to Php132.3 million from nil in the same period last year for the same reason mentioned above.

**Other Income and Expenses**

Meanwhile, other income and charges – net grew by 187% to Php687 million from Php239 million due mainly to the recognition of the fair value gain arising from the re-appraisal of the Initial Properties pursuant to the requirements under the REIT Law and the Revised REIT IRR.

*Financial Condition as of the end of December 31, 2021*

The Company maintains a prudent financial policy and has a healthy balance sheet to support its financial and operational requirements. As of December 31, 2021, the Company's total assets stand at Php60.9 billion, a 17% increase from the previous period.

The Company's total current assets now stand Php1,493 million compared to Php2,319 million in June 30, 2021. The change was driven by the utilization of the Company's cash balance to partially fund its acquisition of the four office assets in December 2021 to improve the Company's productive use of its resources.

Interest bearing loans, net of capitalized transaction costs, now stand at Php7.2 billion as of December 31, 2021, arising from the term loan secured from a local bank to partially finance the acquisition of the four office assets.

The top five (5) key performance indicators of the Company are shown below:

| | December 31, 2021 | June 30, 2021 |
|---|---|---|
| Current Ratio[1] | 3.43 | 9.51 |
| Debt to Equity Ratio[2] | 0.14 | - |
| Net Debt to Equity Ratio[3] | 0.14 | - |
| Return on Assets[4] | 3.57% | 1.26% |
| Return on Equity[5] | 3.91% | 1.28% |

**1 – Current Assets / Current Liabilities*
**2 – Total Debt / Equity (Total debt includes interest bearing loans and borrowings and bonds payable)*
**3 – Net Debt / Equity (Net debt is total debt less cash and cash equivalents)*
**4 – Net Profit / Average Total Assets*
**5 – Net Profit / Average Equity*

- Due to the Company's sound financial condition, there is no foreseeable trend or event which may have a material impact on its short-term or long-term liquidity.
- Funding will be sourced from internally-generated funds and/or bank loans.
- There is no material commitment for capital expenditures other than those performed in the ordinary course of trade or business.
- There is no known trend, event or uncertainty that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.
- There is no known significant element of income or loss that did not arise from the Company's continuing operations, except as disclosed above and in the attached financial statements.
- There have not been any seasonal aspects that had a material effect on the financial condition or results of the Company's operations.
- There were no known events and uncertainties that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.

*Material Changes in the Financial Statements*

***(Increase/decrease of 5% or more)***

**Statement of Financial Position (December 31, 2021 vs June 30, 2021)**

| Item | Dec. 31, 2021 | Jun. 30, 2021 | Increase/ Decrease | % Change | Causes |
|---|---|---|---|---|---|
| Cash and cash equivalent | 1,333,805,607 | 2,308,916,531 | (975,110,924) | -42% | Decrease due to the utilization of the Company's cash balance to partially fund its acquisition of the four office assets in December 2021 |
| Trade and other receivables | 144,677,676 | 21,639,741 | 123,037,935 | 569% | Increase due to a combination of increase in accrued receivables arising from straight-line method recognition of rental income and increase in billed receivables which are generally collectible on a 30- day term |
| Other current assets | 71,262,351 | 1,194,220 | 70,068,131 | 5,867% | Increase in creditable withholding taxes and prepaid expenses |
| Investment properties | 59,261,000,000 | 49,443,000,000 | 9,818,000,000 | 20% | Increase due to the acquisition of the four office assets in December 2021 and increase in value from the reappraisal of assets |
| Accounts and other payables | 172,191,343 | 63,879,299 | 108,312,044 | 170% | Increase due to the commencement of Fund Manager and Property Manager services whose fees are payable annually and quarterly respectively |
| Interest bearing loans | 7,195,789,259 | - | 7,195,789,259 | N/A | Increase due to the interest-bearing loan secured from a local bank to partially finance the acquisition of |

| | | | | | |
|---|---|---|---|---|---|
| | | | | | the four office assets |
| Deposit and other liabilities | 1,335,884,883 | 909,810,575 | 426,074,308 | 47% | Increase due to assumption of security deposit and advance rent liabilities arising from the assignment of leases from the acquisition in December 2021 |
| Deferred tax liabilities | - | 101,168,724 | (101,168,724) | -100% | Reversal of deferred tax liabilities |
| Retained earnings | 1,721,734,662 | 315,227,607 | 1,406,507,055 | 446% | Represents net profit for the period net of dividends declared |

**Statement of Income (December 31, 2021 vs June 30, 2021)**

| Item | Dec. 31, 2021 (Six Months) | Jun. 30, 2021 (Six Months) | Increase/ Decrease | % Change | Causes |
|---|---|---|---|---|---|
| Rental income | 1,197,497,661 | 195,044,232 | 1,002,453,429 | 514% | Increase due to recognition of income from the Initial Properties which were acquired June 2021 |
| Income from dues - net | 263,215,987 | 32,151,176 | 231,064,811 | 719% | |
| Cost of services | 222,987,792 | 20,469,415 | 202,518,377 | 989% | |
| Other operating expenses | 9,630,912 | 18,761,149 | (9,130,237) | -49% | Decrease due to onetime DST payment in the six months ending June 30, 2021 which is no longer and expense in the six months ending December 31, 2021 |
| Interest expense | 23,833,140 | 2,403,391 | 21,429,749 | 892% | Increase mainly due to the accrual of interest from the interest-bearing loan secured in December 2021 |
| Interest income | 8,374,430 | 637,045 | 7,737,385 | 1215% | Increase due to higher interest income earned from short-term placements |
| Fair value gains on investment properties | 702,000,000 | 240,592,380 | 461,407,620 | 192% | Increase due to the recognition of the fair value gain arising from the re-appraisal of the Initial Properties pursuant to the requirements under |

| | | | | | |
|---|---|---|---|---|---|
| | | | | | the REIT Law and the Revised REIT IRR |
| Tax Income (expense) | 99,579,952 | (101,284,451) | (200,864,403) | -198% | Increase due to the reversal of deferred tax expense |

**Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

There are no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Company.

**Section 49 of the Revised Corporation Code**

In compliance with Section 49 of the Revised Corporation Code, a copy of the Minutes of the previous annual stockholders' meeting is attached herein as **Annex "B"**.

The attendance of the directors at the meetings of the Board of Directors for the year 2024 is as follows:

| Name | No. of Meetings held during the year | No. of Meetings Attended | Percentage of Attendance |
|---|---|---|---|
| Francisco C. Canuto | 9 | 9 | 100% |
| Kevin Andrew L. Tan | 9 | 9 | 100% |
| Katherine L. Tan | 9 | 9 | 100% |
| Lourdes T. Gutierrez-Alfonso | 9 | 9 | 100% |
| Antonio E. Llantada, Jr. | 9 | 9 | 100% |
| Jesus B. Varela | 9 | 9 | 100% |
| Sergio R. Ortiz-Luis, Jr. | 9 | 9 | 100% |

The Company adopts a policy of full disclosure with regard to related party transactions. All terms and conditions of related party transactions are reported to the Board of Directors. The Company ensures that the transactions are entered on terms comparable to those available from unrelated third parties. Disclosure of relationship or association is required to be made before entering into transaction. None of the Corporation's directors and officers have entered into self-dealing and related party transactions with or involving the Corporation in 2020, 2021, 2022, 2023 and 2024.

**The Company undertakes to provide, without charge, each stockholder a copy of its annual report on SEC Form 17-A and SEC Form 17-Q for the First and Second Quarters of 2025, upon written request addressed to MREIT, Inc., Attention: The Corporate Secretary, 30th Floor, Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City 1634.**

**ANNEX "A"**

M·REIT
A MEGAWORLD COMPANY

**Procedures and Requirements for Voting and Participation in the 2025 Annual Stockholders' Meeting**

Pursuant to Article 2, Sections 5 and 7 of the Company's Amended By-Laws, Sections 23 and 57 of the Revised Corporation Code, and SEC Memorandum Circular No. 06, Series of 2020 allowing voting through remote communication or in absentia, MREIT, Inc. (the "Company") will dispense with the physical attendance of its stockholders for the 2025 Annual Stockholders' Meeting ("Annual Meeting"). Instead, the Company will conduct the Annual Meeting scheduled on **29 September 2025** at **2:00 P.M.** by remote communication and will conduct electronic voting *in absentia*.

Only stockholders of record as of 29 August 2025 are entitled to participate and vote in the Annual Meeting.

The Company has adopted the following procedures and requirements to enable its stockholders to participate and vote in the Annual Meeting.

## I. ONLINE REGISTRATION STEPS AND REQUIREMENTS

A. Stockholders may register from 9:00 AM of 03 September 2025 until 5:00 PM of 12 September 2025 to signify his/her/its intention to participate in the Annual Meeting by remote communication. The registration steps and requirements are available on the Company's website: https://mreit.com.ph/asm2025.

B. To register, stockholders shall submit the following requirements to the Office of the Corporate Secretary via email at compliance@mreit.com.ph.

B.1 For Individual Stockholders –

(i) Scanned copy of stock certificate issued in the name of the individual stockholder;
(ii) Valid email address and active contact number;
(iii) Scanned copy of valid government-issued identification card; and
(iv) Recent photo of stockholder.

B.2 For Stockholders with Joint Accounts –

(i) Authorization letter signed by all stockholders indicating the name of the person authorized to cast the votes;
(ii) Scanned copy of stock certificate issued in the name of the joint stockholders;
(iii) Valid email address and active contact number of the authorized stockholder;
(iv) Scanned copy of valid government-issued identification card of the authorized stockholder; and
(v) Recent photo of the authorized stockholder.

B.3 For Stockholders under PCD Participant/Brokers Account or holding 'Scripless Shares'-

(i) Stockholders should coordinate with their broker and request for the full account name and reference number or account number they provided the Company;
(ii) Broker's Certification on the stockholder's number of shareholdings;
(iii) Valid email address and active contact number of the stockholder;
(iv) Scanned copy of valid government-issued identification card of stockholder; and
(v) Recent photo of stockholder.

B.4 For Corporate Stockholders –

(i) Secretary's Certificate attesting to the authority of the representative to vote the shares on behalf of the corporate stockholder;
(ii) Scanned copy of stock certificate issued in the name of the corporate stockholder;
(iii) Valid email address and active contact number of authorized representative;
(iv) Valid government-issued identification card of authorized representative; and
(v) Recent photo of stockholder.

C. The documents submitted will then be verified by the Office of the Corporate Secretary. The validation process will be completed by the Company no later than three (3) business days from the stockholder's receipt of an email from the Company acknowledging receipt of the stockholder's registration documents. Once validated, the stockholder will receive an email that his/her/its account has been verified and shall provide instructions for the stockholder's access to the Company's electronic voting and to access the Annual Meeting live streaming link.

## II. ELECTRONIC VOTING IN ABSENTIA

A. Duly registered stockholders have the option to vote for the matters contained in the agenda for the Annual Meeting through electronic voting in absentia. The deadline for registration is 5:00 PM on 12 September 2025. Beyond this date, stockholders may no longer avail of the option to electronically vote *in absentia.*

B. After verification, the Company shall send a ballot to the registered stockholder through his/her/its e-mail address which shall contain all the agenda items for approval as indicated in the Notice of Meeting and the registered stockholder may vote as follows:

(1) For items other than Election of Directors, the registered stockholder has the option to vote: In Favor of, Against, or Abstain. The vote is considered cast for all the registered stockholder's shares.

(2) For the Election of Directors, the registered stockholder may vote for all nominees, not vote for any of the nominees, or vote for some nominees only, in such number of shares as preferred by the stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected. The total number of votes the stockholder is allowed to cast shall be based on the number of shares he/she or it owns.

(3) Once voting on the agenda items is finished, the stockholder can proceed to submit the accomplished ballot via email to compliance@mreit.com.ph.

(4) After the ballot has been submitted, the stockholder may no longer change his/her vote. The stockholder will receive a confirmation email that his/her/its vote has been recorded.

A. Thereafter, the Office of the Corporate Secretary, through election inspectors appointed for the meeting, shall tabulate all valid and confirmed votes cast through electronic voting, together with the votes through proxies, subject to validation by representatives of the Company's external auditors.

B. Registered stockholders shall have until 5:00 PM of 12 September 2025 to cast their votes *in absentia.* Stockholders will not be allowed to cast votes during the livestream of the Annual Meeting.

## III. VOTING BY PROXY

A. For individual stockholders holding certificated shares of the Company – Download the proxy form that is available at https://mreit.com.ph/asm2025.

B. For stockholders holding 'scripless' shares, or shares held under a PCD Participant/Broker – Download the proxy form that is available at https://mreit.com.ph/asm2025. Stockholders are advised to coordinate with their brokers first for the execution of this type of proxy.

C. For corporate stockholders – Download the proxy form that is available at https://mreit.com.ph/asm2025. A copy of the duly signed and notarized Secretary's Certificate must be submitted together with the proxy form. For reference, a sample Secretary's Certificate is also available at https://mreit.com.ph/asm2025.

D. General Instructions on Voting by Proxy:

(1) Download and fill up the appropriate proxy form. Follow the instructions on how to cumulate or allocate votes in the election of directors.

Send the scanned copy of the duly executed proxy form via email to compliance@mreit.com.ph or submit the original proxy form to the Office of the Corporate Secretary at 30th Floor, Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City.

(2) Deadline for the submission of proxies is at **5:00 PM of 12 September 2025.**

(3) Validation of proxies will be on 15-**17 September 2025.**

(4) If a stockholder avails of the option to cast his/her vote electronically *in absentia* and also issues proxy votes with differing instructions, the duly accomplished ballots sent through e-mail shall replace the proxy votes issued by the stockholder.

## IV. PARTICIPATION BY REMOTE COMMUNICATION

A. Only duly registered stockholders will be included in determining the existence of a quorum.

B. Duly registered stockholders may send their questions and/or comments prior to the Annual Meeting through email at compliance@mreit.com.ph. The deadline for submitting questions shall be at **5:00 PM** of **12 September 2025.**

C. The proceedings during the Annual Meeting will be recorded.

For any clarifications, please contact the Office of the Corporate Secretary via email at compliance@mreit.com.ph.

**ANNEX "B"**

**MREIT, INC.**
Minutes of the Annual Meeting of the Stockholders
26 June 2024 / 2:00 pm
by livestream access via https://mreit.com.ph/asm2024

**Stockholders Present:**

Please see the attached Annex "A".

**Directors Present:**

| | | |
|---|---|---|
| Francisco C. Canuto | - | Director, Chairman of the Board and Chief Audit Executive |
| Kevin Andrew L. Tan | - | Director, President and Chief Executive Officer |
| Katherine L. Tan | - | Director |
| Lourdes T. Gutierrez-Alfonso | - | Director |
| Sergio R. Ortiz-Luis, Jr. | - | Lead Independent Director |
| Jesus B. Varela | - | Independent Director |
| Antonio E. Llantada, Jr. | - | Independent Director |

**Also Present:**

| | | |
|---|---|---|
| Maria Carla T. Uykim | - | Corporate Secretary |
| Giovanni C. Ng | - | Treasurer |
| Jose Arnulfo C. Batac | - | Chief Operating Officer |
| Krizelle Marie F. Poblacion | - | Compliance Officer |
| Andy Willing Dela Cruz, Jr. | - | Investor Relations Officer |
| Romualdo Murcia | - | External Auditor |
| Olivier Aznar | - | External Auditor |
| Ramil Nanola | - | External Auditor |
| Endel Mata | - | External Auditor |
| Jhoana Bartolome | - | External Auditor |
| Jaybee Recile | - | External Auditor |
| Christine Marquez | - | External Auditor |
| Ghelyn Amora | - | Stock Transfer Agent |

## I. CALL TO ORDER

The Chairman of MREIT, Inc. (the "Corporation") and Presiding Officer of the Meeting, Mr. Francisco C. Canuto, welcomed the stockholders to the 2024 Annual Stockholders' Meeting (the "Meeting"). The Corporate Secretary, Atty. Maria Carla T. Uykim, recorded the proceedings thereof.

## II. PROOF OF NOTICE AND DETERMINATION OF QUORUM

The Presiding Officer stated that the Corporation decided to hold the Meeting by remote communication pursuant to the Corporation's Amended By-Laws, the Revised Corporation Code, and relevant regulations of the Securities and Exchange Commission ("SEC"). This notwithstanding, Management has adopted measures to afford the stockholders the opportunity to participate in the Meeting as conveniently and effectively as a physical meeting.

The Corporate Secretary certified that all stockholders of record as of 29 May 2024 have been duly notified of the Meeting pursuant to the Corporation's By-Laws and applicable SEC Circulars, and that copies of the Notice of the Meeting, the Agenda, and the Definitive Information Statement were made available through: (1) the Corporation's website; and (2) the Philippine Stock Exchange ("PSE") Electronic Disclosure Generation Technology or PSE EDGE. The Notice of the Annual Meeting was also published in the business section of The Manila Times and The Daily Tribune on 20 and 21 May 2024, both in print and online format.

The Corporate Secretary also certified that there existed a quorum to transact the business in the agenda for the Meeting, there being present in person or represented by proxy, stockholders holding 54.57% of the entire subscribed and outstanding capital stock of the Corporation entitled to vote, or equivalent to 1,525,671,845 voting shares.

The Corporate Secretary certified that only stockholders who have successfully registered may participate in the Meeting. Moreover, the Corporate Secretary explained the Procedures for Registration, Voting and Participation in the Meeting contained in the Definitive Information Statement which were implemented as follows:

(i) Stockholders signifying their intention to participate by remote communication have registered by submitting the requirements by email to the Corporate Secretary at compliance@mreit.com.ph;

(ii) Stockholders who have registered sent their questions and/or comments prior to the meeting through email at compliance@mreit.com.ph until 5:00pm of 17 June 2024;

(iii) The resolutions proposed to be adopted at the Meeting will be shown on the screen;

(iv) Stockholders who have duly registered to participate by remote communication have casted their votes by proxy or in absentia by sending their accomplished ballots by email to the Corporate Secretary until 5:00pm of 17 June 2024; and,

(v) The Office of the Corporate Secretary has tabulated all valid and confirmed votes cast through electronic voting, together with the votes through proxies, with the voting results to be announced during the Meeting and reflected in the minutes of the Meeting.

## III. APPROVAL OF MINUTES OF THE PREVIOUS STOCKHOLDERS' MEETING

The Presiding Officer then proceeded with the approval of the minutes of the Annual Stockholders' Meeting held on 02 June 2023, and informed the stockholders that copies of the minutes of the meetings have been made available through the Corporation's website.

The Corporate Secretary then announced that 100% of the voting shares represented in the Meeting have voted in favor of the approval of the minutes of the Annual Stockholders' Meeting held on 02 June 2023. Therefore, the Presiding Officer declared that the following resolution has been approved:

"RESOLVED, that the Corporation approves the Minutes of the Annual Stockholders' Meeting held on 02 June 2023."

The results based on the votes cast are as follows:

| | For | Against | Abstain |
|---|---|---|---|
| Number of Shares Voted | 1,525,671,045 | - | 800 |
| % of Outstanding Shares Present | 100% | | 0.00% |

## IV. REPORT OF MANAGEMENT FOR YEAR 2023 AND OPEN FORUM

The Corporation's President and Chief Executive Officer, Mr. Kevin Andrew L. Tan, delivered the President and CEO's Message and report on the Corporation's performance for the year 2023, as follows:

*Dear Stakeholders,*

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

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

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

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

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

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

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

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

*Thank you.*

After Mr. Tan's report, the Presiding Officer requested Mr. Dela Cruz to read the questions that were sent through compliance@mreit.com.ph. Below is a summary of the questions and the answers that were given:

Question : What drove MREIT's strong revenue growth in 2023??

Answer : MREIT's strong revenue growth in 2023 was driven by a combination of factors, including sustained rental escalations of 5 to 10%, and maintaining high occupancy rates at 96%.

Additionally, the acquisition of new assets last year worth over 5 billion pesos added approximately 45,000 square meters to MREIT's portfolio, increasing it by around 16% to 325,000 square meters.

Last year, we also continued to see sustained demand for high-quality office spaces in prime locations, which contributed to MREIT's sustained growth as we were able to secure new leases.

Question : How was MREIT able to maintain its 96% occupancy rate despite the challenges in the office industry?

Answer : Our ability to maintain our 96% occupancy rate is largely due to our successful positioning in prime township locations with excellent infrastructure and connectivity that are sought after by many office locators.

By fostering strong relationships with our tenants and offering tailored leasing solutions, MREIT has created an environment that meets the evolving needs of businesses.

Additionally, continuous enhancements and improvements to our buildings ensure they remain attractive and competitive in the market, helping to retain existing tenants and attract new ones.

This proactive approach has allowed MREIT to navigate the industry successfully and maintain high occupancy rates.

Question : Are you looking to acquire new properties this year?

Answer : We recently announced the acquisition of six office properties that will significantly expand MREIT's portfolio by approximately 157,000 square meters, increasing it by 48% to a total of 482,000 square meters.

These buildings are situated in prime Megaworld townships, such as McKinley West, Iloilo Business Park, and Davao Park District where average occupancy rates are also significantly above industry.

The acquisition is a strategic move to reach our target of 500,000 square meters of GLA by the end of 2024, and this brings us closer to our long-term goal of achieving 1 million square meters of gross leasable are by 2030.

This acquisition not only enhances our portfolio but also strengthens our position in the market, allowing us to provide even more high-quality spaces to our tenants and to sustain our revenue growth.

Question : Given MREIT's exposure to the office sector, is MREIT looking to diversify its assets into other property types?

Answer : Yes, we are now actively looking to diversify MREIT's assets beyond the office sector. Starting this year, MREIT plans to venture into retail assets.

This strategic move provide shareholders with exposure to the strong performance of the retail sector and enhancing the company's overall resilience and growth prospects.

In the long term, we are also studying other property types within the Megaworld portfolio that will bring value to MREIT.

By broadening our investment horizon into new asset types, this will ensure MREIT will have a balanced and diversified portfolio that can withstand various market dynamics.

Question : What steps is the company taking to enhance sustainability and reduce its carbon footprint?

Answer : MREIT is committed to sustainability and has made significant strides in reducing its carbon footprint.

In 2023, MREIT transitioned two of its office buildings to operate entirely on renewable energy. MREIT aims to power all its properties exclusively with renewable energy by 2027.

This commitment aligns with Megaworld Group's broader environmental, social, and governance goals, demonstrating

MREIT's dedication to sustainable development and environmental stewardship.

Furthermore, these initiatives not only contribute to a greener environment but also enhance the attractiveness of MREIT's properties to our stakeholders who are looking for sustainable spaces and investments.

## V. ISSUANCE OF 926,162,000 COMMON SHARES IN EXCHANGE FOR SIX (6) GRADE A BUILDINGS

The Presiding Officer informed the stockholders that the next item on the agenda is the approval of the issuance of 926,162,000 primary common shares to Megaworld Corporation at an issue price of 14.20 pesos per share in exchange for six (6) Grade A buildings located in PEZA-registered zones, namely: 100% ownership of One Fintech Place and Two Fintech Place, which are located in Iloilo Business Park; 100% ownership of Davao Finance Center located in Davao Park District; and 80% pro indiviso ownership of Two West Campus, Ten West Campus, and One Le Grand, which are located in McKinley West, Fort Bonifacio, Taguig.

The Corporate Secretary certified that 100% of the voting shares represented in the Meeting have voted in favor of the agenda item. Therefore, the Presiding Officer declared that the following resolution has been approved:

> "RESOLVED, that the Corporation approves and ratifies the issuance of 926,162,000 primary common shares to Megaworld Corporation in exchange for six (6) Grade A buildings located in PEZA-registered zones, namely: 100% ownership of One Fintech Place and Two Fintech Place, which are located in Iloilo Business Park, 100% ownership of Davao Finance Center located in Davao Park District, and 80% pro indiviso ownership of Two West Campus, Ten West Campus and One Le Grand, which are located in McKinley West, Fort Bonifacio, Taguig, at an issue price of ₱14.20 per share, set at a 10.1% premium over the thirty-day Volume-Weighted Average Price of Php12.90 per share over a period of thirty trading days prior to the Related Party Transaction Committee meeting on 07 May 2024 and the listing of the Shares with the Philippine Stock Exchange as approved by the Board of Directors in their meeting held 10 May 2024."

The results based on the votes cast are as follows:

| | For | Against | Abstain |
|---|---|---|---|
| Number of Shares Voted | 1,525,661,045 | 10,000 | 800 |
| % of Outstanding Shares Present | 100% | 0.00% | 0.00% |

## VI. APPOINTMENT OF EXTERNAL AUDITORS

The Presiding Officer informed the stockholders that the Audit Committee of the Board of Directors has recommended to the Board the engagement of Punongbayan & Araullo as independent auditors of the Corporation for the audit of the Corporation's financial statements for the year ending 31 December 2024, and that the Board has approved such engagement.

The Corporate Secretary then announced that 100% of the voting shares represented in the Meeting have voted in favor of the engagement of Punongbayan & Araullo as independent auditors for the fiscal year ending December 31, 2024. Therefore, the Presiding Officer declared that the following resolution has been approved:

"RESOLVED, that the Corporation approves the engagement of Punongbayan & Araullo for the audit of the Corporation's financial statements for the year ending December 31, 2024."

The results based on the votes cast are as follows:

| | For | Against | Abstain |
|---|---|---|---|
| Number of Shares Voted | 1,525,636,391 | 34,654 | 800 |
| % of Outstanding Shares Present | 100% | 0.00% | 0.00% |

## VII. RATIFICATION OF ACTS AND RESOLUTIONS OF THE BOARD OF DIRECTORS, BOARD COMMITTEES AND MANAGEMENT

The Presiding Officer informed the stockholders that the next item on the agenda is the ratification of all acts and resolutions of the Board of Directors, Board Committees and Officers of the Corporation since the date of last year's annual stockholders' meeting held on 02 June 2023 until 25 June 2024. He informed the stockholders that a list of such acts was provided in the Definitive Information Statement, which was made available through the Corporation's website and PSE EDGE.

The Corporate Secretary certified that 100% of the voting shares represented in the Meeting have voted in favor of the ratification all acts and resolutions of the Board of Directors, Board Committees and Officers of the Corporation which were duly adopted in the ordinary course of business since the date of last year's annual stockholders' meeting held on 02 June 2023 until 25 June 2024. Therefore, the Presiding Officer declared that the following resolution has been approved:

"RESOLVED, that the stockholders of the Corporation ratify all acts and resolutions of the Board of Directors, Board Committees and Officers of the Corporation from the annual stockholders' meeting on 02 June 2023 until 25 June 2024."

The results based on the votes cast are as follows:

| | For | Against | Abstain |
|---|---|---|---|
| Number of Shares Voted | 1,525,661,045 | 10,000 | 800 |
| % of Outstanding Shares Present | 100% | 0.00% | 0.00% |

## VIII. ELECTION OF DIRECTORS

The Presiding Officer informed the stockholders that, for the current year 2023, the Corporation shall be electing seven (7) Directors, at least one-third (1/3) of whom shall be Independent Directors pursuant to the REIT Act, and the Corporation's Revised Manual of Corporate Governance. He requested Mr. Dela Cruz, on behalf of the Corporate Governance Committee, to present the Final List of Nominees for members of the Board of Directors.

Mr. Dela Cruz presented the final list of nominees to the Board of Directors, as follows: Mr. Francisco C. Canuto, Mr. Kevin Andrew L. Tan, Mrs. Katherine L. Tan, and Ms. Lourdes T. Gutierrez-Alfonso as Regular Directors; and Mr. Jesus B. Varela, Mr. Sergio R. Ortiz-Luis, Jr., and Mr. Antonio E. Llantada, Jr. as Independent Directors.

Mr. Dela Cruz likewise reported that the Final List of Nominees for election as directors of the Corporation possess all the qualifications and none of the disqualifications to hold office as directors of the Corporation.

The Corporate Secretary then informed the Presiding Officer that no further nominations shall be allowed pursuant to the Corporation's By-Laws, as amended.

The Corporate Secretary certified that each of the nominees have obtained the required number of votes to be elected as members of the Board. Therefore, the Presiding Officer declared that the following resolution electing the members of the Board has been approved:

"RESOLVED, that the Corporation elects the following as directors of the Corporation to serve as such beginning today until their successors are elected and qualified:

1. Mr. Francisco C. Canuto
2. Mr. Kevin Andrew L. Tan
3. Mrs. Katherine L. Tan
4. Ms. Lourdes T. Gutierrez-Alfonso
5. Mr. Jesus B. Varela
6. Mr. Sergio R. Ortiz-Luis, Jr. and
7. Mr. Antonio E. Llantada, Jr.

The results based on the votes cast are as follows:

| Director | For | Against | Abstain |
|---|---|---|---|
| Francisco C. Canuto | 1,525,661,045 | 10,000 | 800 |
| Kevin Andrew L. Tan | 1,525,199,045 | 472,000 | 800 |
| Katherine L. Tan | 1,525,661,045 | 10,000 | 800 |
| Lourdes T. Gutierrez-Alfonso | 1,525,661,045 | 10,000 | 800 |
| Antonio E. Llantada, Jr. | 1,525,671,045 | - | 800 |
| Jesus B. Varela | 1,525,671,845 | - | 800 |
| Sergio R. Ortiz-Luis, Jr. | 1,525,671,045 | 2,343,854 | 800 |

## IX. ADJOURNMENT

The Presiding Officer inquired if there are other matters in the agenda. The Corporate Secretary replied there were none. There being no other matters to be discussed, the Meeting was adjourned at 2:33 p.m.

CERTIFIED CORRECT:

**MARIA CARLA T. UYKIM**
Corporate Secretary

ATTESTED BY:

**FRANCISCO C. CANUTO**
Chairman and Presiding Officer

**Annex A**
**Tabulation of Stockholder Attendance**

| Total No. of Shares Outstanding and Voting Shares as of Record Date | Total Number of Shares Present | Percentage of Total |
|---|---|---|
| 2,795,821,381 | 1,525,671,845 | 54.57% |

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Annex "C"

REPUBLIC OF THE PHILIPPINES )
CITY OF MAKATI ) S.S.

## SECRETARY'S CERTIFICATE

I, **MARIA CARLA T. UYKIM**, of legal age, Filipino, with office address at the 10th Floor, Two World Square, 24 Upper McKinley Road, McKinley Hill, Taguig City, Philippines 1634, after having been sworn according to law, hereby depose and state:

1. I am the Corporate Secretary of **MREIT, Inc.** (hereinafter referred to as the "Corporation"), a corporation duly organized and existing under the laws of the Philippines, with principal address at 18th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City 1634, Philippines.

2. Mr. Jesus B. Varela, an Independent Director, is a Regent of Universidad de Manila and has the required permission from the University President of Universidad de Manila to be an Independent Director of the Corporation pursuant to Office of the President Memorandum Circular No.17 and Section 12, Rule XVIII of The Revised Civil Service Rules.

3. Apart from the foregoing, to the best of my knowledge, I certify that none of the members of the Board of Directors, including the other independent directors and officers of the Corporation, are appointed to or are employees in any government agency as of the date of this Certification. I further certify that, to the best of my knowledge and apart from the foregoing, none of the nominees to the Board of Directors in the 2025 Annual Stockholders' Meeting and the candidates for election to become officers of the Corporation for the ensuring year are appointed to or are employees in any government agency as of the date of this Certification.

4. This Certification is issued for the purpose of attesting to the truth of the foregoing and for whatever legal purpose it may serve.

**IN WITNESS WHEREOF**, I have hereunto set my hand this 28 AUG 2025, in MAKATI CITY, Philippines.

**MARIA CARLA T. UYKIM**
Corporate Secretary

**SUBSCRIBED AND SWORN** to before me, this 28 AUG 2025 at MAKATI CITY, Philippines, affiant exhibiting to me her valid until issued by

**NOTARY PUBLIC**

Doc. No. 506;
Page No. 103;
Book No. 377;
Series of 2025.

ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-229
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2026
2364 ANGONO STREET
BARANGAY POBLACION 1210, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO. 499549/01-06-2025/Pasig City
PTR NO. MKT 10494504/01-22-2025/Makati City
MCLE Compliance No. VIII-0012898/04-14-2028

**Annex "D"**

REPUBLIC OF THE PHILIPPINES )
CITY OF MAKATI ) S.S.

**FIRM UNDERTAKING**

I, **LOURDES T. GUTIERREZ-ALFONSO** of legal age, Filipino, with office address at 30th Floor, Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City, after having been sworn in accordance with law, depose and state that:

1. I am the authorized representative and duly elected and incumbent President of MEGAWORLD CORPORATION (the "Corporation"), a corporation duly organized and existing under the laws of the Republic of the Philippines, having its office address at the 30th Floor, Alliance Global Tower, 36th Street cor. 11 Avenue, Uptown Bonifacio, Taguig City.

2. Pursuant to Sections 4(k) and 8 of Philippine Stock Exchange ("PSE") Memorandum CN No. 2020-0005, otherwise known as the Amended Listing Rules for Real Estate Investment Trusts (the "PSE Amended REIT Listing Rules"), the Corporation hereby undertakes as Sponsor of MREIT, INC. (the "REIT"), a corporation duly organized and existing under the laws of the Republic of the Philippines, having its office address at the 18th Floor, Alliance Global Tower, 36th St. corner 11th Avenue, Uptown Bonifacio, Taguig City, Philippines, to reinvest in real estate or infrastructure projects in the Philippines any monies that will be realized from a potential (a) sale of the REIT's shares or other securities issued in exchange of income-generating real estate transferred to the REIT; or (b) the sale of income-generating real estate to the REIT.

3. The Corporation further undertakes to regularly report to the REIT the status of implementation of the Reinvestment Plan submitted to the PSE.

**IN WITNESS WHEREOF**, I have hereunto set my hand this 28 AUG 2025, in MAKATI CITY, Philippines.

**MEGAWORLD CORPORATION**

By: L. T. Alfonso

LOURDES T. GUTIERREZ-ALFONSO

SUBSCRIBED AND SWORN to before me, this 28 AUG 2025 at MAKATI CITY, Philippines, affiant exhibiting to me her ___ valid until ___.

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Page No. 103
Book No. 377
Series of 2025.

ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-229
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2026
2364 ANGONO STREET
BARANGAY POBLACION 1210, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO. 499549/01-06-2025/Pasig City
PTR NO. MKT 10494504/01-22-2025/Makati City
MCLE Compliance No. VIII-0012898/04-14-2028

# COVER SHEET

SEC Registration Number

C S 2 0 2 0 0 5 2 2 9 4

**Company Name**

M R E I T , I N C .

**Principal Office (No./Street/Barangay/City/Town/Province)**

18/F, ALLIANCE GLOBAL TOWER,
36TH ST., COR. 11TH AVE.,
UPTOWN BONIFACIO, TAGUIG CITY

| GIANCARLO V. INACAY | (632) 8894-6300/6400 |
|---|---|
| Contact Person | Company Telephone Number |

| 1 2 | 3 1 | | |
|---|---|---|---|
| Month | Day | Month | Day |
| Fiscal Year | | Annual Meeting | |

SEC FORM 17-A

Form Type

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel Concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = Pls. use black ink for scanning purpose

PSE Security Code ____________
SEC Number CS202052294
File Number ____________

**MREIT, INC.**

(Company's Full Name)

**18TH FLOOR ALLIANCE GLOBAL TOWER, 36TH STREET CORNER 11TH AVENUE, UPTOWN BONIFACIO, TAGUIG CITY 1634, METRO MANILA, PHILIPPINES**

(Company's Address)

**(02) 88946400**

(Company's Telephone Number)

**DECEMBER 31**

(Fiscal Year Ending)
(Month & Day)

**SEC FORM 17-A (2024)**

(Form Type)

(Amendment Designation, if Applicable)

Period Ended Date

PERMIT TO OFFER SECURITIES FOR SALE

(Secondary License Type, if any)

**SECURITIES AND EXCHANGE COMMISSION**
**SEC FORM 17-A**
**ANNUAL REPORT PURSUANT TO SECTION 17**
**OF THE SECURITIES REGULATION CODE**
**AND SECTION 141 OF THE CORPORATION CODE**

1. For the fiscal year ended **31 December 2024**

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

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

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

6. [ ] (SEC Use Only)
Industry Classification Code

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

8. **(02) 8894-6400**
Registrant's telephone number, including area code

9. Former name, former address and formal fiscal year, if changed since last report:
**N/A**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA

| Title of Each Class | Number of Shares of Stock Outstanding |
|---|---|
| **Common** | **3,721,983,381** |

11. Are any or all of these securities listed on a Stock Exchange?

**[x] Yes**     **[ ] No**

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

**Philippine Stock Exchange**     **Common Shares**[1]

12. Check whether the issuer:

has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months.

**[x] Yes**     **[ ] No**

has been subject to such filing requirements for the past ninety (90) days.

**[x] Yes**     **[ ] No**

[1] Of the total 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 in November 2024 is currently pending listing with the Exchange.

13. Aggregate Market Value of Voting Common Stock held by Non-Affiliates as of 31 December 2024 is Php17,634,607,564.00 based on the closing price of Php 13.34 per share.

14. Briefly describe documents incorporated by reference and identify the part of the SEC Form 17-A into which the document is incorporated:

    (a) 2024 Audited Financial Statements;

    (b) Pursuant to SEC Memorandum Circular No. 4-2019, MREIT, Inc.'s Sustainability Report for 2024 is attached to and submitted together with this SEC Form 17-A.

## PART I - BUSINESS AND GENERAL INFORMATION

### ITEM 1. BUSINESS

**Background**

MREIT, Inc. (the Company) is a real estate investment trust (REIT) incorporated under the Philippine Real Estate Investment Trust Law (Republic Act No. 9856) on 02 October 2020. The Company was designated by Megaworld Corporation (Megaworld), its Parent and Sponsor, to operate as its flagship REIT company, the primary focus of which will be office and retail leasing to a diversified tenant base, with a high-quality portfolio of twenty four (24) office, hotel, retail and other assets across the Philippines and an aggregate gross leasable area (GLA) of of 481,261 square meters as of 31 December 2024.

The Company has an authorized capital stock of ₱5,000,000,000.00 divided into 5,000,000,000 common shares with a par value of ₱1.00 per share, with no preferred shares and no shares held in treasury.

On 01 October 2021, the Company conducted an initial public offering and listed its shares in the Philippine Stock Exchange (PSE). MREIT has a total market capitalization of Php 49.7 billion based on the closing price of Php 13.34 per common share on 31 December 2024, the last trading day of the year. As of the date of this report, the Company has 3,721,983,381 common shares issued and outstanding. 63.44% of the issued and outstanding shares is held by the Sponsor, Megaworld, while 35.52% is held by the public. The remaining shares are held by affiliates and Company's directors at 1.05%.

**The Business**

The Company is a REIT formed primarily to own and invest in income-producing commercial portfolio of office, retail, and hotel properties in the Philippines, that meets its investment criteria. The principal investment mandate and strategy of the Company 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. As of 2024, the Company owns and operates a total of twenty four (24) mixed-use buildings (the Properties), with a total GLA of 481,261 square meters, namely:

**Quezon City**
1800 Eastwood Avenue
1880 Eastwood Avenue
E Commerce Building

**Taguig City**
One World Square
Two World Square
Three World Square
8/10 Upper McKinley
18/20 Upper McKinley
World Finance Plaza
One West Campus
Two West Campus
Ten West Campus
Five West Campus
One Le Grand

**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

**Davao City**
Davao Finance Center

All twenty-four (24) Properties are acquired from Megaworld. In furtherance of the transfer, assignment and conveyance in favor of the Company of all of Megaworld's rights, title and interests in the Properties, Megaworld also assigned in favor of the Company all of its rights and interests in and to the contracts of lease over portions of the Properties leased out to various entities as office, retail and hotel. The Company started earning rental income from 1800 Eastwood Avenue, 1880 Eastwood Avenue, E Commerce Building, One World Square, Two World Square, Three World Square, 8/10 Upper McKinley, 18/20 Upper McKinley, World Finance Plaza, Richmonde Hotel Iloilo and Richmonde Iloilo Office Tower, One Techno Place, Two Techno Place, Three Techno Place and One Global Center in 2021, from One West Campus, Five West Campus, Two Global Center and Festive Walk 1B in 2023, and from One Fintech Place, Two Fintech Place, Davao Finance Center, Two West Campus, Ten West Campus, One Le Grand in 2024. (For more information, see Exhibit 1 – Audited Financial Statements).

As a commercial REIT, the Company will focus on expanding its office, mall, and hotel properties. However, if the opportunity arises, the Company may also explore other types of real estate properties available in the market. The Company offers shareholders an investment opportunity with a stable yield, opportunities for Gross Revenue and Net Operating Income growth, high-quality properties with strong tenant demand, strong Sponsor support from Megaworld, experienced management with incentive to grow the Company's Gross Revenue and Net Operating Income, and distribution of at least 90% of the Company's Distributable Income.

Through its Fund Manager, the Company intends to maximize investment returns by growing the Gross Revenue as well as the Net Operating Income from the Company's 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 Company derives its revenues through leasing real properties. The twenty four (24) mixed used buildings owned by the Company located in Quezon City, Taguig City, Iloilo City, and Davao City are leased out to various entities as office, retail and hotel. All of the Properties were developed by Megaworld and stand on land leased from Megaworld for an aggregate period of fifty (50) years.

All Properties are PEZA-registered and/or located in PEZA-registered zones. The Company's portfolio has tenants across various sectors which are categorized as follows: (i) Business Process Outsourcing (BPO) and traditional office; (ii) hotel, (iii) retail and others. In prior years, the Company has secured a number of major BPO customers as long-term tenants in the properties. As of 31 December 2024, 86.4% or 415,828 square meters of the total available GLA of the portfolio was occupied by BPOs and traditional offices, and 4.1% or 12,949 square meters of the total available GLA of the portfolio was occupied by retail and other tenants including 6,769 square meters pertaining to the hotel GLA.

Most of the commercial office lease agreements for the Company's properties are for tenancy periods of between five (5) to ten (10) years. To ensure the timely payment of rent, arrears management procedures are enforced to ensure timely payment of rent. For office properties, the Company requires three months' deposit and three months' advance rental. For retail properties, the Company requires six months' deposit and one month advance rental. Rentals, as well as common use service area (CUSA) fee of the maintenance and upkeep of the buildings are billed monthly or quarterly and are collected either every fifth of the month or first month of the quarter, as applicable. In addition, under the general terms of the leases, lessees and tenants for office properties are obligated to pay additional security deposit also equivalent to three months' rental upfront.

The Company's current committed leases structurally provide opportunities for growth, and this is primed to continue into the future. The total Gross Revenue from the Properties is expected to increase continuously primarily due to higher rental rates obtained on new leases or on renewals of existing leases and built-in rental escalations. The Properties have contractual fixed lease rental escalations of

5% to 10% per annum, providing for a secure source of organic growth and clear income visibility. Additionally, the Company also has the ability to lease up the assets, raising the overall occupancy of the buildings.

The Company is also not subject to the effects of seasonality or other sales cycles, as its rent terms are fixed and apply uniformly (subject to individually negotiated escalation rates) across the lease terms. Additionally, tenants of office properties typically pay a security deposit equal to three months' rent and advance rent equal to three months. Meanwhile, tenants of commercial properties usually pay a security deposit equal to six months' rent and advance rent equal to one month. All of these advance rents are forfeited in case the tenant pre-terminates the lease agreement without prior notice or before the expiry of the lease term without cause. Such stable cash flows have allowed, and will continue to allow, the Company flexibility in maintaining and upgrading the Properties to continually satisfy its tenants' needs; in seeking further investment opportunities, whether expansion of the Company's existing Properties or acquisition of additional properties; and in making regular distributions to the Company's shareholders.

*Distribution Methods of Services*

The Company caters primarily to office tenants. As of 31 December 2024, commercial office space comprised approximately 86.4% of the total gross leasable area of the properties, leased out to BPOs and traditional office lessees. The remaining 4.1% of the GLA is allotted to retail tenants and hotel operations while the remaining 9.5% is unoccupied.

*Marketing*

The Company engages the services of MREIT Property Managers, Inc. (MPMI) to render, among other things, marketing services of vacant office units, retail units, and other spaces in the properties, including the preparation and submission of proposals and offers to prospective lessees in the name of the Company, and the identification of potential tenants. MPMI also formulates and implements leasing and marketing strategies, and packages leasing and marketing materials to be provided to prospective lessees. In exchange for MPMI's services, the Company pays property management fee to MPMI on a quarterly basis.

*Competition*

The Company believes that the competition for office space is principally on the basis of location, quality and reliability of the project's design and equipment, reputation of the developer, supply of comparable space, changing needs of business users, and PEZA registration. The Company considers as primary competitors the REIT subsidiaries of major developers, namely: Ayala Land's AREIT, Inc., Filinvest's FILRT, Vista Land's VREIT, Double Dragon's DDMPR, and Robinsons Land's RCR.

The Company competes on the basis of the strategic locations of its buildings, including their proximity to the malls and residences as part of its mixed-use developments and accessibility to public transportation. The Company believes that its and its Sponsor's established reputation for good quality, ease of doing business, and completing projects on time make the Company one of the most preferred choices of the BPO industry as well as local and multinational companies. The Company is committed to providing an excellent customer experience and satisfaction by offering and maintaining office projects of high quality and reliability, meeting the evolving needs of its customers. Together with Megaworld, the Company aims to maintain its leading position in the office leasing market.

*Suppliers*

The Company has a broad base of suppliers that cater to the operation, maintenance and upkeep of the Company's properties, which the Company engages either directly or through the property manager.

*Transactions with and/or dependence on related parties*

The Company, in its ordinary course of business, engages in transactions with its parent and affiliates. The Company's policy with respect to related party transactions is to ensure that these transactions are entered into on terms comparable to those available from unrelated third parties.

Transactions with related parties include asset acquisitions from property-for-share swap transactions and land leases with Megaworld (the Company's Parent and Sponsor), and fund and property management agreements with affiliates. As a newly established business, the Company's current operations depend principally on the services of its Senior Management, comprised of officers who are seconded from Megaworld, and the services of its fund and property managers. Other related party transactions include advances granted to and obtained from subsidiaries, associates and other related parties are for purposes of working capital requirements. (For more information, see Exhibit 1 – Audited Financial Statements, Note 15).

*Intellectual Property*

The Company has adopted a logo of MREIT which has been filed for the trademark registration with the Philippine Intellectual Property Office. The Company has also secured an exclusive domain for its website and email system (www.mreit.com.ph).

The Company also relies on Megaworld's trademarks to establish and protect its business interests, believing that Megaworld's trademarks and intellectual property rights are important to the Company's success and competitive position. Megaworld, the Sponsor, has registration of trademarks of the McKinley Hill and Iloilo Business Park townships where most of the Properties are located, approved by the Philippine Intellectual Property Office. Megaworld has granted the Company non-exclusive rights to use the foregoing marks where the Properties are located for free for a period of twenty-five (25) years plus an extension of twenty-five (25) years, commencing on 01 June 2021.

*Regulatory*

Republic Act No. 9856 or the Real Estate Investment Trust Act of 2009 lapsed into law on 17 December 2009. Pursuant to Section 22 of the said law, the Securities and Exchange Commission (the Philippine SEC) approved the implementing rules and regulations of the Real Estate Investment Trust Act of 2009 on 13 May 2010. Under the REIT Law, a REIT is a stock corporation established primarily for the purpose of owning income-generating real estate assets. Although designated as a trust, the REIT Law explicitly provides that a REIT is not a "trust" as contemplated under other existing laws and regulations. Instead, the term is used for the sole purpose of adopting the internationally accepted description of the company in accordance with global best practices.

On 20 January 2020, the Philippine SEC issued Memorandum Circular No. 1, Series of 2020 (the Revised REIT IRR), amending the existing REIT regulations by, among others, modifying the minimum public ownership of a REIT, incorporating a reinvestment of proceeds policy, imposing additional corporate governance mechanisms into a REIT, and adding qualifications of a REIT fund manager and property manager. The regulatory amendment was published in a newspaper of general circulation on 23 January 2020 and became effective on 07 February 2020.

In order to be considered a REIT and to benefit from the incentives under the law, the shares of a REIT must be registered with the Philippine SEC in accordance with the Securities Regulation Code (SRC) and listed with the Philippine Stock Exchange (PSE) in accordance with its Listing and Disclosure Rules and its Amended Listing Rules for REITs (PSE Rules). The procedure for the registration and listing of such shares as a REIT shall comply with the applicable registration and listing rules and regulations of the Philippine SEC and the PSE, in addition to the specific requirements under the REIT Law and the PSE Rules.

The REIT Law and the Revised REIT IRR limit the allowable investment of a REIT mainly to income generating real estate. 75% of the total value of the REIT's assets, reflecting the fair market value of total assets held, must be invested in, or consist of, income-generating real estate and 35% of which must be located in the Philippines. Should a REIT invest in income-generating real estate located outside of the Philippines, the same should not exceed 40% of its Deposited Property and only upon special authority from the Philippine SEC. An investment in real estate may, by way of direct ownership or a shareholding in a domestic special purpose vehicle, be constituted to hold/own real estate. The real estate to be acquired by the REIT should have a good track record for three years from the date of acquisition. An income-generating real estate is defined under the REIT Law to mean real property which is held for the purpose of generating a regular stream of income such as rentals, toll fees, user's fees, ticket sales, parking fees and storage fees.

A REIT must distribute at least 90% of its distributable income annually as dividends to its shareholders not later than the last working day of the fifth (5th) month following the close of the fiscal year of the REIT.

*Government approvals and regulations*

The Company secures various government approvals, such as PEZA licenses, environmental compliance certificates, and operating permits, required primarily in the Company's operation of its assets for leases. The Company's property manager is tasked to ensure that the Company's permits and licenses to operate the properties and to engage in property leasing business are up-to-date.

*Employees*

The business of the Company is dependent on the services of personnel rendered by Senior Management, who are officers and employees of Megaworld, and by the Company's fund manager and property manager. As of 31 December 2024, the Company has zero full-time employees.

The Company has no collective bargaining agreements with employees and there are no organized labor organizations in the Company.

*Risks Associated with the Company's Business*

<u>The Company is exposed to risks inherent in the Philippine real estate market.</u>

The Company is highly dependent on the performance of the Philippine real estate market and the state of the Philippine economy because all of its Properties are located in the Philippines. The demand for, and prevailing prices of office leases are directly related to the strength of the Philippine economy and the overall levels of business activity in the Philippines. The growth of the real estate sector has been mainly driven by the fast-growing BPO sector, which is vulnerable to global economic changes. As one of the fastest growing sectors in the Philippine real estate industry, the BPO sector drives office space demand, which fuels the performance and profitability of the Company's Properties.

Several factors contribute to fluctuations in the Philippine property market including the general demand and supply of properties which may cause asset price bubbles, increases and decreases in interest rates, inflationary pressures, Government-related real estate policies and other factors beyond the Company's control. In particular, the global economic downturn resulting from the COVID-19 pandemic has resulted in an economic slowdown and negative business sentiment, which may have an adverse effect on the outlook on the Philippine property market and lead to an adverse change in the Philippines' macroeconomic situation. This materially and adversely affects the Company's results of operations. Moreover, the Company's tenants in the BPO sector are taking actions to mitigate its impact, such as early termination of leases, downsizing or non-renewal of leases, particularly with the increase in work-from-home arrangements. Thus, the Company is directly affected by the risks that affect the Philippine property market as a whole, and the property market in the BPO sector in particular. Any decline in the value of land or real estate in the Philippines may lead to a downward revaluation of the Properties and a decrease in rental rates.

<u>The Company is exposed to risks that it will be unable to lease its Properties in a timely manner or collect rent at profitable rates or at all.</u>

The Company is subject to risks incidental to the ownership and operation of office and related retail properties including, among others, competition for tenants, changes in market rents, inability to renew leases or re-let space as existing leases expire, inability to collect rent from tenants due to bankruptcy or insolvency of tenants or otherwise, increased operating costs and the need to renovate, repair and re-let space periodically and to pay the associated costs. In particular, the Company relies on the growth of the BPO business as a continued source of revenue from its rental properties. If the BPO business does not grow as the Company expects or if the Company is not able to continue to attract BPO-based tenants, it may not be able to lease its office space or as a consequence, its retail space, in a timely manner or otherwise at satisfactory rents.

Significant competition in the markets in which the Company operates could adversely affect its business.

The Company operates in a highly competitive industry. Its future growth and development are dependent, in large part, on the availability of large tracts of office and commercial assets suitable for acquisition, development or lease. As the Company and its competitors compete for such assets, it may become more difficult to find suitable properties in locations and at prices acceptable to the Company, particularly in Metro Manila, Central Business Districts (CBDs) and other key urban areas. To the extent that the Company is unable to grow its portfolio at acceptable prices, its growth prospects could be limited and its business and results of operations could be adversely affected.

A number of other office and commercial center developers and real estate services companies, some with greater financial and other resources than the Company, compete with the Company in various aspects. Competition from other real estate developers and real estate services companies may adversely affect the Company's ability to grow its portfolio, or attract and retain tenants, and continued development by these and other market participants could result in saturation of the market for office spaces.

Market changes in demand for new types of office space may reduce the appeal of the Properties to potential tenants.

The Company's Properties cater primarily to the BPO sector and the traditional office sector. Majority of its Properties are currently designed with traditional office space or to suit the specific requirements of a BPO tenant.

Recent trends in the Philippine commercial leasing market, however, indicate that many corporate consumers desire non-traditional office space, such as co-working spaces. Tenants that desire these types of co-working space also typically seek short-term lease terms. There is no guarantee that the Company will be able to keep pace with such changes in the commercial leasing market and offer office space and rental terms that are desirable for such businesses. There is also no guarantee that the Company's current tenants will not prefer different types of office space and rental arrangements. If the Company's pool of potential tenants is significantly reduced or if a large number of tenants do not renew their leases as a result of such trends, the Rental Income generated by the Properties could be adversely affected, which could also impact the Company's financial condition and results of operations and ability to make distributions at the desired levels. The Company attempts to manage this risk by actively monitoring the real estate market in the Philippines to assess market trends and respond to changing needs and tastes, by continuing to maximize the desirability of its Properties and by pursuing well-planned and timed asset acquisition and investments.

The Company does not own the lands on which its Properties are situated.

The Properties are situated on lands owned by Megaworld. Although the Company owns the Properties, the Company leases the underlying land from Megaworld pursuant to separate lease agreements.

Lease agreements are entered into between the Company and Megaworld over the land on which the Properties stands for an aggregate period of fifty (50) years, comprising an initial lease period of twenty-five (25) years, with the Company having the option to renew for another twenty-five (25) years on such terms and conditions mutually acceptable to the Company and Megaworld. As consideration for the land leases, the Company will pay the Sponsor, commencing 01 July 2023 and until 30 June 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 01 July 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. Rent is exclusive of VAT, DST and other taxes which shall be borne by the Company. The rental amounts due to Megaworld from the Company may be renegotiated for the renewal period.

Any substantial changes to the land lease contracts or Megaworld's ownership or right over the leased land, as well as the cancellation or termination of the lease, may adversely affect the Company's financial condition and results of operations and ability to make distributions. Because Megaworld is the Sponsor and remains as the majority shareholder of the Company, the Company believes that the interests of both parties are generally aligned and this alignment helps mitigate the risk.

In 2024, the Company entered into land lease agreement with a related party under common ownership, over the land on which a certain investment property 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's business and operations are dependent upon the expertise and experience of the Fund Manager's and Property Manager's officers and employees.

As part of its transition to a REIT, the executive officers of the Company are seconded from other companies within the Megaworld Group. As such, the Company is dependent on the expertise and experience of the Fund Manager's and the Property Manager's directors, senior management, and other key employees for the success of the business. These individuals possess deep industry knowledge and an acknowledged reputation in the market, owing to their track records and experience.

If one or more of these directors or members of senior management are unable or unwilling to continue in their present positions, the fund manager or the property manager may not be able to replace them within a reasonable period of time with individuals who possess comparable expertise and experience, or at all, which may seriously disrupt, and materially and adversely affect, the Company's business, results of operations, and future prospects. The Company intends to manage the foregoing risks by adopting a business continuity plan and succession plan by identifying members of the management who will be able to assume and take on the role and additional responsibilities arising from such departure.

## ITEM 2. PROPERTIES

The Properties of the Company as of 31 December 2024 consist of rental office and retail properties and hotels, including the following:

| Property | Location | Description | GLA (in sq.m.) |
|---|---|---|---|
| One World Square | McKinley Hill, Fort Bonifacio, Taguig City | 11-storey Office Tower | 30,481.7 |
| Two World Square | McKinley Hill, Fort Bonifacio, Taguig City | 16-storey Office Tower | 21,286.4 |
| Three World Square | McKinley Hill, Fort Bonifacio, Taguig City | 16-storey Office Tower | 21,221.7 |
| 8/10 Upper McKinley Building | McKinley Hill, Fort Bonifacio, Taguig City | 10-storey Office Tower | 19,937.5 |
| 18/20 Upper McKinley Building | McKinley Hill, Fort Bonifacio, Taguig City | 10-storey Office Tower | 19,412.8 |
| World Finance Plaza | McKinley Hill, Fort Bonifacio, Taguig City | 15-storey Office Tower | 25,067.5 |

| Property | Location | Description | GLA (in sq.m.) |
|---|---|---|---|
| 1880 Eastwood Avenue | Eastwood, Quezon City | 10-storey Office Tower | 33,482.5 |
| 1800 Eastwood Avenue | Eastwood, Quezon City | 10-storey Office Tower | 34,720.6 |
| E-Commerce Plaza | Eastwood, Quezon City | 10-storey Office Tower | 21,032.2 |
| Richmonde Tower and Richmonde Hotel Iloilo | Iloilo Business Park, Iloilo City | 3-storey Office Tower and 12-storey Tower | 6,354.8 and 6,769.1 |
| One Techno Place | Iloilo Business Park, Iloilo City | 4-storey Office Tower | 9,548.7 |
| Two Techno Place | Iloilo Business Park, Iloilo City | 5-storey Office Tower | 11,393.4 |
| Three Techno Place | Iloilo Business Park, Iloilo City | 4-storey Office Tower | 9,567.9 |
| One Global Center | Iloilo Business Park, Iloilo City | 4-storey Office Tower | 10,301.0 |
| Two Global Center | Iloilo Business Park, Iloilo City | 4-storey Office Tower | 9,902.6 |
| Festive Walk 1B | Iloilo Business Park, Iloilo City | 4-storey Office Tower | 14,703.0 |
| One West Campus | McKinley Hill, Fort Bonifacio, Taguig City | 5-storey Office Tower | 9,704.3 |
| Five West Campus | McKinley Hill, Fort Bonifacio, Taguig City | 5-storey Office Tower | 10,257.0 |

On 10 October 2024, the SEC approved the valuation of the Property-for-Share Swap, which resulted in the transfer to the Company effective October 2024 of six (6) Grade A buildings located in PEZA-registered Zones, namely: 100% ownership of One Fintech Place and of Two Fintech Place, which are located in Iloilo Business Park, Manduriao Iloilo City, 100% ownership of Davao Finance Center located in Davao Park District, Agdao, Davao City, 80% pro indiviso ownership of Two West Campus and Ten West Campus, which are located at 5 Le Grand Avenue, McKinley West, Fort Bonifacio, Taguig City, and 80% pro indiviso ownership of One Le Grand located in Le Grand Avenue, McWest Blvd and Chateau Road, McKinley West, Fort Bonifacio, Taguig City, in exchange for 926,162,000 common shares of the Company, with a par value of P1 per share and APIC of P12,225.3 million or for a total subscription price of P13,151.5 million.

The Company continuously seeks opportunities to acquire properties in prime locations through purchase or otherwise to increase its leasable assets.

There are no mortgages, liens or encumbrances over any of the Properties owned by the Company.

## ITEM 3. LEGAL PROCEEDINGS

### No Material Pending Legal Proceedings

Neither the Company nor any of its Properties are involved in or the subject of any legal proceedings which would have a material adverse effect on the business or financial position of the Company or any of its subsidiaries, or any of its or their properties.

## ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted during the fourth quarter of 2024 to a vote of security holders.

## PART II – OPERATIONAL AND FINANCIAL INFORMATION

## ITEM 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

### Market Information

The common shares of the Company are traded on the PSE under the symbol "MREIT". The Company's common stock was first listed on the PSE on 01 October 2021.

The following table sets out, for the periods indicated, the high and low sales price for the Company's common shares as reported on the PSE:

| Year | | Q1 | Q2 | Q3 | Q4 |
|---|---|---|---|---|---|
| 2021 | High | | | | 19.70 |
| | Low | | | | 16.70 |
| 2022 | High | 22.50 | 18.58 | 16.04 | 14.48 |
| | Low | 18.50 | 15.14 | 13.90 | 11.28 |
| 2023 | High | 15.36 | 15.90 | 14.56 | 12.80 |
| | Low | 13.70 | 13.76 | 12.08 | 11.54 |
| 2024 | High | 14.20 | 13.26 | 13.82 | 14.04 |
| | Low | 12.38 | 12.30 | 12.64 | 13.18 |

Market price of the Company's shares as at 27 December 2024 was ₱13.34 per share.

### Holders

As of 31 December 2024, the Company has nineteen (19) shareholders of record. The following table sets forth the shareholders of the Company as of 31 December 2024.[2]

| Rank | Name of Stockholder | Number of Common Shares | Percentage of Ownership |
|---|---|---|---|
| 1. | Megaworld Corporation | 2,077,794,881 | 55.83% (direct) |
| 2. | PCD Nominee Corp. (Filipino) | 1,613,470,057 | 43.35% |
| 3. | PCD Nominee Corp. (Non-Filipino) | 27,432,843 | 0.74% |
| 4. | AIM Scientific Research Foundation, Inc. | 1,250,000 | 0.04% |
| 5. | Pryce Gases, Inc. | 1,035,900 | 0.03% |

[2] The shares of the following directors: Mr. Kevin Andrew L. Tan, Mr. Francisco C. Canuto, and Ms. Lourdes T. Gutierrez-Alfonso are lodged with PCD Nominee Corporation.

| | | | |
|---|---|---|---|
| 6. | Pryce Corporation | 851,400 | 0.03% |
| 7. | James Esteves Takano | 124,000 | 0.00% |
| 8. | Myra P. Villanueva | 10,000 | 0.00% |
| 9. | Milagros P. Villanueva | 4,000 | 0.00% |
| 10. | Myrna P. Villanueva | 4,000 | 0.00% |
| 11. | Juan Carlos V. Cabreza | 1,000 | 0.00% |
| 12. | Marietta V. Cabreza | 1,000 | 0.00% |
| 13. | Antonio E. Llantada Jr. | 1,000 | 0.00% |
| 14. | Sergio R. Ortiz-Luis Jr. | 1,000 | 0.00% |
| 15. | Katherine L. Tan | 1,000 | 0.00% |
| 16. | Jesus B. Varela | 1,000 | 0.00% |
| 17. | Jennifer T. Ramos | 100 | 0.00% |
| 18. | Jennifer T. Ramos | 100 | 0.00% |
| 19. | Francis J. Ricamora | 100 | 0.00% |

**Dividends and Dividend Policy**

The Company is required to declare dividends pursuant to the REIT Law. The REIT Law requires a REIT to distribute annually a total of at least 90% of its distributable net income, as adjusted for unrealized gains and losses/expenses and impairment losses, and other items in accordance with generally accepted accounting standards (excluding proceeds from the sale of the Company's assets that are reinvested in the Company within one year from the date of the sale), as dividends to its shareholders. Such dividends shall be payable only from the unrestricted retained earnings, and the income distributable as dividends shall be based on the audited financial statements for the most recently completed fiscal year prior to the prescribed distribution. The Company may declare either cash, property, or stock dividends. However, the declaration of stock dividends must be approved by at least a majority of the entire membership of the Company's Board, including the unanimous vote of all its independent Directors, and stockholders representing not less than two-thirds (2/3) of the outstanding capital stock at a regular meeting or special meeting called for that purpose. Any such stock dividend declaration is also subject to the approval of the Philippine SEC within five working days from receipt of the request for approval. If the Philippine SEC does not act on said request within such a period, the declaration shall be deemed approved.

The Company has adopted a dividend policy in accordance with the provisions of the REIT Law, pursuant to which the Company's shareholders are entitled to receive at least 90% of the Company's annual Distributable Income. The Company intends to declare and pay out dividends on a quarterly basis each year.

In 2024, the Company's distributable income reached Php 3,178.3 million, reflecting a 12% increase from the previous year. Revenue also experienced a 9% year-on-year jump to Php 4,513.5 million. This growth was driven by the four new high-quality office towers and raising rents from current tenants.

Out of the distributable net income for 2024, the Company declared total cash dividends on the Company's common shares amounting to Php 3,007,695,048 broken down as follows:

| Payment Date | Amount | Amount per Share |
|---|---|---|
| | | |
| June 14, 2024 | Php 687,772,059.73 | Php0.2460 |
| August 30, 2024 | Php 691,686,209.66 | Php0.2474 |
| December 3, 2024 | Php 695,879,941.73 | Php0.2489 |
| March 6, 2025 | Php 932,356,836.90 | Php0.2505 |
| **Total** | | **Php0.9928** |

The Company has distributed 95% of its distributable income for the period.

## ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION AND FINANCIAL CONDITION

### Results of Operations

*(Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)*

***Review of Twelve Months ending 31 December 2024 versus Twelve Months Ending 31 December 2023***

The Company's net income saw a substantial increase, reaching Php3,973.9 million for the fiscal year ending December 31, 2024, compared to Php168.3 million in the same period last year. This remarkable growth reflects the company's strategic initiatives and asset expansion efforts. After adjusting for fair value gains or losses and other non-cash accounting items, the Company's distributable income also demonstrated strong growth, rising to Php3,178.3 million from Php2,844.1 million in the prior year. This increase was primarily driven by the recognition of newly infused assets in Q4 2024, which contributed to higher rental revenues and improved operational efficiencies. The significant year-over-year improvement highlights the Company's continued efforts to enhance its asset portfolio, optimize income-generating properties, and deliver sustained value to its stakeholders.

### Revenues

Rental income increased to Php3,464.1 million from Php3,223.4 million, while net income from dues grew to Php1,049.3 million from Php933.1 million in the same period last year. These gains were driven by the recognition of newly infused assets in Q4 2024, specifically six (6) prime, Grade A office buildings added to the Company's portfolio.

### Cost and Expenses

Cost of services increased to Php978.3 million from Php940.6 million, driven by the addition of six newly infused assets. Meanwhile, other operating expenses rose to Php92.5 million from Php62.2 million, primarily due to a one-time expense related to regulatory requirements for the property share swap.

Fair value gains on investment properties of Php790.4 million was recognized this year, driven by the same factors mentioned above. In contrast, the previous year saw a fair value loss of Php2,732.2 million.

Interest expenses declined slightly to Php304.4 million from Php306.9 million in the previous year.

### Tax Expense

Tax expense declined by 24% to Php9.6 million, mainly due to lower final taxes from decreased interest income on the Company's rolled-over short-term placements.

The top five (5) key performance indicators of the Company are shown below:

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Current Ratio[1] | 1.85 | 1.90 |
| Debt to Equity Ratio[2] | 0.11 | 0.14 |
| Net Debt to Equity Ratio[3] | 0.12 | 0.15 |
| | **31 December 2024** | **31 December 2023** |
| Return on Assets[4] | 4.63% | 0.28% |
| Return on Equity[5] | 5.38% | 0.33% |

**1 – Current Assets / Current Liabilities*
**2 – Total Debt / Equity (Total debt includes interest bearing loans and borrowings and bonds payable)*
**3 – Net Debt / Equity (Net debt is total debt less cash and cash equivalents)*
**4 – Net Profit / Average Total Assets*
**5 – Net Profit / Average Equity*

- Due to the Company's sound financial condition, there is no foreseeable trend or event which may have a material impact on its short-term or long-term liquidity.
- Funding will be sourced from internally-generated funds and/or bank loans.
- There is no material commitment for capital expenditures other than those performed in the ordinary course of trade or business.
- There is no known trend, event or uncertainty that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.
- There is no known significant element of income or loss that did not arise from the Company's continuing operations, except as disclosed above and in the attached financial statements.
- There have been no seasonal aspects that had a material effect on the financial condition or results of the Company's operations.
- There were no known events and uncertainties that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.

*Material Changes in the Financial Statements*

***(Increase/decrease of 5% or more)***

**Statement of Financial Position (31 December 2024 vs 31 December 2023)**

| Item | 31 December 2024 | Increase/ Decrease | % Change | Causes |
|---|---|---|---|---|
| Cash and cash equivalents | 2,025,255,093 | 346,343,047 | 21% | Increased by 21%, principally through to greater cash inflows from the Company's operations. |
| Trade and other receivables | 389,032,440 | 67,788,145 | 21% | Increase due to the assignment of receivables and security deposits. Advance rents resulting from the infusion of an extra six (6) offices assets included in the Property for "A share swap transaction" |
| Other current assets | 328,418,809 | 66,825,428 | 26% | Increased due to the received creditable withholding tax certificates alongside other taxes that was incurred for the year. |

| | | | | |
|---|---|---|---|---|
| Investment properties | 72,922,717,200 | 13,941,917,200 | 24% | Increased due to the infusion of an extra six (6) offices assets included in the Property for "A share swap transaction" |
| Other non-current assets | 224,237,781 | 145,689,803 | 185% | Increased due to the additional projects which pertains to the building improvements and maintenance. |
| Other Liabilities | 1,782,471,224.75 | 462,290,077.07 | 35% | Increase which is due to a growth in fund and property management fees, and other payables such as trade, output VAT, and delayed output VAT outlay connected to the addition of the six (6) office assets during the period. |
| Capital stock | 3,721,983,381.00 | 926,162,000.00 | 33% | Increase resulted from the inclusion of six (6) office assets as part of the Property for Share Swap transaction. The SEC released its certification of valuation for the properties on October 2024, which triggered the issuance of new shares and the infusion of stated assets. |
| Additional Paid In Capital | 64,797,000,097.29 | 12,014,186,212.29 | 23% | |
| Retained earnings (deficit) | (2,229,316,774.45) | 1,210,759,577.13 | -36% | Decreased due to non-cash component on fair value losses. |

**Statement of Income (31 December 2024 vs 31 December 2023)**

| Item | 31 December 2024 (12 Months) | Increase/ Decrease | % Change | Causes |
|---|---|---|---|---|
| Rental income | 3,464,129,798.22 | 240,747,083.24 | 7% | The increase in revenue is attributed to the recognition of increased income from the six (6) office properties injected during the fourth quarter. |
| Income from dues - net | 1,049,348,193.75 | 116,226,441.61 | 12% | |
| Operating expense | 92,504,316.45 | 30,307,372.76 | 49% | The increase is primarily due to payment of fees from the SEC and PSE in relation to the Property for Share Swap transaction as well as expenses from the newly injected properties. |
| Miscellaneous income | 540,773,325.11 | 3,513,581,489.07 | 118% | Increase due to the fair value gains from the investment properties. |

There are no other significant changes in the Company's financial position (5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would have impact or change the reported financial information and condition on the Company.

***Review of Twelve Months ending 31 December 2023 versus Twelve Months Ending 31 December 2022***

The Company's net income increased to Php168.3 million for the fiscal year ending 31 December 2023, from a net loss of Php176.6 million in the same period the previous year. In both periods, fair value loss was recognized driving down the net income of the Company. Adding back the fair value loss and removing other non-cash accounting adjustments, the distributable income of the company increased to 2.844.1 million from 2.562.2 million in the same period the previous year. The increases was primarily driven by the recognition of income from four (4) additional prime, grade A office buildings located in PEZA-registered zones.

**Revenues**

Rental income grew to Php3,223 million from Php2,918 million while income from dues – net grew to Php933 million from 731 million in the same period last year. Both increases are attributable to the full year recognition of income in the current year from the four (4) additional prime, Grade A office buildings that the Company owns.

**Cost and Expenses**

Cost of services also grew to Php940 million from Php676 million, while other operating expenses grew to Php62 million from Php38 million, in the same period last year as a result of the full year recognition of expenses for the operation of the four (4) additional office buildings.

A fair value loss of Php2,732 million was also recorded this year for the reason stated above. In the same period last year, a total fair value gain of Php2,822 million was recorded arising from upward adjustments in the appraisal of the Company's investment Properties.

Interest expenses also decreased slightly to Php306 million from Php309 million the previous year.

**Tax Expense**

Tax expense increased by 189% to Php12.6 million due to the higher final taxes arising from the higher interest income generated from the Company's rolled over short-term placement.

The top five (5) key performance indicators of the Company are shown below:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Current Ratio[1] | 1.90 | 2.52 |
| Debt to Equity Ratio[2] | 0.14 | 0.15 |
| Net Debt to Equity Ratio[3] | 0.15 | 0.15 |
| | **31 December 2023** | **31 December 2022** |
| Return on Assets[4] | 0.28% | -0.30% |
| Return on Equity[5] | 0.33% | -0.35% |

**1 – Current Assets / Current Liabilities*
**2 – Total Debt / Equity (Total debt includes interest bearing loans and borrowings and bonds payable)*
**3 – Net Debt / Equity (Net debt is total debt less cash and cash equivalents)*
**4 – Net Profit / Average Total Assets*
**5 – Net Profit / Average Equity*

- Due to the Company's sound financial condition, there is no foreseeable trend or event which may have a material impact on its short-term or long-term liquidity.
- Funding will be sourced from internally-generated funds and/or bank loans.
- There is no material commitment for capital expenditures other than those performed in the ordinary course of trade or business.

- There is no known trend, event or uncertainty that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.
- There is no known significant element of income or loss that did not arise from the Company's continuing operations, except as disclosed above and in the attached financial statements.
- There have been no seasonal aspects that had a material effect on the financial condition or results of the Company's operations.
- There were no known events and uncertainties that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.

*Material Changes in the Financial Statements*

***(Increase/decrease of 5% or more)***

**Statement of Financial Position (31 December 2023 vs 31 December 2022)**

| Item | 31 December 2023 | Increase/ Decrease | % Change | Causes |
|---|---|---|---|---|
| Cash and cash equivalents | 1,678,912,046 | 298,385,986 | 22% | Increased by 22%, principally through to greater cash inflows from the Company's operations during the first half of 2023. |
| Trade and other receivables | 451,266,601 | 141,425,570 | 46% | Increase due to the assignment of receivables and security deposits. Advance rents resulting from the infusion of an extra four (4) offices assets included in the Property for "A share swap transaction" |
| Other non-current assets | 78,547,978 | -14,092,636 | -15% | Decreased due to the completion of construction in process for building renovations. |
| Accounts and other payables | 785,682,360 | 291,694,037 | 59% | Increase which is due to a growth in fund and property management fees, and other payables such as trade, output VAT, and delayed output VAT outlay connected to the addition of the four (4) office assets during the period. |
| Capital stock | 2,795,821,381 | 263,700,000 | 10% | Increase resulted from the inclusion of four (4) office assets as part of the Property for Share Swap transaction. The SEC released its certification of valuation for the properties on March 23, 2023, which triggered the issuance of new shares and the infusion of stated assets. |
| Additional Paid In Capital | 52,782,813,885 | 4,875,347,850 | 10% | |

| | | | | |
|---|---|---|---|---|
| Retained earnings (deficit) | -3,440,076,347 | -2,518,718,024 | 273% | Decreased due to non-cash component on fair value losses. |

**Statement of Income (31 December 2023 vs 31 December 2022)**

| Item | 31 December 2023 (12 Months) | Increase/ Decrease | % Change | Causes |
|---|---|---|---|---|
| Rental income | 3,223,382,715 | 305,597,030 | 10% | The increase in revenue is attributed to the recognition of increased income from the four (4) office properties injected during the first quarter. |
| Income from dues - net | 933,121,752 | 202,140,179 | 28% | |
| Cost of services | 940,568,965 | 264,357,772 | 39% | |
| Other operating expenses | 62,196,945 | 24,796,662 | 66% | The increase is primarily due to payment of fees from the SEC and PSE in relation to the Property for Share Swap transaction. |
| Interest income | 64,685,771 | 41,643,448 | 181% | Increase due to higher interest collected from short-term placements. |
| Miscellaneous income | 1,686,743 | 998,726 | 145% | Increase due to the collection of penalties and non-recurring rental income from tenants. |
| Tax income (expenses) | - 12,586,537 | -8,237,702 | 189% | The increase is attributable to increased final tax expenditure, as well as higher interest revenue obtained from short-term placements during the current period. |

There are no other significant changes in the Company's financial position (5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would have impact or change the reported financial information and condition on the Company.

***Review of Twelve Months ending December 31, 2022 versus Twelve Months Ending December 31, 2021***

The Company saw its net income decline from Php2,014 million in the twelve months ending December 31, 2021 to a net loss of Php177 million in the same period this year. The decline was mainly driven by the fair value loss recorded in the current year arising from the downward adjustment in the appraisal of the Company's investment properties. The downward adjustment came about as a result of the rising interest rates which is a key input in the income approach used in the appraisal of the properties.

**Revenues**

Rental income grew to Php2,918 million from Php1,393 million while income from dues – net grew to Php731 million from 295 million in the same period last year. Both increases are attributable to the full year recognition of income in the current year from the fourteen (14) Prime, Grade A office buildings that the Company owns.

**Cost and Expenses**

Cost of services also grew to Php676 million from Php243 million, while other operating expenses grew to Php38 million from Php28 million, in the same period last year as a result of the full year recognition of expenses for the operation of the 14 office buildings.

A fair value loss of Php2,822 million was also recorded this year for the reason stated above. In the same period last year, a total fair value gain of Php943 million was recorded arising from upward adjustments in the appraisal of the Company's investment Properties.

Interest expense also rose to Php309 million from Php24 million in the previous year due to the interest-bearing loan secured by the Company to finance the acquisition of additional four (4) office assets on December 21, 2021.

**Tax Expense**

Tax expense declined to (Php0.5 million) from Php100 million in the same period last year due to the one time recognition of deferred tax income in the prior year.

*Financial Condition as of the end of December 31, 2022*

The Company maintains a prudent financial policy and has a healthy balance sheet to support its financial and operational requirements. As of December 31, 2022, the Company's total assets stand at Php58.5 billion, a 3.9% decrease from the previous period arising from the adjustment in appraisal of the Company's properties.

The Company's total current assets now stand Php1,913 million compared to Php1,493 million in December 31, 2021. The change was driven by an increase in the company's trade and other receivables.

Interest bearing loans, net of capitalized transaction costs, remain at Php7.2 billion as of December 31, 2022, arising from the term loan obtained from a local bank to partially finance the acquisition of the four office assets.

The top five (5) key performance indicators of the Company are shown below:

| | **December 31, 2022** | **December 31, 2021** |
|---|---|---|
| Current Ratio[1] | 2.52 | 3.43 |
| Debt to Equity Ratio[2] | 0.15 | 0.14 |
| Net Debt to Equity Ratio[3] | 0.15 | 0.14 |
| | **December 31, 2022** | **December 31, 2021** |
| Return on Assets[4] | -0.30% | 3.57% |
| Return on Equity[5] | -0.35% | 3.91% |

**1 – Current Assets / Current Liabilities*
**2 – Total Debt / Equity (Total debt includes interest bearing loans and borrowings and bonds payable)*
**3 – Net Debt / Equity (Net debt is total debt less cash and cash equivalents)*
**4 – Net Profit / Average Total Assets*
**5 – Net Profit / Average Equity*

- Due to the Company's sound financial condition, there is no foreseeable trend or event which may have a material impact on its short-term or long-term liquidity.
- Funding will be sourced from internally-generated funds and/or bank loans.
- There is no material commitment for capital expenditures other than those performed in the ordinary course of trade or business.
- There is no known trend, event or uncertainty that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.
- There is no known significant element of income or loss that did not arise from the Company's continuing operations, except as disclosed above and in the attached financial statements.
- There have not been any seasonal aspects that had a material effect on the financial condition or results of the Company's operations.

- There were no known events and uncertainties that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.

*Material Changes in the Financial Statements*

***(Increase/decrease of 5% or more)***

**Statement of Financial Position (December 31, 2022 vs December 31, 2021)**

| Item | Dec. 31, 2022 | Increase/ Decrease | % Change | Causes |
|---|---|---|---|---|
| Trade and other receivables | 309,841,031 | 165,163,355 | 114% | Increase due to a combination of increase in accrued receivables arising from straight-line method recognition of rental income and increase in billed receivables which are generally collectible on a 30-day term |
| Other current assets | 268,309,116 | 197,046,765 | 277% | Increase due to additional creditable withholding taxes and prepaid expenses |
| Other non-current assets | 92,640,614 | 38,198,685 | 70% | Increase is due to the additional security deposit paid for the additional assets |
| Accounts and other payables | 493,988,323 | 321,796,980 | 187% | Increase due to rise in fund and property management fees that are payable annually and quarterly, respectively |
| Retained earnings (deficit) | -921,358,323 | -2,643,092,985 | -154% | Decrease due to recognition of fair value losses from adjustment in the appraisal of the Company's investment properties |

**Statement of Income (December 31, 2022 vs December 31, 2021)**

| Item | Dec. 31, 2022 (12 Months) | Increase/ Decrease | % Change | Causes |
|---|---|---|---|---|
| Rental income | 2,917,785,685 | 1,525,243,792 | 110% | Increase due to full year recognition of revenues and expenses from the Company's fourteen (14) buildings |
| Income from dues - net | 730,981,573 | 435,614,410 | 147% | |
| Cost of services | 675,974,769 | 432,517,562 | 178% | |
| Other operating expenses | 37,636,707 | 9,244,646 | 33% | |

| Item | Dec. 31, 2022 (12 Months) | Increase/ Decrease | % Change | Causes |
|---|---|---|---|---|
| Fair value gains (losses) on investment properties | -2,822,000,000 | -3,764,592,380 | -399% | Decrease due to non-recurring downward adjustment in the fair value of the Company's investment properties for the year current reporting period. In the previous year, a non-recurring upward adjustment was recognized in the fair value of the Company's investment properties |
| Interest expense | 309,090,834 | 282,854,303 | 1078% | Increase primarily due to the interest payments and accruals arising from the Php7.25 billion interest bearing loan obtained by the Company in December 2021 |
| Interest income | 23,042,323 | 14,030,848 | 156% | Increase due to interest earned over the full year from short term placements |
| Miscellaneous income | 688,017 | 688,017 | N/A | Increase due to collection of penalties and non-recurring rental related income from tenants in the current year |
| Tax income (expenses) | -4,348,835 | -103,928,787 | -104% | Decrease is due to the deferred tax income recognized in the prior year. The Company availed of tax incentives available under the REIT Act, thus no deferred taxes were recognized on temporary differences as of the current year. |

There are no other significant changes in the Group's financial position (5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would have impact or change the reported financial information and condition on the Group.

**ITEM 7. FINANCIAL STATEMENTS**

Financial Statements meeting the requirements of SRC Rule 68, as amended, are attached hereto as Exhibit 1 and incorporated herein by reference.

**ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

There are no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Company.

## PART III – CONTROL AND COMPENSATION INFORMATION

### ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

There are seven (7) members of the Company's Board of Directors, three (3) of whom are independent directors. An independent director is a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as director (SRC, Rule 38). All directors were elected during the annual meeting of stockholders held on 02 June 2023, and will hold office until their successors have been duly elected and qualified. All the incumbent directors have been nominated for election to the Board of Directors of the Company for the ensuing calendar year.

Information concerning the background of the directors/nominees for directors and executive officers of the Company indicating their principal occupation or employment and their business experience for the past five (5) years is provided below.

The table sets forth each member of the Company's Board as of 31 December 2024.

| Name | Age | Citizenship | Position |
|---|---|---|---|
| Francisco C. Canuto | 67 | Filipino | Director and Chairman |
| Kevin Andrew L. Tan | 45 | Filipino | Director, President and CEO |
| Katherine L. Tan | 73 | Filipino | Director |
| Lourdes T. Gutierrez-Alfonso | 61 | Filipino | Director |
| Antonio E. Llantada, Jr. | 69 | Filipino | Independent Director |
| Jesus B. Varela | 68 | Filipino | Independent Director |
| Sergio R. Ortiz-Luis, Jr. | 81 | Filipino | Independent Director |

The table below sets forth the Company's executive officers in addition to its executive directors listed above as of 31 December 2024.

| Name | Age | Citizenship | Position |
|---|---|---|---|
| Giovanni C. Ng | 50 | Filipino | Treasurer |
| Jose Arnulfo C. Batac[3] | 50 | Filipino | Chief Operating Officer |
| Maria Carla T. Uykim | 48 | Filipino | Corporate Secretary |
| Angeli S. Tristeza[4] | 32 | Filipino | Compliance Officer |
| Andy Willing Dela Cruz, Jr. | 30 | Filipino | Investor Relations Officer |

**Francisco C. Canuto**
*Chairman of the Board*

Mr. Canuto joined the Company as a Director in 2020 and is currently the Chairman of the Board of Directors. He is a Certified Public Accountant and holds a bachelor's degree in Commerce major in Accounting and a Master's Degree in Business Administration. He is concurrently Senior Vice President, Chief Finance Officer, Treasurer, Compliance Officer, Corporate Information Officer and Chief Audit Executive and Senior Assistant to the Chairman of Megaworld Corporation (publicly-listed). He is also a member of the Company's Management Executive Committee. He is concurrently a Director of Megaworld Global-Estate, Inc., Gilmore Property Marketing Associates, Inc. and Eastwood Property Holdings, Inc., Director and Corporate Secretary of Megaworld Central Properties, Inc., and

[3] Appointed as Chief Operations Officer effective 16 May 2024.
[4] Appointed as Compliance Officer effective 26 June 2024.

Director and Treasurer of Megaworld Cebu Properties, Inc., Twin Lakes Corporation, Megaworld Oceantown Properties, Inc., Megaworld Resort Estates, Inc., Megaworld Land, Inc., Megaworld-Daewoo Corporation and Eastwood Cyber One Corporation. He serves as Chairman and President of Prestige Hotels & Resorts, Inc., Arcovia Properties, Inc., Lucky Chinatown Cinemas, Inc., Festive Walk Cinemas, Inc., Southwoods Cinemas, Inc., McKinley Cinemas, Inc., Uptown Cinemas, Inc. He is also the President of Megaworld Foundation, Inc. Before joining the Megaworld Group, he worked as Audit Manager of SGV & Company and Controller of Federal Express Corporation. Mr. Canuto holds a bachelor's degree in Commerce major in Accounting from Polytechnic University of the Philippines in 1978 and a Master's Degree in Business Administration from Ateneo de Manila University in 1986.

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

Mr. Tan is a Director since 2020 and the President and Chief Executive Officer of the Company. He obtained his bachelor's degree in Business Administration major in Management from the University of Asia and the Pacific. He is currently the Director and Executive Director of Megaworld Company, and was first appointed as Director on 07 October 2024. He has been with the Company since July 2001, and previously held the position of Executive Vice President and Chief Strategy Officer. He also previously held the position of Senior Vice President for Commercial Division, which markets and operates 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, both 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. He is the President, Chief Executive Officer and Vice Chairman of public-listed company, Alliance Global Group, Inc. He is also concurrently a Director of publicly-listed companies, Empire East Land Holdings, Inc., Emperador Inc. and Global-Estate Resorts, Inc. and Eastwood Cyber One Corporation, Uptown Cinemas, Inc., Megaworld Central Properties Inc., Twin Lakes Corporation, Megaworld Land, Inc., Townsquare Development, Inc., Emperador Distillers, Inc., Alliance Global Brands, Inc., Anglo Watsons Glass, Inc., Yorkshire Holdings, Inc., The Bar Beverage, Inc., Emperador Brandy, Inc., and New Town Land Partners, Inc. He is also a Chairman of Megaworld Foundation, Inc. and the Chairman and President of Alliance Global-Infracorp Development, Inc. and Agile Digital Ventures, Inc. Mr. Tan obtained his bachelor's degree in Business Administration major in Management from the University of Asia and the Pacific.

**Katherine L. Tan**
*Director*

Ms. Tan is a Director of the Company since 2021. Ms. Tan is the Vice Chairman of the Company (Emperador Distillers Inc.) since 2021. She is concurrently a Director of Megaworld Corporation (publicly-listed) and a Director and Treasurer of Alliance Global Group, Inc. and Emperador Inc. (both publicly-listed). She has extensive experience in the food and beverage industry and is currently Director and Corporate Secretary of The Bar Beverage, Inc. and Director and President of Andresons Global, Inc., Raffles & Company, Inc., The Andresons Group, Inc. and Choice Gourmet Banquet, Inc. She is also a Director and Treasurer of Alliance Global Brands, Inc. and Emperador Distillers, Inc. Ms. Tan graduated from St. Scholastica's College, Manila, with the degree in Bachelor of Arts in Nutrition on March 9, 1974.

**Lourdes T. Gutierrez-Alfonso**
*Director*

Ms. Gutierrez-Alfonso is a Director of the Company since 2020. She is currently the President of Megaworld Corporation and was first appointed as Director on 03 June 2024. She is also a member of the Management Executive Committee of the Company. She has been with the Company since March 1990. She likewise serves as director in numerous affiliate companies including publicly-listed Global-Estate Resorts, Inc. Ms. Gutierrez-Alfonso is Chairman of the property management company, First Oceanic Property Management, Inc. She is also a director of Suntrust Properties, Inc., Twin Lakes Corporation, Southwoods Mall, Inc., Mactan Oceanview Properties and Holdings, Inc., Megaworld Resort Estates, Inc., Megaworld Cebu Properties, Inc., Megaworld Oceantown Properties, Inc., Megaworld Bacolod Properties, Inc., Eastwood Cyber One Corporation, Davao Park District Holdings, Inc., and Prestige Hotels & Resorts, Inc. She is also currently the Chairman of Belmont Newport Luxury Hotels, Inc., Megaworld Global-Estate, Inc., and Savoy Hotel Manila, Inc. She is also a trustee and a Corporate Secretary of Megaworld Foundation, Inc. She has extensive experience in real estate and a strong background in finance and marketing. Ms. Gutierrez-Alfonso graduated cum laude from the Far Eastern University with the degree of Bachelor of Science major in Accounting in 1984. She is a certified public accountant by profession.

**Jesus B. Varela**
*Independent Director*

Mr. Varela is an Independent Director of the Company and has served as such since April 2021. He concurrently serves as independent director in the boards of Global-Estate Resorts, Inc. (publicly-listed), Travellers International Hotel Group, Inc. and Suntrust Resorts Holdings. He is also the immediate past director general of International Chamber of Commerce Philippines (ICC), a Board Regent of Unibersidad de Manila and a columnist at the Philippine Daily Tribune and President of the Erehwon Art Foundation. Mr. Varela has more than twenty years of experience in the fields of marketing, human resources, international labor affairs, agriculture, and commerce, among others. He has done executive work with the Department of Agriculture, National Food Authority Council, Philippine Genetics, Inc., National Irrigation Administration, Philippine Planters Products, National Agri- Business Corporation, Agriculture Anti-Smuggling Task Force, and Nautical Highway Board. He served as Labor Attaché to Kobe, Japan, to the Commonwealth of Northern Marianas Island, and to Athens. He attended training courses in Labor Administration and Policy Formulation under the International Labor Organization/ARPLA program, the Corporate Planning Course at the Center for Research Communication, Foreign Exchange Training by Metro Bank and Forex Club of the Philippines, Systems Analysis by the Presidential Management Staff, Asian Productivity Seminar and other in-house seminars conducted by the Department of Labor and the Development Academy of the Philippines. He was formerly Chairman & Acting CEO of GS1 Philippines, Director of PCCI and Vice President of the Employers Confederation of the Philippines. Mr. Varela obtained his bachelor's degree in Economics from Ateneo De Manila University in 1979.

**Antonio E. Llantada, Jr.**
*Independent Director*

Mr. Llandata is an Independent Director of the Company and has served as such since May 2021. Mr. Llantada is a Certified Public Accountant (CPA) by profession. He is concurrently a Professor of Accounting and Finance in Enderun Colleges and Thames International Business School, and a Guest and Regular Resource Faculty - School of Executive Education and Lifelong Learning (SEELL) and the Executive Master in Business Administration Program (EMBA) of the Washington Sycip Graduate School of Business (WGSB) - Asian Institute of Management (AIM). He previously served as the Internal Audit Consultant and Chief Audit Executive of Empire East Land Holdings, Inc. (publicly-listed). Mr. Llantada obtained his Bachelor of Science Commerce degree in Accounting and Bachelor of Arts degree in Behavioral Science. (LIA-COM) in De La Salle University - Manila, and his Master's Degree in Business Administration (MBA) in the Ateneo Graduate School of Business (AGSB).

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

Mr. Ortiz-Luis is an Independent Director of the Company and has served as such since April 2021. He is the President of the Employers Confederation of the Philippines (ECOP), One Philippine Foundation, Inc., Philippine Exporters Confederation (PHILEXPORT) and honorary Chairman and Treasurer of the Philippine Chamber of Commerce and Industry (PCCI). He is the Chairman of Philippine International Airways, National Center for Mediation, Waterfront Mactan Casino Hotel, Inc., Waterfront Philippines, Inc., Grand Ilocandia Resort and Development, Inc., Mayo Bonanza, Inc., Club Waterfront International, Limited, Davao Insular Hotel Company, Inc., Aristocrat Manila City Holdings, Inc. He is also the Chairman and President of Southernpec Phil Corporation and Honorary Chairman of Integrated Concepts & Solutions, Inc. Mr. Ortiz-Luis is also the Vice Chairman of Export Development Council, VC Securities Corporation, Acesite Hotel Philippines, Inc. and Philippine Ease of Doing Business Foundation. He is a Director of Empire East Land Holdings, Inc., GS1 (Formerly Phil. Article Numbering

Council), The Wellex Group, Manila Exposition Complex, Inc., La SalleTech Academy, Inc. , Philippine Estate Corporation, B.A Securities, Forum Pacific, Inc. (FPI: Philippines), LikeCash Asia & Pacific Corp (LikeCash), SPC Power Corporation, Alliance Energy Power and Development Inc., Philippine H2O Ventures Corporation, Jolliville Holdings Corporation, Buklod Bayani Coalition, and Director and Treasurer of Bayaning Pulis Foundation, Inc. He is also the Private Sector Representative of The Philippine Bamboo Council, Member of Council of Adviser Makati City, Senator of Philippine Jaycee Senate, Captain of Philippine Coastguard Auxiliary, Trustee & Treasurer of Human Resources Development Foundation, Hon. Consul General of Consulate of Romania in the Philippines, Dean of Consular Corps (2022) of Consular Corps of the Philippines and Honorary Adviser of Int'l. Association of Educators for World Peace. Mr. Ortiz-Luis, Jr. obtained his bachelor's degree in Liberal Arts and Business Administration, and a candidate of Master of Business Administration from De La Salle College. He has a PhD in Humanities from Central Luzon State University, PhD in Business Technology from Eulogio "Amang" Rodriguez Institute of Science and Technology, and PhD in Business Administration from Angeles University Foundation.

**Giovanni C. Ng**
*Treasurer*

Mr. Ng is the Treasurer of the Company. He concurrently serves as Senior Vice President and Finance Director of Megaworld Corporation, the Company's Parent and Sponsor (publicly-listed). He also serves as Director in Eastwood Property Holdings, Inc., Megaworld Oceantown Properties, Inc., Empire East Communities, Inc., Gilmore Property Marketing Associates, Inc., First Centro, Inc., Valle Verde Properties, Inc., Lucky Chinatown Cinemas, Inc., McKinley Cinemas, Inc., Uptown Cinemas, Inc., Mactan Oceanview Properties and Holdings, Inc. and New Town Land Partners, Inc. He also serves as Treasurer of publicly-listed Empire East Land Holdings, Inc., Adams Properties, Inc. and Townsquare Development, Inc. He is also a Director and Corporate Secretary of Megaworld Land, Inc. Previously, he worked as Analyst Associate in Keppel IVI Investments. Mr. Ng obtained his bachelor's degree in Quantitative Economics from the University of Asia and the Pacific, graduating summa cum laude in 1995.

**Jose Arnulfo C. Batac**
*Chief Operating Officer*

Mr. Batac is the Chief Operating Officer of the Company. He concurrently serves as Head for Corporate Ventures and Partnerships Management of Megaworld Corporation, the Company's Parent and Sponsor. Prior to this role, he used to lead the estate management department handling the operations of Megaworld's township developments around the country. He is also supporting Megaworld Corporation and MREIT, Inc. to pursue sustainability in its businesses as a shared value among its stakeholders by anchoring its corporate activities to the principles of global ESG standards.

**Maria Carla T. Uykim**
*Corporate Secretary*

Atty. Uykim is the Corporate Secretary of the Company. She is concurrently the Head of the Corporate Advisory and Compliance Division of Megaworld Corporation, the Company's Parent and Sponsor, and a member of its Management Executive Committee. She is concurrently the Corporate Secretary of publicly-listed companies, Global-Estate Resorts and serves as Corporate Secretary in various companies such as Asian E-commerce, Inc., Global One Integraged Business Services, Inc., Megaworld Bacolod Properties, Inc., Megaworld San Vicente Coast, Inc., Northwin Properties, Inc., Suntrust Properties, Inc. and Maple Grove Land, Inc. She likewise serves as a Director and Corporate Secretary of various companies, such as Asia Affinity Property Management, Inc., Luxury Global Malls, Inc., Manila Bayshore Property Holdings, Inc., and Megaworld Capital Town, Inc. Atty. Uykim was previously an Associate at Andres Marcelo Padernal Guerrero and Paras law offices from August 2005 to April 2007, where she specialized in labor and corporate law, and at ACCRA Law from February 2003 to January 2004, where she practiced immigration law. She also served as Chief of Staff of Congresswoman Remedios L. Petilla from July 2004 until June 2005. Atty. Uykim obtained her Juris Doctor Degree from the Ateneo De Manila School of Law in 2002 and is a graduate of the double degree program of De La Salle University, with a Bachelor of Arts in Psychology and a Bachelor of Science in Marketing Management in 1997.

**Angell S. Tristeza**
*Compliance Officer*

Ms. Tristeza is the Compliance Officer of the Company. Atty. Tristeza served as the Compliance Officer of the Company from June 26, 2024 to January 15, 2025. She concurrently served as In-House Counsel of the Company since November 2023. Prior to joining, she was a counsel and the Assistant Corporate Secretary of Cebu Pacific Air. Atty. Tristeza graduated from the Ateneo de Manila University with a degree in Legal Management in 2012, and obtained her Juris Doctor degree from the University of the Philippines in 2017. She was admitted to the Philippine Bar in 2018 and has relevant experience in legal, regulatory and compliance work.

**Andy Willing Dela Cruz, Jr.**
*Investor Relations Officer*

Mr. Dela Cruz is the Investor Relations Officer of the Company. Mr. Dela Cruz concurrently holds the same position at Megaworld Corporation, the publicly listed Sponsor of the company. Before joining the Megaworld Group, Mr. Dela Cruz built a distinguished career in the financial industry, holding key roles such as Equity Analyst at Philippine Equity Partners (affiliated with Bank of America Securities), Institutional Sales, and Senior Analyst at COL Financial Group. Mr. Dela Cruz graduated with honors from Ateneo de Manila University, earning a Bachelor of Science degree in Management-Honors with a minor in Financial Management. He is also a Chartered Financial Analyst (CFA).

**Significant Employees**

The business of the Company is not highly dependent on the services of personnel outside of Senior Management and the employees of the Fund Manager and the Property Manager. Nevertheless, the entire workforce is considered significant, and is expected to work together to achieve the Company's goals and objectives.

**Family Relationships**

President and Chief Executive Officer Kevin Andrew L. Tan is the son of Andrew L. Tan, the Chairman of Megaworld Corporation (the Company's Parent and Sponsor), and of Katherine L. Tan, Director of the Company. Kevin Andrew L. Tan is also the Executive Director of Megaworld Corporation.

**Involvement in Certain Legal Proceedings**

The Company is not aware of the occurrence, as of the date hereof and during the past five (5) years preceding this date, of any of the following events which it believes to be material to the evaluation of the ability or integrity of any of its directors, nominees for election as director, or executive officers:

1. Any bankruptcy petition filed by or against any business of a director, nominee for election as director, or executive officer who was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

2. Any director, nominee for election as director, or executive officer being convicted by final judgment in a criminal proceeding, domestic or foreign, or being subject in his personal capacity to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

3. Any director, nominee for election as director, or executive officer being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

4. Any director, nominee for election as director, or executive officer being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body,

or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

## ITEM 10. EXECUTIVE COMPENSATION

### Summary Compensation Table

Aggregate compensation paid to the Company's Chief Executive Officer and the four (4) most highly compensated executive officers as a group for the last two fiscal years and the estimate for the ensuing year are as follows:

| Name and Principal Position | Year | Salary | Other Variable Pay | Total Annual Compensation |
|---|---|---|---|---|
| Kevin Andrew L. Tan<br>President and CEO | | | | |
| Giovanni C.Ng<br>Treasurer | | | | |
| Maria Carla T. Uykim<br>Corporate Secretary | | | | |
| Jose Arnulfo C. Batac<br>Chief Operating Officer | | | | |
| Andy Willing Dela Cruz<br>Investor Relations Officer | | | | |
| President and Four Most Highly Compensated Officers | Actual 2024 | Php4.6m | Php1.2m | Php5.8m |
| | Projected 2025 | Php4.8m | Php1.3m | Php6.1m |
| All Other Officers and Directors as a Group | Actual 2024 | Php2.1m | Php0.5m | Php2.7m |
| | Projected 2025 | Php2.2m | Php0.6m | Php2.8m |

### Compensation of Directors

The Company's By-Laws stipulates that the total yearly compensation of all directors and principal officers of the Corporation shall not exceed 10% of the net income before tax of the Corporation for the preceding year. In the last two reporting periods, directors received per diem only from the Company.

For 2025, the Company has allocated Php525,000.00 for Directors' per diems. There are no arrangements pursuant to which any Director of the Company was compensated, or is to be compensated, directly or indirectly, during the year ended 31 December 2024 for any service provided as a Director.

| Name of Directors | Year | Salary | Total Annual Director's Per Diem |
|---|---|---|---|
| Francisco C. Canulo | | Per diem | |

| | | | |
|---|---|---|---|
| Kevin Andrew L. Tan | | Per diem | |
| Katherine L. Tan | | Per diem | |
| Lourdes T. Gutierrez-Alfonso | | Per diem | |
| Antonio E. Llantada, Jr. | | Per diem | |
| Jesus B. Varela | | Per diem | |
| Sergio R. Ortiz-Luis, Jr. | | Per diem | |
| Total Annual Director's Per Diem | 2023 | | 500,000 |
| | 2024 | | 500,000 |
| | 2025 | | 525,000 |

**Employment Contracts and Termination of Employment and Change-In-Control Arrangement**

Executive officers are appointed by the Board to their respective offices. The Company does not enter into employment contracts with its executive officers. Other than benefits available under the Company's retirement plan, there is no compensatory plan or arrangement with respect to an executive officer which results or will result from the resignation, retirement or any other termination of such executive officer's employment with the Company and its subsidiaries, or from a change-in-control of the Company, or a change in an executive officer's responsibilities following a change-in-control of the Company.

**Options Outstanding**

There are no outstanding warrants or options in connection with the shares of the Company held by any of the directors or executive officers.

## ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

**Security Ownership of Record and Beneficial Owners of more than 5% of the Company's Shares as of 31 December 2024**

| Title of Class | Name, address of Record Owner and Relationship with Issuer | Name of Beneficial Owner and Relationship with Record Owner | Citizenship | No. of Shares Held | Percent of Class |
|---|---|---|---|---|---|
| Common | Megaworld Corporation<br><br>30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City 1634<br><br>Parent/Sponsor | Megaworld Corporation[4] | Filipino | 2,361,144,881 | 63.44% |

[4] The Board of Directors of Megaworld Corporation ("Megaworld") has voting and investment power over shares of stock held by Megaworld in the Company.

| | | | | | |
|---|---|---|---|---|---|
| Common | PCD Nominee Corp. (Filipino)<br><br>G/F MKSE Bldg., 6767 Ayala Ave., Makati | Participants of the PCD composed of custodian banks and brokers.[5] | Filipino | 1,613,470,057 | 43.35% |

Other than the persons identified above, there are no other beneficial owners of more than 5% of the Company's voting stock known to the Company.

**Security Ownership of Management as of 31 December 2024**

| Title of Class | Name of Beneficial Owner | Amount and Nature of Beneficial Ownership* | Citizenship | Percent of Class |
|---|---|---|---|---|
| **Directors/Nominees** | | | | |
| Common | Francisco C. Canuto[6] | 1,000 (Indirect) | Filipino | 0.0000% |
| Common | Kevin Andrew L. Tan[7] | 9,995,000 (Indirect) | Filipino | 0.2700% |
| Common | Katherine L. Tan | 1,000 (Direct) | Filipino | 0.0000% |
| Common | Lourdes T. Gutierrez-Alfonso[8] | 1,000 (Indirect) | Filipino | 0.0000% |
| Common | Antonio E. Llantada, Jr. | 1,000 (Direct) | Filipino | 0.0000% |
| Common | Jesus B. Varela | 1,000 (Direct) | Filipino | 0.0000% |
| Common | Sergio R. Ortiz-Luis, Jr. | 1,000 (Direct) | Filipino | 0.0000% |
| **CEO and Most Highly Compensated Officers** | | | | |
| Common | Kevin Andrew L. Tan | Same as above | | |
| Common | Giovanni C. Ng | 0 | Filipino | n/a |
| Common | Maria Carla T. Uykim | 0 | Filipino | n/a |
| Common | Jose Arnulfo C. Batac | 0 | Filipino | n/a |
| Common | Andy Willing Dela Cruz, Jr. | 0 | Filipino | n/a |
| **Other Executive Officers** | | | | |
| Common | Angeli S. Tristeza | 0 | Filipino | n/a |

**Voting Trust Holders of 5% or More**

The Company is not aware of the existence of persons holding more than five percent (5%) of the Company's common shares under a voting trust or similar agreement.

**Changes in Control**

On 01 February 2021, Megaworld obtained control over the Company by subscribing to 12,400,000 shares of the Company's authorized capital stock with par value of Php100.00 per share or a total of Php1,240,000,000.00. Accordingly, Megaworld acquired 99.20% direct ownership of the Company's total issued and outstanding capital stock.

On 07 April 2021, the Company approved the amendment of its Articles of Incorporation to change the par value of common shares from Php100.00 to Php1.00, resulting to an increase in the number of common shares from 50,000,000 to 5,000,000,000.

On 07 April 2021, the Company also approved the Property-for-Share Swap transaction with Megaworld in which Megaworld transferred, assigned and conveyed absolutely in favor of the Company all of its rights, title and interests in ten (10) mixed-use buildings, in exchange for 1,282,120,381 common shares with a par value of Php1.00 per share and additional paid-in capital (APIC) of Php47,920,287,239.00. The Philippine SEC certified the approval of the valuation of the Property-for-Share Swap on 01 June

[5] Among the PCD participants, Aurora Securities, Inc. owns 314,634,600 shares representing 8.45% of the Company's outstanding capital stock, Government Service Insurance System owns 274,349,100 shares representing 7.37% of the Company's outstanding capital stock, and BANCO DE ORO - Trust Banking Group owns 204,991,600 representing 5.51%.
[6] Shares are lodged with PCD Nominee Corporation
[7] Shares are lodged with PCD Nominee Corporation.
[8] Shares are lodged with PCD Nominee Corporation.

2021; hence, the issuance of additional common shares to Megaworld was consummated. Accordingly, Megaworld's direct ownership interest increased to 99.61% of the total issued and outstanding capital stock of the Company.

On 01 October 2021, upon the Company's listing in the PSE, Megaworld sold 949,837,500 of its shares in the Company to the public. As a result, Megaworld became the 62.09% owner of the Company, while 37.51% of the Company's shares are held by the public. The remaining shares are held by the Company's directors.

On 01 April 2022, the Company approved the Property-for-Share Swap transaction with Megaworld pursuant to which Megaworld transferred, assigned and conveyed absolutely in favor of the Company all of its rights, title and interests in four (4) Grade A buildings located in PEZA-registered Zones in exchange for 263,700,000 common shares of the Company, with a par value of Php1.00 per share and APIC of Php5,010,300,000.00, or for a total subscription price of Php5,274,000,000.00. On 23 March 2023, the Philippine SEC approved the valuation of the Property-for-Share Swap, which resulted in the issuance of 263,700,000 additional common shares to Megaworld.

On 06 June 2023, Megaworld disclosed in its SEC Form 23-B the disposition of 1,250 shares of the Company. Accordingly, as of 31 December 2023, Megaworld's interest in the Company is 55.63%, while the shares held by the public are at 42.98%. The remaining shares are held by Emperador, Inc. (1.03%) and the Company's directors (0.36%).

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. Accordingly, as of 31 December 2024, Megaworld's interest in the Company is 63.44%, while the shares held by the public are at 35.52%. The remaining shares are held by affiliates and Company's directors at 1.05%.

**Foreign Ownership**

As of 31 December 2024, 27,432,843 common shares, or 0.73% of the Company's outstanding capital stock, are owned by foreigners. The Company's foreign ownership limit is 40%.

## ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company, in the ordinary course of business, engages in transactions with its Parent and affiliates. On 25 June 2021, the Company adopted a Related Party Transaction Policy to ensure that related party transactions are entered into terms comparable to those available to unrelated third parties in similar transactions. The Company has also established a Related Party Transaction Committee composed of three members of the board, two of whom are independent, including the Chairman.

Transactions with related parties include asset acquisitions from, and land leases with, Megaworld Corporation (the Company's Parent and Sponsor), and fund and property management agreements with affiliates. The table below sets out the principal transactions of the Company with related parties as of 31 December 2024:

| Year | Related Parties | Nature of the Transaction | Value of the Transaction |
|---|---|---|---|

| | | | |
|---|---|---|---|
| 2024 | Megaworld Corporation (and Davao Park District Holdings, Inc. in respect of certain properties) | Acquisition of six buildings owned by Megaworld in exchange for shares of stock in the company | The six properties, which were valued by an independent property, were transferred to the Company in exchange for 926,162,000 common shares for a total subscription price of Php13,151.5M, with a resulting additional paid-in capital of Php12,225.3. |
| 2024 | Megaworld Corporation (and Davao Park District Holdings, Inc. in respect of a certain property) | Lease of various lands where the buildings acquired from Megaworld are located | Commencing on the start of<br>the quarter when the SEC's<br>confirmation of valuation is obtained up to 30 June 2025, rent equivalent to, as applicable:<br>(a) 2.5% of the Company's gross rental income for office and retail properties; and<br>(b) 1.5% of the Company's hotel rental/revenues for hotel properties.<br>From 01 July 2025 onwards, rent equivalent to, as applicable:<br>(a) 5% of the Company's gross rental income for office and retail properties; and<br>(b) 3% of the Company's hotel rental/revenues for hotel properties. |
| 2022 | Megaworld Corporation | Acquisition of four buildings owned by Megaworld in exchange for shares of stock in the Company[9] | The four properties, which were valued by an independent property, were transferred to the Company in exchange for 263,700,000 common shares for a total subscription price of Php5,274,000,000.00, with a resulting additional paid-in capital of Php5,010,300,000.00 |
| 2021 | Megaworld Corporation (and Empire East Land Holdings, Inc. in respect of certain properties) | Acquisition of ten buildings owned by Megaworld in | The ten properties, which were valued by an independent property, were transferred to the Company |

[9] This transaction was consummated in 2023 upon the SEC's approval of the valuation of the properties transferred to the Company.

| | | | |
|---|---|---|---|
| | | exchange for shares of stock in the Company | in exchange for 1,282,120,381 common shares for a total subscription price of Php49,202,407,620.00, with a resulting additional paid-in capital of Php47,920,287,239.00 |
| 2021 | Megaworld Corporation | Acquisition of four buildings owned by Megaworld for cash | The four properties were acquired by the Company for cash in the amount of Php9,116,000,000.00 |
| 2021, 2022, and 2023 | Megaworld Corporation (and Empire East Land Holdings, Inc. in respect of certain properties) | Lease of various lands where the buildings acquired from Megaworld are located[10] | From 01 July 2023, rent equivalent to, as applicable:<br><br>a. 2.5% of the Company's gross rental income for office and retail properties; and<br>b. 1.5% of the Company's hotel rental/revenues for hotel properties.<br><br>From 01 July 2025 onwards, rent equivalent to, as applicable:<br><br>a. 5% of the Company's gross rental income for office and retail properties; and<br>b. 3% of the Company's hotel rental/revenues for hotel properties. |
| 2021 | MREIT Fund Managers, Inc. | Fund management agreement for the management of the Company's funds and assets | Fund management fee equivalent to 3.5% of the Company's gross revenues, payable annually, not to exceed 1% of the net asset value of the properties under management |
| 2021 | MREIT Property Managers, Inc. | Property management agreement for the operation and management of the Company's properties and facilities | Property management fee equivalent to 2.0% of the Company's gross revenues, payable monthly, not to exceed 1% of the net asset value of the properties under management |

[10] These leases pertain to the various parcels of land where the buildings acquired from Megaworld in the property-for-share swap transactions and cash acquisition transactions are located.

Other than the foregoing and those disclosed in the Company's Financial Statements, the Company has not entered into any other related party transactions. (For more information, see Exhibit 1 – Audited Financial Statements)

## PART IV – CORPORATE GOVERNANCE

### Evaluation System

The Company has designated a Compliance Officer who is tasked with monitoring compliance with the provisions and requirements of its Manual on Corporate Governance. The Compliance Officer has established an evaluation system, patterned after the CG Scorecard of the Institute of Corporate Directors to measure or determine the level of compliance by the Company with its Manual.

### Deviations from Manual and Sanctions Imposed

In 2023, the Company substantially complied with its Manual on Corporate Governance and did not materially deviate from its provisions. No sanctions were imposed on any director, officer or employee on account of non-compliance with the Company's Manual on Corporate Governance.

### Plan to Improve Corporate Governance

The Company adopted a Manual of Corporate Governance that is compliant with SEC Memorandum Circular No. 19, Series of 2016. The Company will continue to adopt best practices in Corporate Governance as may be prescribed by the Commission.

## PART V – EXHIBITS AND SCHEDULES

### Exhibits

| Exhibit No. | Description of Exhibit |
|---|---|
| 1 | Audited Financial Statements as of December 31, 2024 |
| 2 | Sustainability Report for 2024 |

### Reports on SEC Form 17-C

The Company filed the following reports on SEC Form 17-C during the year ended 31 December 2024:

| Date | Disclosures |
|---|---|
| 28 February 2024 | Notice of Analysts'/Investors' Briefing |
| 29 February 2024 | Press Release: MREIT's Distributable Income Surges to P2.8b, up by 13% |
| 29 February 2024 | Material Information/Transactions: MREIT's Distributable Income Surges to P2.8b, up by 13% |
| 01 March 2024 | Material Information/Transactions: Audited Financial Statements of MREIT, Inc. for the year ended 31 December 2023 |
| 04 March 2024 | Declaration of Cash Dividends |
| 19 April 2024 | Press Release: MEGAWORLD Completes Secondary Share Sale of 40.65m MREIT Shares |
| 23 April 2024 | Reinvestment Plan |
| 13 May 2024 | Material Information/Transactions: Resolutions Approved During the Special Meeting of the Board of Directors of MREIT, Inc. on 10 May 2024 |
| 13 May 2024 | Acquisition or Disposition of Assets |
| 13 May 2024 | Press Release: MREIT to Acquire Six Assets Worth P13.15-B |
| 13 May 2024 | Declaration of Cash Dividends |
| 13 May 2024 | Notice of Annual or Special Stockholders' Meeting |

| | |
|---|---|
| 13 May 2024 | Notice of Analysts'/Investors' Briefing |
| 13 May 2024 | Amended Disclosures on Acquisition or Disposition of Assets re: Board approval of Megaworld Corporation's subscription to 926,162,000 common shares for a total subscription price of Php13,151,500,400.00, consisting of par value of One Peso (Php1.00) per share or Php926,162,000.00, and Additional Paid-In Capital of Php12,225,338,400.00, in exchange for six (6) Grade A buildings located in PEZA-registered zones under a tax-free property-for-share swap transaction. |
| 13 May 2024 | Clarification of News Reports: Clarification of news article entitled "MREIT set to expand property portfolio by 48% |
| 13 May 2024 | Amended-1 Disclosures on Notice of Annual or Special Stockholders' Meeting re: Notice of Annual Stockholders' Meeting for 2024 |
| 16 May 2024 | Amended-2 Disclosures on Notice of Annual or Special Stockholders' Meeting re: Notice of Annual Stockholders' Meeting for 2024 |
| 16 May 2024 | Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion) |
| 21 May 2024 | Comprehensive Corporate Disclosure on Issuance of Shares |
| 03 June 2024 | Update on Corporate Actions/Material Transcations/Agreements |
| 10 June 2024 | Reinvestment Plan |
| 26 June 2024 | Results of Annual or Special Stockholders' Meeting |
| 26 June 2024 | Results of Organizational Meeting of Board of Directors |
| 27 June 2024 | Clarification of News Reports: Clarification of News Article |
| 16 July 2024 | Reinvestment Plan Progress Report: Quarterly Progress Report for the First Quarter of 2024 on the Use of the Proceeds from the Block Sale of 40,650,000 Common Shares of MREIT, Inc. |
| 16 July 2024 | Reinvestment Plan Progress Report: Quarterly Progress Report for the Second Quarter of 2024 on the Use of the Proceeds from the Sale of 79,700,000 Common Shares of MREIT, Inc. |
| 16 July 2024 | Reinvestment Plan Progress Report: Quarterly Progress Report for the quarter ended June 30, 2024 on the application of proceeds from the Block Sale of 279,400,000 Common Shares of MREIT, Inc. |
| 16 July 2024 | Reinvestment Plan Progress Report: Final Progress Report on the Disbursement of Proceeds from the Block Sale of 279,400,000 Common Shares of MREIT, Inc. |
| 05 August 2024 | Declaration of Cash Dividends |
| 07 August 2024 | Notice of Analysts'/Investors' Briefing |
| 11 October 2024 | Amended Disclosures on Acquisition or Disposition of Assets re: SEC's approval of MREIT, Inc. and Megaworld Corporation's property-for-share swap of 926,162,000 common shares with a par value of One Peso (PhP1.00) per share and Additional Paid-In Capital of Php12,225,338,400.00, with six (6) Grade A buildings located in PEZA-registered zones. |
| 11 October 2024 | Press Release: MREIT Secures Approval to Acquire Six Assets Worth P13.15-B |
| 15 October 2024 | Reinvestment Plan Progress Report: Quarterly Progress Report for the quarter ended 30 September 2024 on the application of proceeds from the Block Sale of 40,650,000 Common Shares of MREIT, Inc. |
| 15 October 2024 | Reinvestment Plan Progress Report: Quarterly Progress Report for the quarter ended September 30, 2024 on the application of proceeds from the Sale of 79,700,000 Common Shares of MREIT, Inc. |
| 05 November 2024 | Declaration of Cash Dividends |
| 08 November 2024 | Notice of Analysts'/Investors' Briefing |
| 25 November 2024 | Change in Number of Issued and Outstanding Shares |
| 02 December 2024 | Material Information/Transactions: Three-Year Investment Strategy of MREIT, Inc. |

## SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in MAKATI CITY, on 11 APR 2025

**MREIT, Inc.**
Company

By:

**KEVIN ANDREW L. TAN**
President and Chief Executive Officer

**GIOVANNI C. NG**
Treasurer

**JOSE ARNULFO C. BATAC**
Chief Operating Officer

**GIANCARLO INACAY**
Chief Financial Officer

**MARIA CARLA T. UYKIM**
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 11 day of APR 2025 affiant(s) exhibiting to me his/their Tax Identification Numbers, as follows:

Name
Kevin Andrew L. Tan
Giovanni C. Ng
Jose Arnulfo C. Batac
Giancarlo Inacay
Maria Carla T. Uykim

Doc. No. 419
Page No. 85.
Book No. 304
Series of 2025.

ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-229
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2026
2364 ANGONO STREET
BARANGAY POBLACION 1210, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO. 499549/01-06-2025/Pasig City
PTR NO. MKT 10494504/01-22-2025/Makati City
MCLE Compliance No. VIII-0012898/04-14-2028

"DOCUMENTARY STAMP TAX PAID"
(SIGNATURE) APR 11 2025 (DATE OF PAYMENT)

# COVER SHEET
## for
# AUDITED FINANCIAL STATEMENTS

SEC Registration Number

| C | S | 2 | 0 | 2 | 0 | 5 | 2 | 2 | 9 | 4 |
|---|---|---|---|---|---|---|---|---|---|---|

**Company Name**

M R E I T , I N C .

**Principal Office (No./Street/Barangay/City/Town/Province)**

18/F, ALLIANCE GLOBAL TOWER,
36TH ST., COR. 11TH AVE.,
UPTOWN BONIFACIO, TAGUIG CITY

| FORM TYPE | DEPARTMENT REQUIRING THE REPORT | SECONDARY LICENSE TYPE, IF APPLICABLE |
|---|---|---|
| 17-A | MSRD | |

**COMPANY INFORMATION**

| COMPANY EMAIL ADDRESS | COMPANY'S TELEPHONE NUMBER | MOBILE NUMBER |
|---|---|---|
| COMPLIANCE@MREIT.COM.PH | (632) 8894-6300/6400 | (0917) 8788206 |

| NO. OF STOCKHOLDERS | ANNUAL MEETING (MONTH/DAY) | FISCAL YEAR (MONTH/DAY) |
|---|---|---|
| 17 | TBA | DECEMBER 31 |

**CONTACT PERSON INFORMATION**

The designated contact person ***MUST*** be an Officer of the Corporation

| NAME OF CONTACT PERSON | EMAIL ADDRESS | TELEPHONE NO. | MOBILE NUMBER |
|---|---|---|---|
| ATTY. KRIZELLE MARIE F. POBLACION | COMPLIANCE@MREIT.COM.PH | (632) 8894-6300 | (0906) 448 8908 |

**CONTACT PERSON'S ADDRESS**

10th Floor, Two World Square, 24 Upper McKinley Road, McKinley Hill, Taguig City, Philippines 1634

*Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

*Note 2: All boxes must be properly and completely filled-up. Failure to do so shall cause delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

M·REIT
A MEGAWORLD COMPANY

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY**
**FOR FINANCIAL STATEMENTS**

The management of **MREIT, Inc.** (the Company), is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the year ended December 31, 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

**FRANCISCO C. CANUTO**
*Chairman of the Board*

**KEVIN ANDREW L. TAN**
*President and Chief Executive Officer*

**GIANCARLO V. INACAY**
*Chief Financial Officer*

Signed this 20th day of February 2025

M·REIT
A MEGAWORLD COMPANY

SUBSCRIBED AND SWORN to before me this 20th day of February 2025 at MAKATI CITY, Philippines, affiants exhibiting to me their Identification Nos. as follows:

Franciso C. Canuto
Kevin Andrew Tan
Giancarlo V. Inacay

Doc. No. 61;
Page No. 14;
Book No. 20;
Series of 2025

ATTY. ROMEO M. MONFORT
Notary Public City of Makati
Until December 31, 2025
Appointment No. M-032 (2024-2025)
PTR No. 10466008 Jan. 2, 2025/Makati City
IBP No. 488534 Dec. 27, 2024
MCLE NO. VII-0027570 Roll No. 27932
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

"DOCUMENTARY STAMP TAX PAID"
(SIGNATURE) (DATE OF PAYMENT) 02/20/25

Gmail **Megaworld Holdings <megaworldholdingsinc@gmail.com>**

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# Your BIR AFS eSubmission uploads were received

1 message

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**eafs@bir.gov.ph** <eafs@bir.gov.ph> Mon, Apr 14, 2025 at 4:57 PM
To: MEGAWORLDHOLDINGSINC@gmail.com
Cc: MEGAWORLDHOLDINGSINC@gmail.com

Hi MREIT, INC.,

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- EAFS502228971OTHTY122024.pdf

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Transaction Code: **AFS-0-MQ2P4V310D9L9AKJNPT1WNT404N4MNN4V**
Submission Date/Time: **Apr 14, 2025 04:57 PM**
Company TIN: **502-228-971**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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**eafs@bir.gov.ph** <eafs@bir.gov.ph> Mon, Apr 14, 2025 at 4:58 PM
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Cc: MEGAWORLDHOLDINGSINC@gmail.com

Hi MREIT, INC.,

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- <None>

Transaction Code: **AFS-0-TVN1Y1Q0QTRXVVYMNVWMZZPS0Q2MV2T3T**
Submission Date/Time: **Apr 14, 2025 04:58 PM**
Company TIN: **502-228-971**

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- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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Gmail **Megaworld Holdings <megaworldholdingsinc@gmail.com>**

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## Your BIR AFS eSubmission uploads were received

1 message

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**eafs@bir.gov.ph** <eafs@bir.gov.ph> Mon, Apr 14, 2025 at 4:48 PM
To: MEGAWORLDHOLDINGSINC@gmail.com
Cc: MEGAWORLDHOLDINGSINC@gmail.com

Hi MREIT, INC.,

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- EAFS502228971RPTTY122024.pdf
- EAFS502228971TCRTY122024-01.pdf
- EAFS502228971TCRTY122024-02.pdf
- EAFS502228971AFSTY122024.pdf

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Transaction Code: **AFS-0-3NQVYXTR0PMSPVWWVPSYQVW4T07F7D9J6L**
Submission Date/Time: **Apr 14, 2025 04:48 PM**
Company TIN: **502-228-971**

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- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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P&A Grant Thornton

**FOR SEC FILING**

# Financial Statements and Independent Auditors' Report

# MREIT, Inc.

December 31, 2024 and 2023

P&A
Grant Thornton

**Punongbayan & Araullo**
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

# Report of Independent Auditors

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

## Report on the Audit of Financial Statements

### *Opinion*

We have audited the financial statements of MREIT, Inc. (the Company), which comprise the statements of financial position as of December 31, 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.

## 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.

### *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.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

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 |
|---|---|---|---|
| **A S S E T S** | | | |
| **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 | **328,418,811** | 261,593,381 |
| Total Current Assets | | **2,742,706,344** | 2,261,749,722 |
| **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 | **224,237,781** | 78,547,978 |
| Total Non-current Assets | | **73,351,340,099** | 59,189,370,284 |
| **TOTAL ASSETS** | | **P 76,094,046,443** | P 61,451,120,006 |
| **LIABILITIES AND EQUITY** | | | |
| **CURRENT LIABILITIES** | | | |
| Accounts and other payables | 8 | **P 810,031,958** | P 785,682,360 |
| Deposits and other liabilities | 9 | **671,761,410** | 402,219,629 |
| Total Current Liabilities | | **1,481,793,368** | 1,187,901,989 |
| **NON-CURRENT LIABILITIES** | | | |
| Interest-bearing loan | 10 | **7,212,172,904** | 7,206,697,580 |
| Deposits and other liabilities | 9 | **1,110,413,468** | 917,961,518 |
| Total Non-current liabilities | | **8,322,586,372** | 8,124,659,098 |
| Total Liabilities | | **9,804,379,740** | 9,312,561,087 |
| **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 | | **( 2,229,316,775 )** | ( 3,440,076,347 ) |
| Total Equity | | **66,289,666,703** | 52,138,558,919 |
| **TOTAL LIABILITIES AND EQUITY** | | **P 76,094,046,443** | P 61,451,120,006 |

***See Notes to Financial Statements.***

**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.

## 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.

### ***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.

(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.

### *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.

### *2.5 Revenue and Expense Recognition*

Revenue comprises revenue from leasing activities.

The following specific recognition criteria must also be met before revenue is recognized:

*(a)* *Income from dues* – Income from dues are recognized when the related services are rendered. Electricity and water dues in excess of actual charges and consumption are recorded as revenues. In addition, billing from common dues, presented at gross amounts, is computed based on a fixed rate per square meter of the leasable area occupied by the tenant.

The Company assesses its revenue agreement against the specific criteria in order to determine if it is acting as a principal or an agent. The Company has concluded that it is acting as a principal for billings from common area, air conditioning and other dues, except for electricity and water dues in which the Company acts as an agent.

*(b)* *Interest income* – Revenue is recognized as the interest accrues taking into account the effective yield on the asset.

The Company also recognizes revenues from rentals which are based on the provisions of PFRS 16.

Cost of services and operating expenses are recognized in profit or loss upon utilization of the goods or services or at the date these are incurred.

### *2.6 Leases*

The Company accounts for leases as follows:

*(a)* *Company as a Lessee*

Variable lease payments that are not based on an index or a rate are not part of the lease liability, but they are recognized in the statement of comprehensive income when the event or condition that triggers those payments occurs.

The Company has elected to account for any short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

*(b)* *Company as a Lessor*

The Company applies judgment in determining whether a lease contract is a finance or operating lease.

### *2.7 Impairment of Non-financial Assets*

The Company's non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

### *2.8 Material Related Party Transactions*

Based on the requirements of SEC Memorandum Circular No. 10, Series of 2019, *Rules on Material Related Party Transactions for Publicly-Listed Companies*, transactions amounting to 10% or more of the total assets based on the latest audited financial statements that were entered into with the related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-third of the outstanding capital stock.

For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10% of the Company's total assets based on the latest audited financial statements, the same BOD approval would be required for the transactions that meet and exceed the materiality threshold covering the same related party.

Directors with personal interest in the transaction should abstain from participating in the discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

## 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS 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).

Based on management evaluation of information and circumstances affecting the Company's trade and other receivables as of the end of the reporting periods, the Company has not recognized any impairment loss.

(b) *Distinction Among Investment Properties and Owner-occupied Properties*

The Company determines whether a property should be classified as investment property or owner-occupied property. The Company applies judgment upon initial recognition of the asset based on intention and also when there is a change in use. In making its judgment, the Company considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

When a property comprises of a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the Company's main line of business or for administrative purposes, the Company accounts for the portions separately if these portions can be sold separately (or leased out separately under finance lease). If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the Company's main line of business or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Company considers each property separately in making its judgment.

(c) *Distinction Between Operating and Finance Leases as a Lessor*

The Company has entered into various lease agreements. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. Based on management assessment, the Company's lease agreements are classified as operating leases.

(d) *Evaluating Principal Versus Agent Consideration*

The Company exercises judgment to determine whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e., the Company is a principal) or to arrange for the other party to provide to those goods or services (i.e., the Company is an agent). Failure to make the right judgment will result in misstatement of revenues and expenses accounts. The Company assessed that it is acting as an agent for utility transactions of its tenants under operating leases. The net amount of utility revenues and utility expenses set off against each other is presented as part of Income from dues under Revenues section of the statements of comprehensive income for the reporting periods presented.

(e) *Recognition of Provisions and Contingencies*

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events. Where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision. Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 18.

### 3.2 Key Sources of Estimation Uncertainty

Presented below and in the succeeding page are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(a) *Estimation of Allowance for ECL*

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 19.2(b).

(b) *Fair Value Measurement of Investment Properties*

The Company's investment properties, composed of buildings for mixed use, are measured using the fair value model. In determining the fair value of these assets, the Company engages the services of professional and independent appraisers applying the Income Approach. In determining the fair value under the Income Approach, significant estimates are made such as revenues generated, costs and expenses related to the operations of the development and discount rate (see Note 21.3).

A significant change in these elements may affect prices and the value of the assets. The fair value of investment properties is disclosed in Notes 6 and 21.3.

For investment properties with valuation conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties.

(c) *Determination of Realizable Amount of Deferred Tax Asset*

The Company reviews its deferred taxes at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Although the Company is not designated as tax-free under the law, as a REIT entity it is exempt from income tax provided it meets certain conditions which includes distribution of a minimum amount of its earnings. The Company assesses that it will continue to comply with the conditions and therefore will not have sufficient taxable income against which it can utilize its net operating loss carry over. As a result, no deferred tax asset was recognized as of December 31, 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:

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

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.

## 5. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

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

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.

| *(Amounts in PHP)* | **2024** | 2023 | 2022 |
|---|---|---|---|
| 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 | **72,922,717,200** | 58,980,800,000 | 56,439,000,000 |

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.

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.

| | Ownership |
|---|---|
| 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.

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

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.

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:

| *(Amounts in PHP)* | **2024** | 2023 |
|---|---|---|
| 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 |
| | **328,418,811** | 261,593,381 |
| 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 |
| | **224,237,781** | 78,547,978 |
| | **552,656,592** | 340,141,359 |

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.

## 8. ACCOUNTS AND OTHER PAYABLES

The details of this account are as follows:

| *(Amounts in PHP)* | Notes | **2024** | 2023 |
|---|---|---|---|
| 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 |
| | | **810,031,958** | 785,682,360 |

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:

| *(Amounts in PHP)* | Notes | **2024** | 2023 |
|---|---|---|---|
| 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 |
| | | **671,761,410** | 402,219,629 |
| 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 |
| | | **1,110,413,468** | 917,961,518 |
| | | **1,782,174,878** | 1,320,181,147 |

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.

| *(Amounts in PHP)* | **2024** | 2023 | 2022 |
|---|---|---|---|
| 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 | **1,052,863,842** | 779,152,958 | 712,839,074 |

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.

| *(Amounts in PHP)* | **2024** | 2023 | 2022 |
|---|---|---|---|
| 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 | **98,394,846** | 66,919,355 | 84,163,376 |

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.

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.

| *(Amounts in PHP)* | **2024** | 2023 |
|---|---|---|
| Balance at beginning of year | **43,302,513** | 48,758,739 |
| Amortization | **(5,475,324)** | (5,456,226) |
| Balance at end of year | **37,827,189** | 43,302,513 |

## 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.

| *(Amounts in PHP)* | Note | **2024** | 2023 | 2022 |
|---|---|---|---|---|
| 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 |
| | | **3,464,129,799** | 3,223,382,715 | 2,917,785,685 |

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.

## 12. COST OF SERVICES

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

| *(Amounts in PHP)* | Notes | **2024** | 2023 | 2022 |
|---|---|---|---|---|
| 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 |
| | | **978,303,651** | 940,568,965 | 676,211,193 |

## 13. OTHER OPERATING EXPENSES

Presented below are the details of other operating expenses.

| *(Amounts in PHP)* | Note | **2024** | 2023 | 2022 |
|---|---|---|---|---|
| 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 |
| | | **92,504,315** | 62,196,945 | 37,400,283 |

## 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.

| *(Amounts in PHP)* | **2024** | 2023 | 2022 |
|---|---|---|---|
| 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) |
| | **9,573,510** | 12,586,537 | 4,348,835 |

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.

## 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 of Transactions | | | Outstanding Receivable (Payable) | |
|---|---|---|---|---|---|---|
| *(Amounts in PHP)* | Note | **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.

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.

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).

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.

## *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 | P0.2474 | 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 | P0.2476 | 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 | P0.2468 | 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 |

## 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).

### *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.

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.

| *(Amounts in PHP)* | 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 |
| | | **2,645,130,875** | 2,150,828,048 |

*(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.

| *(Amounts in PHP)* | **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 | - |

*(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.

| *(Amounts in PHP)* | **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 | - | - |
| | **1,361,313,708** | **2,687,527,051** | **8,329,055,478** |
| 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 | - | - |
| | 1,138,216,111 | 2,561,426,112 | 8,653,760,720 |

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

## 20. CATEGORIES, FAIR VALUES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### *20.1 Carrying Amounts and Fair Value by Category*

The carrying values and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are shown below.

| *(Amounts in PHP)* | | **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 |
| | | **2,645,130,875** | **2,644,454,814** | 2,150,828,048 | 2,149,748,716 |
| ***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 |
| | | **8,953,331,732** | **8,922,265,328** | 8,694,918,399 | 8,660,263,568 |

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:

| | **Increase** | **Decrease** |
|---|---|---|
| Discount rate | Decrease | Increase |
| Terminal capitalization rate | Decrease | Increase |
| Increase in market rental | Increase | Decrease |

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

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

## 22. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

| *(Amounts in PHP)* | **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.

P&A
Grant Thornton

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

**Punongbayan & Araullo**
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

**The Board of Directors and Stockholders**
**MREIT, Inc.**
***(A Subsidiary of Megaworld Corporation)***
18th Floor, Alliance Global Tower
36th Street cor. 11th Avenue
Uptown Bonifacio, Taguig City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of MREIT, Inc. (the Company) as at and for the year ended December 31, 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

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



**Other Required Information**

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

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.

**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**

| | | | *Deductions* | | | | |
|---|---|---|---|---|---|---|---|
| ***Name and Designation of Debtor*** | ***Balance at Beginning of Period*** | ***Additions*** | ***Amounts Collected*** | ***Amounts Written Off*** | ***Current*** | ***Not Current*** | ***Balance at End of Period*** |
| N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

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

| ***Title of Issue and Type of Obligation*** | ***Amount Authorized by Indenture*** | ***Amount shown under caption "Current portion of Interest-bearing loan" in related Balance Sheet*** | ***Amount shown under Caption "Non-current portion of Interest-bearing loan" in related Balance Sheet*** |
|---|---|---|---|
| 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**

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

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

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

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

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

**MREIT, INC.**
***(A Subsidiary of Megaworld Corporation)***
**18th Floor, Alliance Global Tower,**
**36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City**
**Reconciliation of Retained Earnings Available for Dividend Declaration**
**December 31, 2024**

| | | | | |
|---|---|---|---|---|
| **Unappropriated Retained Earnings at Beginning of Year** | | | P | 1,022,406,754 |
| **Add: Category A: 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: Category B: 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: Category C.1: 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: Category C.2: 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: Category C.3: 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 | | | | - |

*Balance carried forward*

| | | |
|---|---|---|
| **Adjusted Net Income/Loss** | P | 3,140,799,853 |

*Balance brought forward*

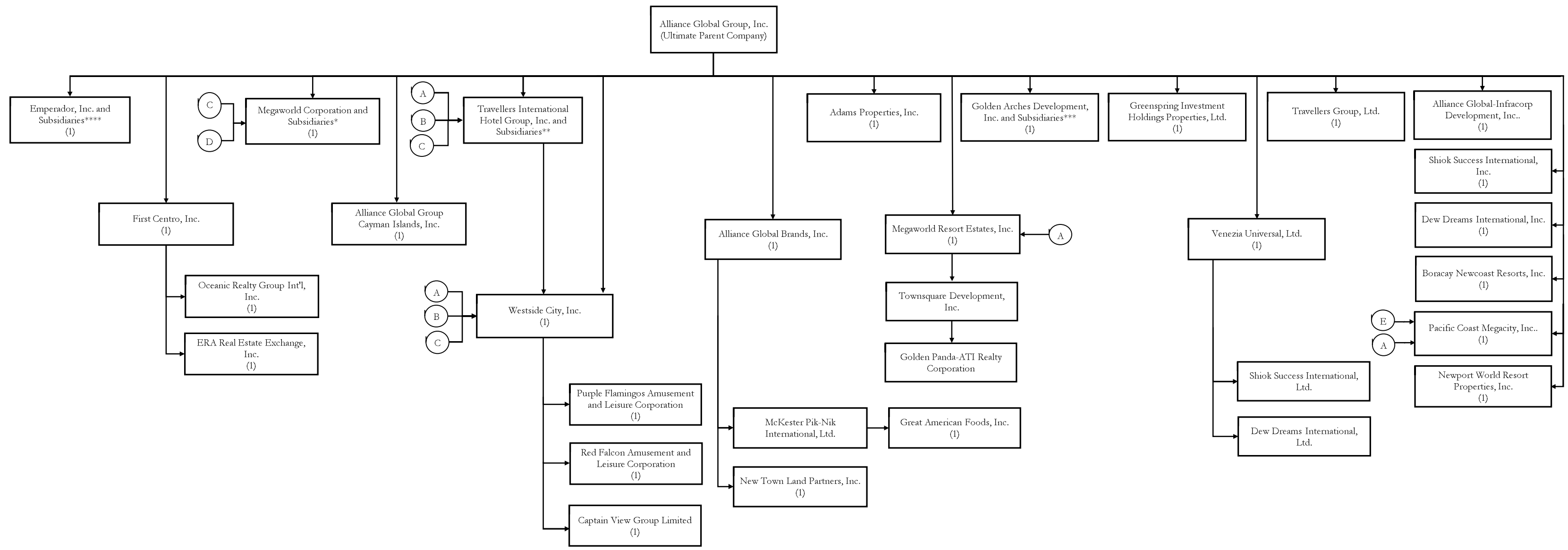
| | | | |
|---|---|---|---|
| **Adjusted Net Income/Loss** | | P | 3,140,799,853 |
| **Add: Category D: Non-actual lossess recognized in profit or loss during the reporting period (net of tax)** | | | |
| Depreciation on revaluation increment (after tax) | P - | | |
| Sub-total | | | - |
| **Add/ Less: 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 F: 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

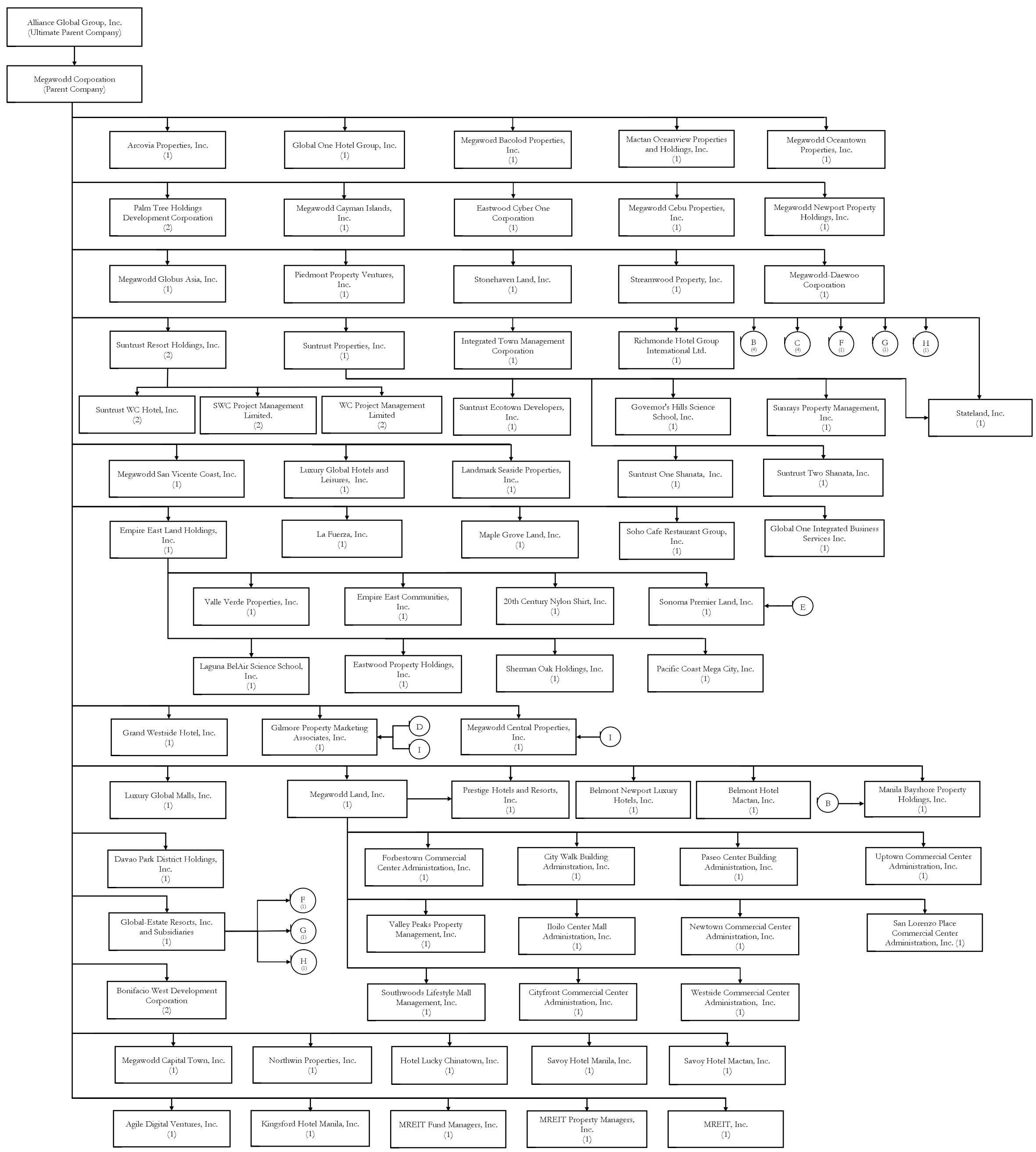



**Legend**

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

A Megaworld Corporation
B Adams Properties, Inc.
C First Centro, Inc.
D Newtown Land Partners, Inc.
E Empire East Land Holdings, Inc.

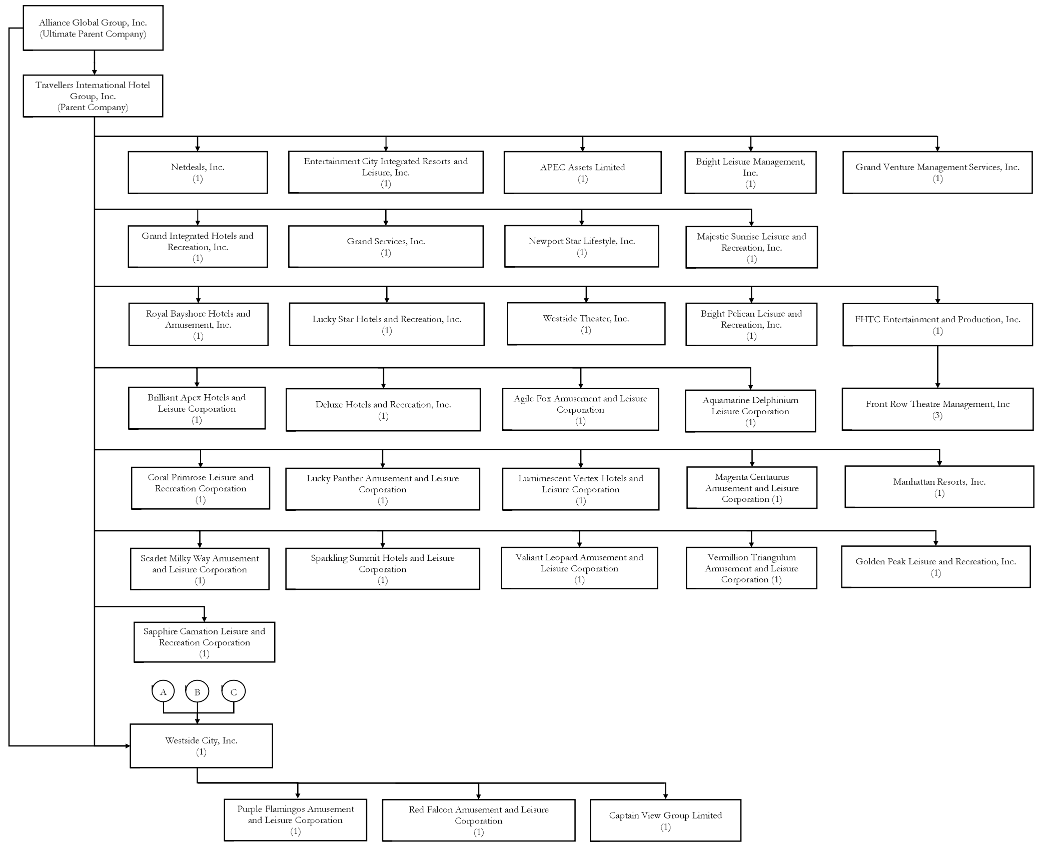
**ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES**
Map Showing the Relationship Between Alliance Global Group, Inc.
and Megaworld Corporation Group
December 31, 2024




**Legend**
*Relationship with Megaworld Corporation*
(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity
(4) FVOCI

| | | | |
|---|---|---|---|
| A | Megaworld Corporation | F | Twin Lakes Corporation |
| B | Travellers International Hotel Group | G | Megaworld Global Estates, Inc. |
| C | Westside City, Inc. | H | Southwoods Mall, Inc. |
| D | Townsquare Development, Inc. | I | Empire East Land Holdings, 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



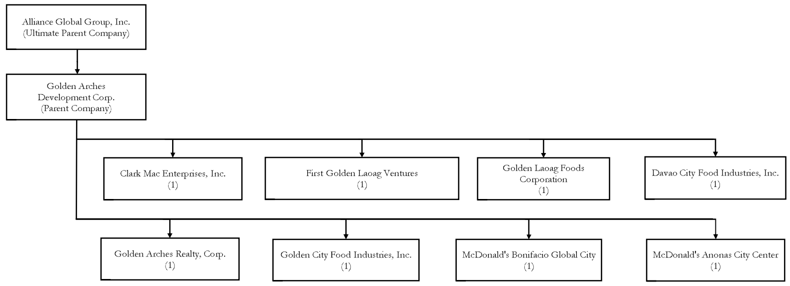

**Legend**

*Relationship with Travellers International Hotel Group, Inc.*

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

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

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

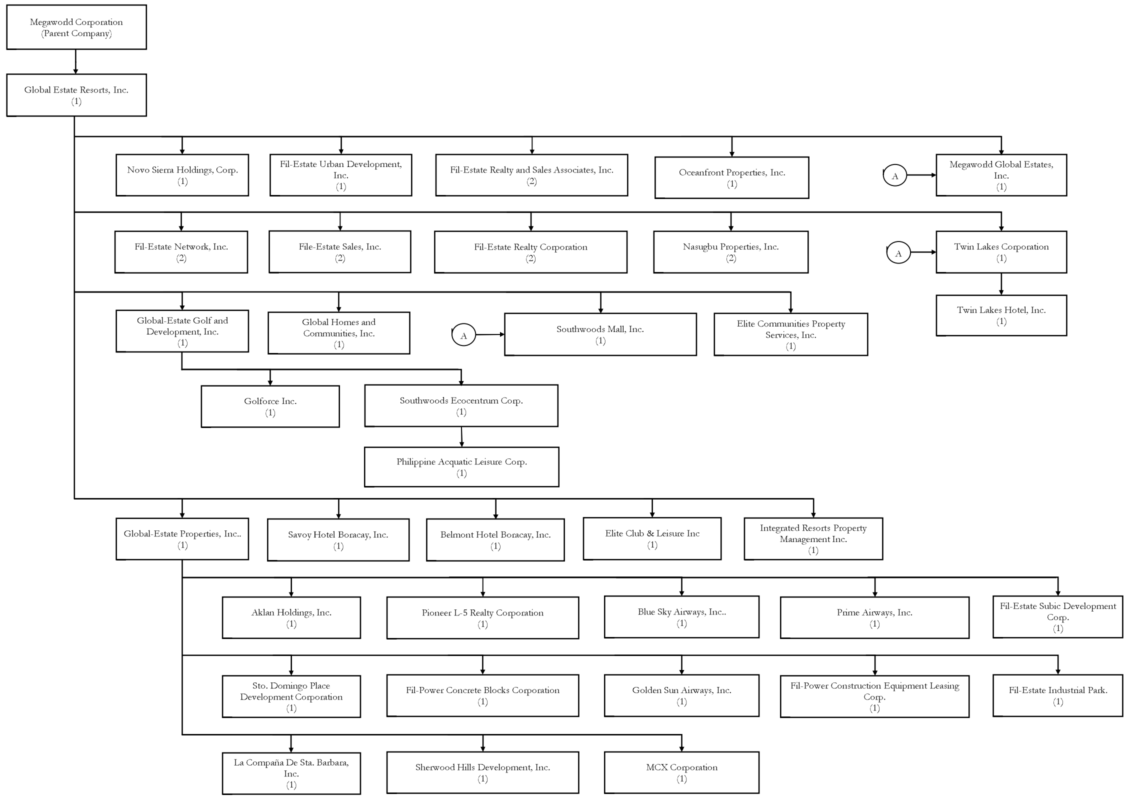



**Legend**

*Relationship with Golden Arches Development Corporation*

| | | | |
|---|---|---|---|
| (1) | Subsidiary | | |
| (2) | Associate | | |
| (3) | Jointly Controlled Entity | | |
| (4) | FVOCI | | |
| A | MegaworldCorporation | J | Twin Lakes Corporation |
| B | Adams Properties, Inc. | K | Megaworld Global Estates, Inc. |
| C | First Centro, Inc. | L | Megaworld Central Properties, Inc. |
| D | Newtown Land Partners, Inc. | M | Shiok Success International, Ltd. |
| E | Travellers International Hotel Group, Inc. | N | Dew Dreams International, Ltd. |
| F | Manila Bayshore Property Holdings, Inc. | O | Southwoods Mall, Inc. |
| G | Westside City, 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

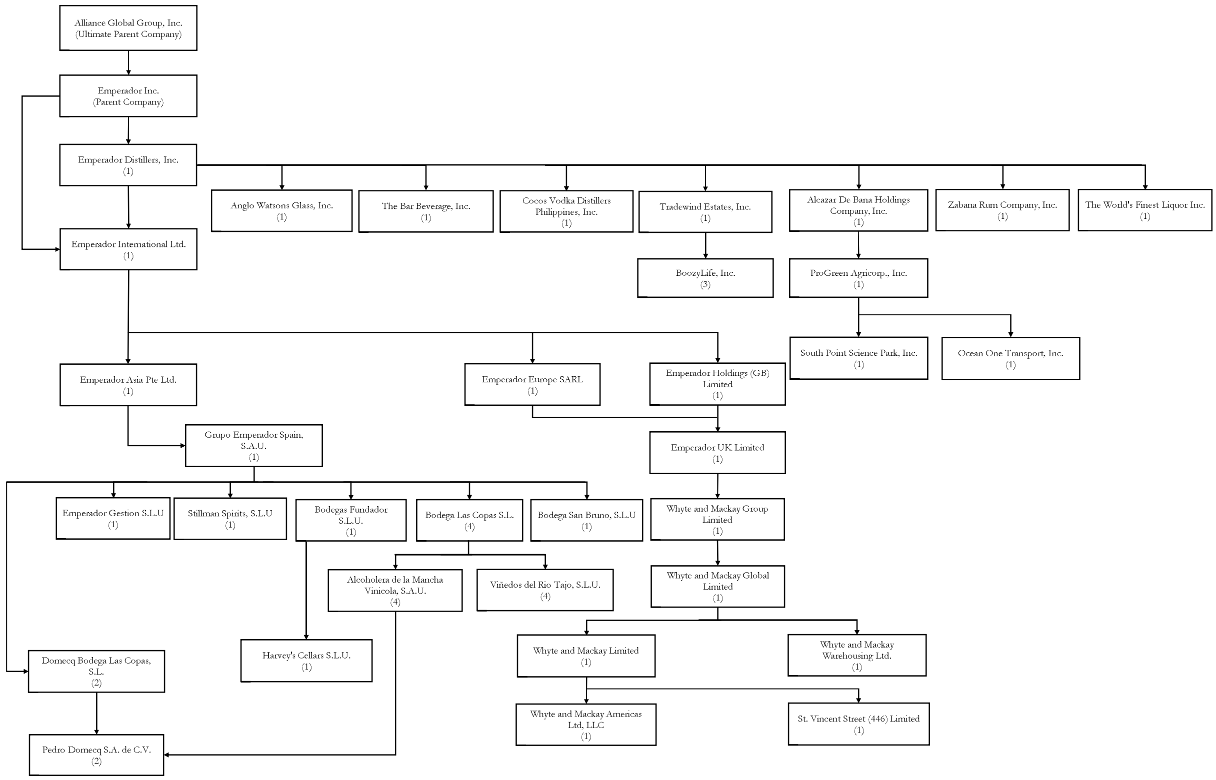



**Legend**

(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 | Shiok Success International, Ltd. |
| E | Travellers International Hotel Group, Inc. | N | Dew Dreams International, Ltd. |
| F | Manila Bayshore Property Holdings, Inc. | O | Southwoods Mall, Inc. |
| G | Westside City, Inc. | P | Sonoma Premier Land, Inc. |
| H | Townsquare Development, Inc. | Q | Gilmore Property Marketing Associates, Inc. |
| I | Megaworld Resort Estates, Inc. | R | Emperador Inc. |
| S | Empire East Land Holdings, Inc. | T | Suntrust Home Developers, Inc. |

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




**Legend**
*Relationship with Emperador Inc.*
(1) Subsidiary (100%)
(2) Subsidiary (50%)
(3) Subsidiary (87%)
(4) Jointly Controlled Entity

P&A Grant Thornton

# 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

**MREIT, INC.**
**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**
**For the year ended December 31, 2024**

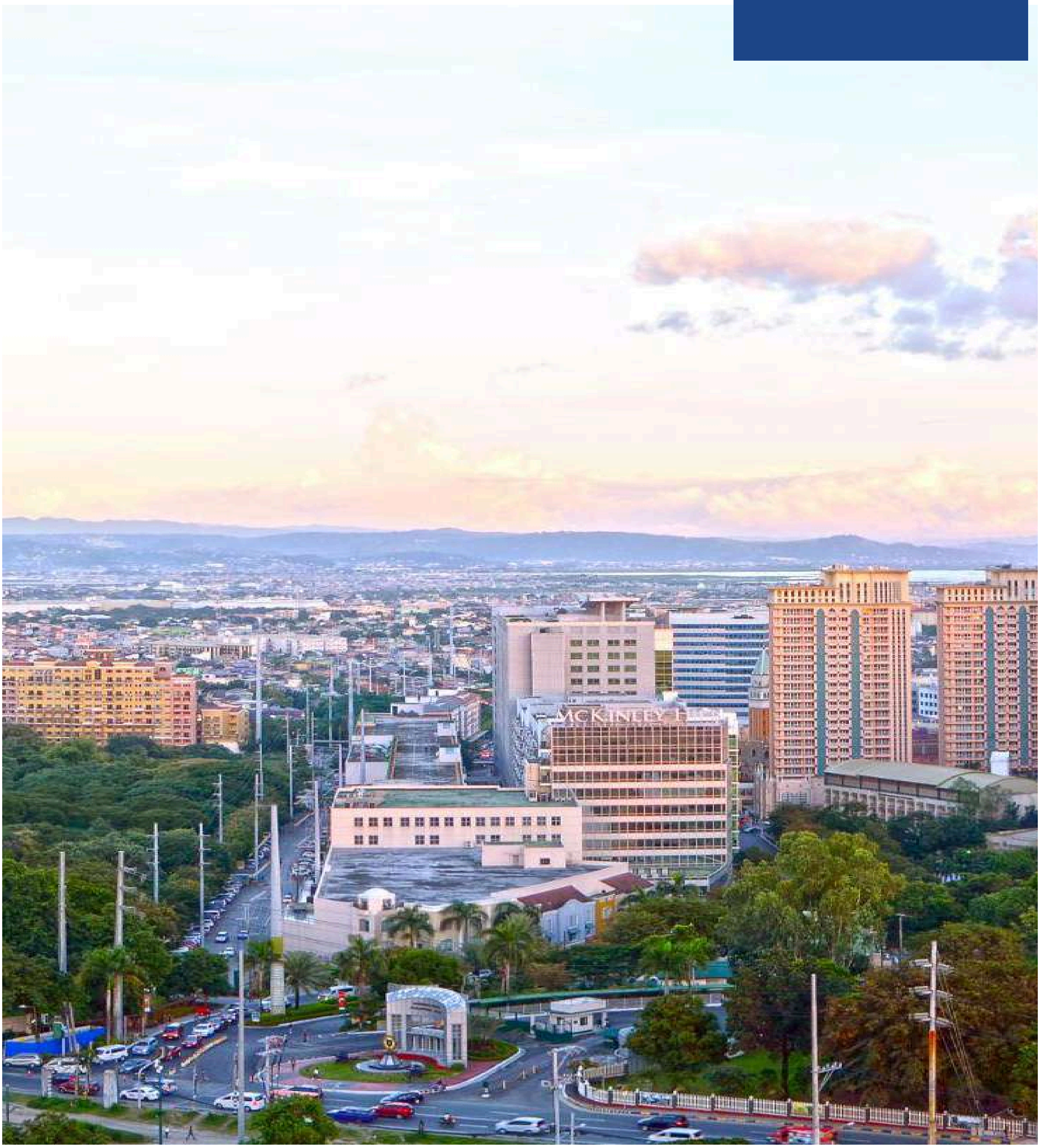
| Ratio | Formula | December 31, 2024 | December 31, 2023 | December 31, 2022 |
|---|---|---|---|---|
| Current ratio | Current assets / Current liabilities | 1.85 | 1.90 | 2.52 |
| Acid test ratio | Quick assets / Current liabilities (Quick assets include cash and current portion of trade receivables - net) | 1.63 | 1.68 | 2.16 |
| Debt-to-equity ratio | Total debt / Total stockholders' equity (Total debt includes interest bearing loans and borrowings and bonds and notes payable ) | 0.11 | 0.14 | 0.15 |
| Asset-to-equity ratio | Total assets / Total stockholders' equity | 1.15 | 1.18 | 1.18 |
| Solvency ratio | EBITDA / Total debt (Total debt includes interest bearing loans and borrowings and bonds and notes payable )* | 0.48 | 0.45 | 0.41 |
| Interest rate coverage ratio | EBIT / Total Interest (Total interest includes interest expense and capitalized interest)** | 11.49 | 10.49 | 9.57 |
| Return on equity | Net profit (loss) / Average total stockholders' equity | 0.0538 | 0.0033 | -0.0035 |
| Return on assets | Net profit (loss) / Average total assets | 0.0463 | 0.0028 | -0.0030 |
| Net profit margin | Net profit (loss) / Total revenues | 0.7053 | 0.0405 | -0.0484 |

**EBITDA refers to earnings before interest, taxes, depreciation, amortization and excludes net fair value change in investment properties*
***EBIT refers to earnings before interest and taxes and excludes net fair value change in investment properties*

# 2024
# Sustainability Report

SEC Form 17-A Annex

M·REIT
A MEGAWORLD COMPANY



# Contents

## Contextual Information

| | |
|---|---|
| Name of Organization | MREIT, Inc. |
| Location of Headquarters | 18th Floor, Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City |
| Location of Operation | Philippines |
| Report Boundary<br>*Legal Entities (e.g. Subsidiaries) included in this Report* | MREIT is a subsidiary of Megaworld Corporation |
| Business Model, including Primary Activities, Brands, Products, and Services | MREIT, a Real Estate Investment Trust (REIT) sponsored by Megaworld Corporation, is a specialized investment vehicle primarily engaged in the acquiring and managing income-generating real estate properties, With a mandate to distribute a substantial portion of its earnings to shareholders, MREIT's business focuses on generating steady rental revenue through leasing premium commercial office spaces, primarily to business process outsourcing (BPO) companies and multinational corporations, complemented by retail and hospitality operations. As of December 31, 2024, MREIT's diverse portfolio comprises of 24 properties collectively offering approximately 482,000 square meters of gross leasable area (GLA), strategically situated in major urban developments and central business districts across the Philippines, including Eastwood City in Quezon City, McKinley Hill and McKinley West in Taguig City, Iloilo Business Park in Iloilo City, and Davao Park District in Davao City. MREIT manages premium-grade office buildings, retail establishments, and hotel properties with the goal of optimizing asset performance, maintaining high tenant satisfaction, and delivering sustainable financial returns to stakeholders. |
| Reporting Period | January 1, 2024 - December 31, 2024 |
| Highest Ranking Person responsible for this report | Kevin Andrew L. Tan, President and CEO |

The Board has general oversight over the sustainability-related risks and opportunities of the company. On 14 April 2025, MREIT's Board of Directors, under the auspices of the Corporate Governance Committee, convened to review and approve the submission of the company's Sustainability Report for the fiscal year ending 2024. This review underscores MREIT's dedication to transparency, accountability, and sustainable business practices, reaffirming its commitment to stakeholders and the broader community.

## Sustainability Strategy

MREIT's sustainability strategy is founded on a clear vision to integrate sustainability into every aspect of its operations, ensuring long-term value creation for its stakeholders, and guided by robust environmental, social, and governance (ESG) principles. The strategy reflects MREIT's dedication to responsible real estate investment, carefully balancing financial growth with environmental stewardship and social responsibility. Embedding sustainability into every aspect of its business enables MREIT to enhance resilience, increase tenant satisfaction, and foster thriving communities.

Aligned with its parent company, Megaworld Corporation, MREIT's sustainability strategy is structured around three interconnected pillars—People, Planet, and Prosperity—supported 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 both 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).


**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. 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 the areas of service quality, safety, and data privacy. People remain central to MREIT's sustainability agenda—whether through workforce engagement, community partnerships, or stakeholder experience.

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.*
  - *Supporting employee welfare through fund manager initiatives*
  - *Promote well-being programs and workplace safety standards in alignment with sustainability goals.*

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*

**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 investments*
  - *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*

## MREIT's Commitment to Sustainability

MREIT is actively advancing its sustainability agenda by embedding environmental, social, and governance (ESG) principles into its core operations. Through the MEGreen framework, the company supports all four of its foundational pillars. Under the Road to Zero Carbon initiative, MREIT has started transitioning to renewable energy sources, participated in reforestation programs, and undertaken voluntary carbon offset purchases. It plans to shift all contestable properties to renewable energy within the next two years.

Aligned with the Sustainable Townships pillar, MREIT is pursuing green building certifications for its assets within the coming year and upholding the Goal Zero Waste Management program to foster responsible consumption and waste reduction. Through the Inclusive Development pillar, MREIT collaborates with the Megaworld Foundation to support and uplift the communities in which it operates.

Under the Stakeholder Engagement pillar, MREIT remains committed to strengthening awareness and participation in its sustainability efforts. This includes learning sessions and volunteer programs for both internal and external partners. A key milestone was the company's first tree-growing activity, held in October 2024, paving the way for deeper stakeholder involvement in its environmental initiatives.

## Approach to Stakeholder Engagement

MREIT is committed to fostering meaningful and transparent relationships with both internal and external stakeholders. The company regularly engages with key groups ranging from management teams and seconded personnel to office tenants, retail and hospitality partners, local communities, suppliers, investors, and relevant government agencies to build trust and mutual understanding.

Understanding that stakeholder input plays a vital role in shaping its sustainability agenda, MREIT carries out targeted engagement initiatives to surface the most relevant environmental, social, and governance concerns. These touchpoints, conducted through a combination of face-to-face interactions and digital platforms, allow the company to listen actively and respond thoughtfully to stakeholder expectations and emerging issues.

## Sustainability Team

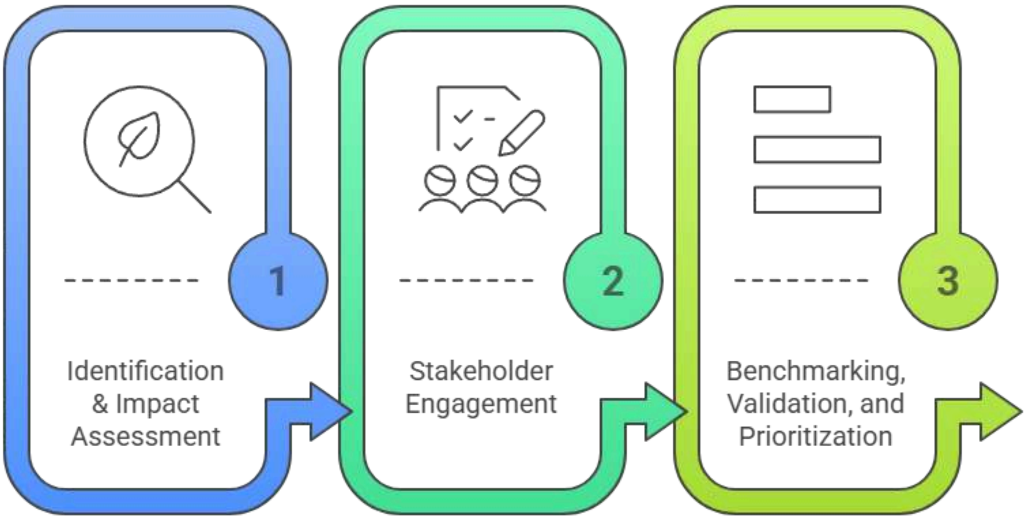
MREIT's sustainability initiatives are guided and implemented by Megaworld's Sustainability Team, whose members serve in seconded positions to support the Company's programs and strategic goals.

## Materiality Process

Understanding the most significant factors driving sustainability is fundamental to MREIT's business strategy. The Materiality Process is a structured framework to identify, assess, and manage 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 include:




- **Identification & Impact Assessment:** A thorough review of economic, environmental, and social factors affecting MREIT's operations, stakeholders, and business outcomes. This review encompasses both 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. Validation of 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 the clarity, comparability, and relevance of its disclosures. 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 in recognition of the increasing importance of cybersecurity alongside 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.

The following table outlines the organization of MREIT's material topics under the SustainAGIlity pillars:

| PEOPLE | PLANET | PROSPERITY |
|---|---|---|
| • Human Rights<br>• Diversity and Equal Opportunities<br>• Employee Welfare<br>• Workforce Health and Safety<br>• Community Relations<br>• Customers<br>• Data Privacy and Security | • Climate Change<br>• GHG Emissions Management<br>• Air Quality<br>• Waste Management<br>• Water Management<br>• Energy Management<br>• Green Building | • Economic Performance<br>• Market Presence<br>• Enterprise Risk Management<br>• Business Ethics and Integrity<br>• Regulatory Compliance<br>• Procurement Practices<br>• Tax |

| PEOPLE | PLANET | PROSPERITY |
|---|---|---|
| 3 GOOD HEALTH AND WELL-BEING<br>5 GENDER EQUALITY<br>8 DECENT WORK AND ECONOMIC GROWTH<br>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE<br>10 REDUCED INEQUALITIES<br>11 SUSTAINABLE CITIES AND COMMUNITIES | 6 CLEAN WATER AND SANITATION<br>7 AFFORDABLE AND CLEAN ENERGY<br>11 SUSTAINABLE CITIES AND COMMUNITIES<br>12 RESPONSIBLE CONSUMPTION AND PRODUCTION<br>13 CLIMATE ACTION<br>15 LIFE ON LAND | 8 DECENT WORK AND ECONOMIC GROWTH<br>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE<br>11 SUSTAINABLE CITIES AND COMMUNITIES<br>12 RESPONSIBLE CONSUMPTION AND PRODUCTION<br>17 PARTNERSHIPS FOR THE GOALS |

## United Nations Sustainable Development Goals

MREIT is dedicated to promoting clean energy transitions and integrating energy-efficient technologies into its properties. In addition to environmental sustainability, MREIT actively engages with communities through responsible business practices that promote human rights, diversity, and equal opportunity. The company's offerings include integrated commercial and office spaces that enhance business opportunities while supporting sustainable practices, and hospitality and retail developments that provide premium experiences with 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 | SDGs |
|---|---|---|---|---|---|
| **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 | • Employee Engagement & Open Communication<br>• Fair Labor & Human Rights Policies<br>• Employee Welfare & Development | • Potential exploitation risks in supply chains or contractors | • Regular audits and supplier accreditation to ensure no forced or child labor | 8 DECENT WORK AND ECONOMIC GROWTH<br>10 REDUCED INEQUALITIES |
| **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 | • Equal Employment Opportunities<br>• Inclusive Workplace Culture<br>• Fair Compensation and Career Growth | • Potential discrimination in hiring and career advancement | • Anti-discrimination policies; continuous employee diversity training and monitoring | 5 GENDER EQUALITY<br>10 REDUCED INEQUALITIES |

| Material Topic and Description | Relevant GRI Indicators | Societal Value/ Contribution to UN SDGs | Potential Negative Impact of Contribution | Management Approach to Negative Impact | SDGs |
|---|---|---|---|---|---|
| **Employee Welfare:** MREIT ensures a supportive environment through comprehensive health and safety programs, competitive benefits, and career development opportunities. | **GRI 401:** Employment<br>**GRI 404:** Training and Education<br>**GRI 406:** Non-Discrimination | • Comprehensive Employee Benefits and Well-being Programs<br>• Continuous Learning and Career Development<br>• 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 | 3 GOOD HEALTH AND WELL-BEING<br>8 DECENT WORK AND ECONOMIC GROWTH |
| **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 | • Implementation of Workplace Safety Standards<br>• Employee Health and Well-being Programs<br>• Safe and Sustainable Workspaces | • Workplace accidents or injuries impacting employee health | • Implementation of rigorous occupational safety standards, regular audits, and training | 3 GOOD HEALTH AND WELL-BEING<br>8 DECENT WORK AND ECONOMIC GROWTH |
| **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 | • Economic Empowerment and Local Job Creation<br>• Sustainable Community Development Initiatives<br>• Stakeholder Engagement and | • Community displacement or exclusion during property development | • Comprehensive stakeholder engagement, inclusive community consultations, and sustainable development initiatives | 8 DECENT WORK AND ECONOMIC GROWTH<br>11 SUSTAINABLE CITIES AND COMMUNITIES |

| Material Topic and Description | Relevant GRI Indicators | Societal Value/ Contribution to UN SDGs | Potential Negative Impact of Contribution | Management Approach to Negative Impact | SDGs |
|---|---|---|---|---|---|
| | | Social Responsibility | | | |
| **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 | • Comprehensive Data Protection Policies<br>• Enhanced Cybersecurity and Risk Management<br>• Transparency and Customer Awareness | • Risk of data breaches impacting trust and compliance | • Enhanced cybersecurity frameworks, continuous employee training, and regulatory compliance audits |     |
| **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 | • Carbon Emissions Reduction Initiatives<br>• Sustainable Building and Green Technologies<br>• 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. | | | | | |
| **Air Quality:** MREIT monitors and | | | | | |

| Material Topic and Description | Relevant GRI Indicators | Societal Value/ Contribution to UN SDGs | Potential Negative Impact of Contribution | Management Approach to Negative Impact | SDGs |
|---|---|---|---|---|---|
| reduces air pollutants to create healthier environments for tenants, employees, and communities. | | | | | |
| **Waste Management:** MREIT promotes responsible waste management by implementing efficient waste reduction, segregation, and recycling programs across its properties. | **GRI 306:** Waste | • Efficient Waste Segregation and Recycling Programs<br>• Reduction of Hazardous and Residual Waste<br>• Sustainable Water and Effluent Management | • Improper waste disposal leading to environmental harm | • Waste reduction, segregation programs, and collaboration with accredited waste handlers |   |
| **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 | • Water Conservation and Efficiency Initiatives<br>• Wastewater Treatment<br>• Sustainable Water Resource Management | • Water scarcity impacting operations and community relations | • Implementation of water-saving technology, regular audits, and recycling measures |  |

| Material Topic and Description | Relevant GRI Indicators | Societal Value/ Contribution to UN SDGs | Potential Negative Impact of Contribution | Management Approach to Negative Impact | SDGs |
|---|---|---|---|---|---|
| **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 | • Energy Efficiency and Reduction Initiatives<br>• Sustainable Operations<br>• 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 | 7 AFFORDABLE AND CLEAN ENERGY<br>12 RESPONSIBLE CONSUMPTION AND PRODUCTION |
| **Green Building:** MREIT is committed to incorporating green building practices in its developments. This includes integrating energy-efficient systems, sustainable materials, and eco-friendly designs to minimize environmental impact. | **GRI 304:** Biodiversity | • Transition to renewable energy<br>• Integration of green building practices | • Displacement of green spaces due to infrastructure expansion | • Strategic property development, and enhancement of green spaces | 11 SUSTAINABLE CITIES AND COMMUNITIES<br>15 LIFE ON LAND |
| **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 | • Sustained Revenue Growth and Investor Returns<br>• Sustainable Infrastructure Investments | • Economic downturn impacting investor returns or employee job security | • Diversified portfolio strategy, robust financial risk management, and stakeholder transparency | 8 DECENT WORK AND ECONOMIC GROWTH |

| Material Topic and Description | Relevant GRI Indicators | Societal Value/ Contribution to UN SDGs | Potential Negative Impact of Contribution | Management Approach to Negative Impact | SDGs |
|---|---|---|---|---|---|
| **Market Presence:** MREIT strengthens its market presence through strategic property investments, high-quality developments, and strong tenant relationships. | **GRI 202:** Market Presence | • Expanding Presence in Key Economic Hubs<br>• Supporting Local Employment and Business Growth<br>• Strategic Investments in Sustainable and Resilient Properties | • Over-concentration risks in specific market segments | • Geographic and tenant diversification strategies | 8 DECENT WORK AND ECONOMIC GROWTH<br>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE |
| **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. | N/A | • Business continuity | • Unanticipated operational disruptions from overlooked risks | • Continuous monitoring, risk assessment processes, and mitigation planning | 8 DECENT WORK AND ECONOMIC GROWTH<br>11 SUSTAINABLE CITIES AND COMMUNITIES |
| **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 | • Strict Anti-Corruption Policies and Compliance<br>• Comprehensive Ethics and Integrity Training<br>• Transparent Business Operations and Stakeholder Engagement | • Potential corruption or ethical breaches harming reputation | • Strict anti-corruption training, monitoring mechanisms, and transparency protocols | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS |

| Material Topic and Description | Relevant GRI Indicators | Societal Value/ Contribution to UN SDGs | Potential Negative Impact of Contribution | Management Approach to Negative Impact | SDGs |
|---|---|---|---|---|---|
| **Regulatory Compliance:** MREIT adheres to all applicable laws, regulations, and industry standards to ensure responsible and ethical business operations. | **GRI 207:** Tax | • Transparent and Responsible Tax Practices<br>• Regulatory Compliance and Governance Strengthening<br>• Contribution to National and Local Economic Growth | • Non-compliance penalties or legal issues affecting operations | • Regular compliance audits and continuous employee training | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS |
| **Procurement Practices:** MREIT upholds fair, transparent, and sustainable procurement practices by prioritizing local suppliers, ethical sourcing, and quality standards. | **GRI 204:** Procurement Practices | • Prioritization of Local Suppliers<br>• Ethical and Sustainable Procurement Standards<br>• Transparent and Accountable Supply Chain Management | • Supply chain disruptions or sustainability compliance issues | • Prioritizing local and accredited suppliers, regular sustainability audits | 8 DECENT WORK AND ECONOMIC GROWTH<br>12 RESPONSIBLE CONSUMPTION AND PRODUCTION |
| **Tax:** MREIT ensures full compliance with tax regulations, maintaining transparency and accountability in all financial transactions. | **GRI 207:** Tax | • Responsible Tax Compliance and Transparency<br>• Fair Tax Practices for Business Sustainability<br>• Proactive Tax Risk Management and Governance | • Tax compliance risks affecting financial and operational stability | • Transparent tax reporting and proactive governance in tax compliance | 8 DECENT WORK AND ECONOMIC GROWTH<br>17 PARTNERSHIPS FOR THE GOALS |

# ECONOMIC

## Economic Performance

MREIT delivered strong financial and operational performance in 2024, demonstrating its disciplined growth strategy and commitment to creating value. The company reported total revenues of Php 4,513 million, reflecting a 9% increase compared to Php 4,157 million in 2023. This growth was driven by the successful infusion of new income-generating assets, lease escalations, and strong occupancy across its portfolio. Additionally, net income from dues increased by 12%, reaching Php 1,049 million.

Distributable income saw a 12% year-on-year rise, reaching Php 3,178 million. This allowed MREIT to maintain its consistent dividend payouts, reinforcing its commitment to providing value to shareholders while supporting future growth initiatives.

Operating efficiency remained a priority, with direct operating costs rising by only 4%, amounting to Php 978 million. This reflects MREIT's ability to control expenses despite its expanded asset base while leveraging economies of scale. General and administrative expenses reached Php 93 million, mainly due to one-time filing fees related to the Wave 3 asset infusion processed with the Securities and Exchange Commission.

Net operating income improved by 9%, reaching Php 3,443 million, driven by continued revenue growth and cost control measures. Pre-tax income surged to Php 3,983 million from Php 181 million in 2023, primarily due to fair value gains from newly acquired properties. Profit after tax rose to Php 3,974 million.

MREIT's consistent earnings and reliable dividends underscore its focus on long-term value creation. The company remains committed to expanding its portfolio with high-quality commercial assets, further positioning itself as one of the most resilient and growth-oriented office REITs in the country.

**Direct Economic Value Generated and Distributed**

| Disclosure (in millions) | Unit | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| Direct Economic Value Generated (Revenue) | Php | 3,648.77 | 4,156.50 | 4,513.48 |
| Direct Economic Value Distributed: | | | | |
| a. Operating Costs | Php | 667.38 | 936.07 | 546.06 |
| b. Employee Wages and Benefits | Php | 3.11 | 2.87 | 0.50 |
| c. Payments to Suppliers, Other Operating Costs | Php | - | - | - |
| d. Dividends given to Stockholders and Interest Payments to Loan Providers | Php | 2,733.90 | 3,027.34 | 3,275.7 |

| Disclosure (in millions) | Unit | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| e. Taxes given to Government | Php | 47.47 | 76.41 | 82.61 |
| f. Investments in Community (e.g., Donations, CSR) | Php | - | - | - |

MREIT's total revenues reached Php 4,513 million in 2024, a 9% increase from Php 4,157 million in 2023. This growth was driven by the successful infusion of new income-generating assets and lease escalations across its portfolio. The company's operational strength and disciplined expansion strategy contributed to a steady rise in revenue.

In 2024, MREIT distributed Php 4,447.18 million in direct economic value to its stakeholders, a significant increase from the previous year. These distributions covered operating expenses, employee compensation, dividends to shareholders, and taxes paid to the government.

Operating costs decreased to Php 546.06 million, down from Php 936.07 million in 2023. This reduction demonstrates MREIT's strong cost discipline and operational efficiency despite an expanded asset base, supported by investments in property management systems and processes.

Employee wages and benefits declined to Php 0.50 million in 2024 from Php 2.87 million in 2023, reflecting a shift in cost allocation rather than a reduction in workforce support. Since 2022, MREIT has had no direct employees following the resignation of its two remaining staff. All personnel requirements have since been managed and provided by MFMI, through which salary-related costs are now fully accounted for. This arrangement enables MREIT to maintain operational efficiency while leveraging shared resources within the group.

Dividends and interest payments amounted to Php 3,275.7 million, emphasizing MREIT's dedication to providing consistent returns to investors, in line with its REIT mandate of distributing at least 90% of distributable income.

Taxes paid to the government increased to Php 82.61 million, reflecting the company's expanding income base and its contribution to national development.

While payments to suppliers and community investments were not separately reported in 2024, MREIT remains committed to enhancing transparency in these areas as part of its evolving sustainability strategy. This reinforces MREIT's role in fostering inclusive economic growth while fulfilling its obligations to shareholders, employees, and the government. Moving forward, the company remains focused on expanding its portfolio of high-quality, income-generating assets, strengthening its position as one of the country's most resilient and growth-driven office REITs.

*Our Management Approach*

**Growth Beyond Numbers**

MREIT is committed to delivering long-term value to shareholders while positively impacting the broader economy. The company's financial strategy is built on stable, consistent revenue generation through long-term leasing with reputable BPO firms and multinational corporations, ensuring reliable cash flows to meet its REIT mandate of dividend distribution.

MREIT's disciplined investment approach focuses on acquiring high-quality, income-generating assets in prime locations. By closely monitoring market trends and tenant demand, the company optimizes its portfolio to maximize returns. Operational efficiency remains a priority, with cost-control measures helping to maintain strong margins as the asset base grows.

The company emphasizes prudent financial management, ethical practices, and full regulatory compliance. Transparency in economic reporting, enhanced internal controls, and proactive risk management help mitigate financial and operational risks.

MREIT also integrates sustainability into its strategies through the MEGreen Program, which promotes energy efficiency and carbon neutrality across its portfolio. These environmental initiatives contribute to long-term asset value, reduce exposure to environmental risks, and solidify MREIT's position as a resilient leader in the Philippine REIT market.

**Climate-related risks and opportunities**

MREIT recognizes the significant climate-related risks affecting its real estate investments, particularly those arising from extreme weather events such as typhoons, floods, and other climate-induced disruptions. These risks can adversely impact operational continuity, financial performance, and the overall value of its property portfolio. In response, MREIT has integrated sustainability into its core business strategy. This includes adopting green building standards, implementing energy-efficiency measures, reducing carbon emissions, and transitioning to renewable energy sources. These proactive measures not only help mitigate climate risks but also position MREIT to lower long-term operational costs and seize emerging opportunities in the growing market for sustainable properties.

| TCFD Pillar | Disclosure |
|---|---|
| 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.<br><br>**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:<br>*Key Risks*<br>● Physical risks: Extreme weather events (floods, typhoons) causing damage and operational disruptions.<br>● Regulatory risks: Rising compliance costs due to stricter emissions and energy efficiency regulations.<br>*Opportunities*<br>● Renewable energy adoption, energy-efficient infrastructure, and green building investments.<br>*Risk Mitigation* |

| TCFD Pillar | Disclosure |
|---|---|
| | • Sustainable infrastructure upgrades, retrofitting properties, and energy-efficient technologies. |
| Risk Management | Climate Risks Managed Through:<br>• A comprehensive framework to assess and mitigate climate-related risks.<br>• Ongoing monitoring of physical and regulatory risks.<br>• Proactive compliance with environmental regulations, including audits and mitigation strategies such as infrastructure investments.<br>Risk Prioritization: Prioritized risks based on operational impact and potential regulatory fines. |
| Metrics and Targets | Key Metrics:<br>• Tracking GHG emissions, energy consumption, adoption of renewable energy, and attainment of green building certifications<br>• Monitoring water usage and waste management practices<br>Target Goals:<br>• Aims to achieve carbon neutrality by 2035, with significant progress toward renewable energy adoption and energy-efficient buildings by 2027.<br>• 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. |

## Procurement Practices

MREIT affirms its commitment to local economic development by allocating 100% of its procurement budget to local suppliers, fostering business growth, supporting employment generation, and stimulating economic activity within its areas of operation. This approach enhances the supply chain resilience, strengthens supplier reliability, and reduces transportation-related emissions, thereby contributing to both operational efficiency and environmental sustainability. Furthermore, it generates positive impacts across multiple stakeholder groups, including suppliers, investors, and host communities, by ensuring the continuity of high-quality service delivery and reinforcing MREIT's role as a catalyst for regional economic development.

**Proportion of Spending on Local Suppliers**

| Disclosure | Units | Quantity | | |
|---|---|---|---|---|
| | | 2022 | 2023 | 2024 |
| Percentage of Procurement Budget Used for Significant Locations of Operations that is Spent on Local Suppliers | % | 100 | 100 | 100 |

MREIT has consistently demonstrated its commitment to supporting local economies by allocating 100% of its procurement budget to local suppliers across all significant locations of operation from 2022 to 2024. This approach continuously strengthens the company's supply chain, enhances operational efficiency, and fosters economic growth within its host communities. By prioritizing locally sourced goods and services, MREIT ensures reliability, reduced transportation-related costs and emissions, and employment opportunities. This procurement strategy aligns with the company's sustainability objectives and reinforces its role in driving economic resilience while maintaining strong stakeholder relationships with suppliers, employees, and investors.

*Our Management Approach*

**Building a Responsible Supply Chain**

MREIT ensures the effective management of its local procurement strategy by prioritizing partnerships with local suppliers to strengthen economic resilience and operational efficiency. The company upholds stringent procurement policies that emphasize transparency, quality assurance, and sustainability, supported by regular audits and supplier assessments to ensure compliance with industry standards. The Procurement and Sustainability Teams oversee these efforts, ensuring alignment with corporate governance principles and environmental commitments. In 2024, MREIT continues to enhance its supplier engagement programs, focusing on capacity-building initiatives to improve supply chain reliability and build long-term partnerships. Looking ahead, the company remains committed to expanding local supplier collaborations, integrating more sustainable sourcing practices, and exploring opportunities to further contribute to local economic development while minimizing environmental impact.

## Anti-Corruption

MREIT upholds the highest standards of ethics and integrity by implementing strict anti-corruption policies across its operations, supply chain, and business dealings. It employs a strong anti-corruption framework that fosters transparency, enhances investor confidence, and ensures compliance with regulatory requirements, positively impacting employees, suppliers, investors, and customers. By maintaining zero tolerance for corruption, MREIT safeguards its reputation and financial stability while promoting fair business practices. Any lapses in governance could pose risks such as legal penalties and reputational damage, making continuous monitoring and strict enforcement essential. Through ongoing training and compliance measures, MREIT remains committed to fostering a culture of accountability and ethical business conduct.

**Training on Anti-Corruption Policies and Procedures**

| Disclosure | Unit | Quantity | | |
|---|---|---|---|---|
| | | 2022 | 2023 | 2024 |
| Percentage of Employees to whom the Organization's Anti-Corruption Policies and Procedures have been Communicated To | % | 100 | 0 | 0 |
| Percentage of Business Partners to whom the Organization's Anti-Corruption Policies and Procedures have been Communicated To | % | 100 | 0 | 0 |

| Disclosure | Unit | Quantity | | |
|---|---|---|---|---|
| | | 2022 | 2023 | 2024 |
| Percentage of Directors and Management that have Received Anti-Corruption Training | % | 100 | 0 | 0 |
| Percentage of Employees that have Received Anti-Corruption Training | % | 100 | 0 | 0 |

**Training related to anti-corruption is done through employee onboarding activities.*

Restatement: In 2023, the data for employee-related anti-corruption training and policy communication was revised from 100% to 0% to accurately reflect the absence of direct employees under MREIT. Beginning in 2023, all personnel supporting MREIT's operations have been employed under MFMI and are no longer classified as employees of MREIT. Anti-corruption training and onboarding for these seconded personnel are now administered by MFMI in accordance with its governance and compliance framework.

**Incidents of Corruption**

| Disclosure | Unit | Quantity | | |
|---|---|---|---|---|
| | | 2022 | 2023 | 2024 |
| Number of Incidents in which Directors were Removed or Disciplined for Corruption | # | 0 | 0 | 0 |
| Number of Incidents in which Employees were Dismissed or Disciplined for Corruption | # | 0 | 0 | 0 |
| Number of Incidents when Contracts with Business Partners were Terminated due to Incidents of Corruption | # | 0 | 0 | 0 |
| Number of Incidents in which Directors were Removed or Disciplined for Corruption | # | 0 | 0 | 0 |

MREIT maintains a strong commitment to ethical business practices and transparency, as demonstrated by its comprehensive anti-corruption policies and governance framework. In 2022, 100% of employees, business partners, directors, and management received communication regarding the Company's anti-corruption policies and procedures, with all employees and key personnel undergoing the required training.

Beginning in 2023, following the full transition of its workforce to MFMI, MREIT no longer had direct employees. As a result, no employee-related training data was reported for 2023 and 2024. Nonetheless, anti-corruption policies continue to be upheld and communicated to directors, management, and business partners, and related training is administered through MFMI for seconded personnel supporting MREIT operations.

MREIT's proactive approach to compliance has resulted in zero reported incidents of corruption from 2022 to 2024, including dismissals, disciplinary actions, or contract terminations related to unethical conduct.

*Our Management Approach*

**Ensuring a Corruption-Free Organization**

MREIT upholds a robust anti-corruption framework that promotes transparency, accountability, and ethical business conduct across all levels of its operations. The Company enforces a zero-tolerance policy on corruption, guided by its established governance policies and aligned with regulatory requirements and international best practices.

While MREIT no longer had direct employees starting in 2023, anti-corruption principles continue to be implemented through MFMI, which provides seconded personnel to support the Company's day-to-day operations. These individuals undergo training and onboarding programs administered by MFMI that include awareness of MREIT's anti-corruption standards and compliance expectations.

Regular compliance monitoring, internal audits, and due diligence processes for business engagements are conducted to mitigate corruption-related risks. Oversight of these efforts is provided by MREIT's Compliance and Risk Management Teams in coordination with senior leadership and the Board. In 2024, the Company continued to strengthen its governance initiatives by reinforcing its engagement with business partners, integrating ethical screening protocols, and updating compliance procedures.

Moving forward, MREIT remains committed to enhancing its anti-corruption measures, strengthening third-party compliance practices, and fostering a corporate culture anchored in integrity, accountability, and ethical responsibility.

# ENVIRONMENT

## Resource Management

### Energy Consumption of the Organization

MREIT recognizes the critical role of energy consumption in supporting its operations and advancing its sustainability goals. While increased energy use enables business growth and operational efficiency, it also contributes to higher costs and a greater environmental footprint. Energy consumption within MREIT's properties and facilities directly influences operational sustainability, supply chain performance, and compliance with environmental regulations.

The Company acknowledges that effective energy management has far-reaching implications for key stakeholders—including investors, tenants, suppliers, and service providers—as optimized consumption contributes to cost efficiency, environmental responsibility, and the long-term value of its assets. By continuously enhancing energy efficiency, adopting sustainable operational practices, and exploring renewable energy solutions, MREIT remains committed to balancing operational requirements with its broader goal of environmental stewardship.

| Disclosure | Unit | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| Renewable Resources | GJ | - | - | - |
| Gasoline | GJ | - | - | - |
| LPG | GJ | 1,421.10 | 662.09 | 938.50 |
| Diesel (Stationary) | GJ | 6,543.88 | 9,132.60 | 12,101.98 |
| Diesel (Mobile) | GJ | - | 3.48 | 45.29 |
| Electricity | GJ | 53,444.40 | 80,305.98 | 139,176.74 |
| **Total** | **GJ** | **61,409.38** | **90,104.16** | **152,262.51** |

*Restatement: Data restatement under Energy Use within the organization. Data from 2022 and 2023 included energy use of tenants and customers, which in definition under GHG protocol should fall under Energy Use Outside the Organization. A separate table for energy use outside the organization was added below.*

MREIT remains committed to responsible energy management, as reflected in its ongoing efforts to monitor and optimize energy use across its portfolio. MREIT remains committed to responsible energy management, as reflected in its ongoing efforts to monitor and optimize energy usage across its portfolio. In 2024, total energy consumption reached 152,262.51 GJ, marking a significant increase from 90,104.16 GJ in 2023 and 61,409.38 GJ in 2022. This upward trend is primarily attributed to the continued expansion of MREIT's operations and the growing number of properties under its management.

The Company expanded from 14 properties with over 280,000 square meters of gross leasable area (GLA) in 2022 to 18 properties with 325,000 square meters of GLA in 2023 and 24 properties with a total GLA of around 482,000 square meters in 2024. The increase in energy consumption, particularly in electricity, which rose to 139,176.74 GJ in 2024, directly reflects the higher operational demands associated with this expanded portfolio.

Diesel (stationary) consumption also increased significantly to 12,101.98 GJ, supporting backup power operations for additional buildings. Meanwhile, LPG consumption rose to 938.50 GJ due to heightened operational activity at Richmonde Hotel Iloilo, particularly for food service functions. The inclusion of mobile diesel consumption (45.29 GJ in 2024) further reflects enhanced data coverage, particularly from service vehicle usage.

MREIT has yet to record consumption from renewable energy sources, but the Company has taken proactive steps toward energy transition. In partnership with its parent company, Megaworld, MREIT entered into a Power Purchase Agreement (PPA) with MPower under the Retail Competition and Open Access (RCOA) framework. This agreement secures an advanced supply of renewable energy, with contestable properties expected to begin shifting to renewable energy sources starting March 2025.

These efforts underscore MREIT's commitment to environmental sustainability and its roadmap toward improved energy efficiency, reduced emissions, and long-term operational resilience.

## Energy Consumption Outside of the Organization

As part of its continuous improvement in data accuracy and transparency, MREIT has restated its energy use disclosures by separating energy consumption attributable to Downstream Leased Assets—primarily referring to tenant operations—from its organizational footprint. Beginning in 2023, tenant energy use and associated fuel consumption are now reported under this section, in accordance with GHG Protocol guidance and industry best practices.

| Disclosure | Unit | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| Renewable Resources | GJ | - | - | - |
| Gasoline | GJ | - | - | 237.64 |
| LPG | GJ | - | - | - |
| Diesel (Stationary) | GJ | - | - | - |
| Diesel (Mobile) | GJ | - | 6.05 | 11.59 |
| Electricity | GJ | 188,890.73 | 251,270.76 | 318,072.80 |
| **Total** | **GJ** | **188,890.73** | **251,276.81** | **318,322.04** |

In 2024, total energy consumption outside of the organization reached 318,322.04 GJ, up from 251,276.81 GJ in 2023 and 188,890.73 GJ in 2022. This increase aligns with MREIT's portfolio expansion and higher occupancy levels across its properties. The rising energy demand reflects the continued leasing of commercial spaces, resulting in greater tenant-driven utility usage.

The majority of this consumption is attributable to electricity use by tenants, which rose to 318,072.80 GJ in 2024, representing more than 99% of total energy use in this category. Additionally, mobile diesel use by tenants increased from 6.05 GJ in 2023 to 11.59 GJ in 2024, while gasoline consumption was recorded for the first time at 237.64 GJ, further illustrating improved coverage of tenant-related energy activities.

No data is currently available for renewable energy, LPG, or stationary diesel consumption outside the organization, but MREIT continues to refine its reporting systems to improve visibility into tenant operations. These efforts reinforce the Company's broader commitment to accurate scope classification and holistic sustainability performance tracking.

### Reduction of Energy Consumption

| Disclosure | Unit | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| Renewable Resources | GJ | Not Available | Not Available | Not Available |
| Gasoline | GJ | Not Available | Not Available | Not Available |
| LPG | GJ | Not Available | Not Available | Not Available |

| | | | | |
|---|---|---|---|---|
| Diesel | GJ | Not Available | Not Available | Not Available |
| Electricity | kWh | Not Available | Not Available | Not Available |

MREIT remains committed to energy efficiency and conservation as a key component of its environmental sustainability strategy. While specific reduction data for renewable resources, gasoline, LPG, diesel, and electricity remains unavailable for the reporting period from 2022 to 2024, the Company continues to enhance its monitoring systems and reporting capabilities to capture measurable reductions in the future.

The absence of historical reduction metrics reflects the current limitations in tracking disaggregated energy-saving initiatives across its properties. Nonetheless, MREIT has implemented operational practices aimed at optimizing electricity use and minimizing reliance on fossil fuels, especially in common areas and building systems.

As part of its ongoing initiatives, MREIT is strengthening its data collection frameworks, improving real-time energy monitoring, and preparing for the transition to renewable energy sources beginning in 2025. These measures are expected to improve visibility over energy-saving outcomes and support the development of reduction targets aligned with the Company's long-term sustainability goals.

Moving forward, MREIT will continue to prioritize energy conservation, explore innovative solutions for efficiency improvements, and adopt cleaner energy alternatives to reduce its overall environmental footprint and enhance operational resilience.

*Our Management Approach*

**Green Energy, Brighter Future**

MREIT continues to strengthen its energy management framework by prioritizing efficiency, sustainability, and full compliance with national energy and environmental regulations. The Company implements energy conservation policies that focus on optimizing electricity and fuel consumption across its operations, supported by internal audits, performance tracking systems, and data-driven decision-making.

Oversight of energy management is led by the Facilities and Sustainability Teams, which ensure that all initiatives are aligned with corporate sustainability objectives and evolving regulatory requirements. In 2024, MREIT expanded on prior efforts by integrating advanced energy-efficient technologies and pursuing further operational enhancements to reduce energy intensity.

As part of its broader decarbonization strategy, MREIT entered into a Power Purchase Agreement (PPA) under the Retail Competition and Open Access (RCOA) framework. This agreement secures a dedicated supply of renewable energy for its contestable properties beginning in 2025. The initiative reflects MREIT's proactive approach to sustainable energy procurement and underscores its long-term commitment to reducing emissions, improving cost efficiency, and contributing to national clean energy goals.

## Water and Effluents

MREIT recognizes the critical importance of responsible water management and effluent control in achieving sustainable operations and reducing environmental impact. Water consumption and wastewater discharge directly affect building operations, supply chain processes, and surrounding communities, necessitating resource efficiency, regulatory compliance, and sound environmental stewardship.

Efficient water use contributes to cost savings, operational reliability, and a reduced environmental footprint, while excessive consumption and improper discharge practices may pose environmental and reputational risks. Key stakeholders, including tenants, employees, suppliers, and investors, benefit from MREIT's efforts to implement sustainable water management practices across its properties.

Through continuous monitoring, investment in water-saving technologies, and adherence to centralized wastewater treatment protocols across the townships, MREIT remains committed to optimizing water consumption and mitigating its environmental footprint.

| Disclosure | Unit | Quantity | | |
|---|---|---|---|---|
| | | 2022 | 2023 | 2024 |
| Water Withdrawal | ML | 744.07 | 1,425.64 | 605.78 |
| Water Consumption | ML | 186.02 | 356.41 | 151.45 |
| Water Recycled and Reused | ML | Not Available | Not Available | Not Available |
| Total Volume of Water Discharges | ML | 558.05 | 1,069.23 | 454.33 |
| Percent of Wastewater Recycled | % | Not available | Not available | Not Available |

*Note: Water consumption is estimated to be 25% of the total water withdrawal, while the remaining 75% is discharged through the centralized sewage treatment facilities of each township where MREIT buildings are located.*

In 2024, total water withdrawal was recorded at 605.78 ML, a decrease from 1,425.64 ML in 2023, reflecting improved operational efficiencies and potentially lower occupancy in select properties. Water consumption followed the same trend, decreasing from 356.41 ML in 2023 to 151.45 ML in 2024. Total wastewater discharged was estimated at 454.33 ML in 2024.

Although data on water recycling and reuse remains unavailable, MREIT continues to explore opportunities for water conservation, including the integration of low-flow fixtures, enhanced monitoring systems, and potential graywater reuse applications in future developments. These initiatives form part of the Company's broader commitment to environmental sustainability and resource efficiency.

*Our Management Approach*

**Every Drop Matters**

MREIT continues to build on its water and effluent management strategies, prioritizing efficient water consumption and responsible wastewater treatment across its operations. The company upholds strict water conservation policies and implements regular monitoring and reporting mechanisms to track consumption, withdrawals, and discharges. The Facilities and Sustainability Teams oversee compliance with regulatory requirements, ensuring that water use aligns with sustainability goals and industry best practices. In 2024, MREIT is further enhancing its efforts by exploring water recycling initiatives, optimizing wastewater management systems, and integrating water-efficient technologies within its properties. Looking ahead, the company remains committed to expanding its conservation programs, investing in infrastructure upgrades, and strengthening stakeholder collaboration to minimize environmental impact and enhance long-term water resource sustainability.

## Materials Used by the Organization

MREIT ensures responsible material usage by minimizing resource consumption and prioritizing sustainable procurement practices within its operations. The materials used, primarily in property maintenance and office operations, impact supply chain efficiency, environmental sustainability, and operational costs. While efficient material use supports waste reduction and cost savings, excessive consumption may contribute to environmental degradation. Employees, suppliers, investors, and tenants are directly affected, as responsible material management enhances operational efficiency, reduces environmental impact, and aligns with sustainability commitments. By continuously optimizing resource use and exploring eco-friendly alternatives, MREIT reinforces its commitment to sustainable business practices while ensuring long-term value for its stakeholders.

| Disclosure | Unit | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| Materials Used by Weight/Volume | | - | - | - |
| Renewable | Kg | 228.67 | Not Available | 217.55 |
| Non-Renewable | Kg | 11,127.85 | Not Available | 16,625.63 |
| Percentage of Recycled Input Materials Used to Manufacture the Organization's Primary Products and Services | % | Not Available | Not Available | Not Available |

MREIT continues to monitor and optimize material consumption to align with its sustainability objectives. In 2024, renewable material usage was recorded at 217.55 kg, reflecting a slight decrease from previous years, while non-renewable material consumption increased to 16,625.63 L, highlighting ongoing operational requirements. Data on the percentage of recycled input materials remains unavailable. Although MREIT primarily operates as a leasing business with minimal direct material use, the company remains committed to improving resource efficiency and exploring sustainable alternatives to reduce environmental impact and promote responsible consumption across its operations.

# Environmental Impact

## GHG and Air Emissions

MREIT acknowledges the impact of greenhouse gas (GHG) emissions on environmental sustainability and actively monitors its emissions to minimize its carbon footprint. GHG emissions primarily result from building operations and energy consumption, influencing regulatory compliance, sustainability performance, and the company's overall environmental impact. While reducing GHG emissions enhances environmental responsibility and supports global sustainability goals, excessive emissions can contribute to climate change and pose regulatory risks. Employees, tenants, investors, and surrounding communities are directly impacted, as reducing GHG emissions supports long-term health, well-being, and asset value. MREIT remains committed to improving energy efficiency, transitioning to renewable energy sources, and implementing emission-reduction strategies to mitigate its environmental impact and foster sustainable growth.

**GHG Emissions**

| Disclosure | Unit | Quantity | | |
|---|---|---|---|---|
| | | 2022 | 2023 | 2024 |
| Direct (Scope 1) GHG Emissions | Tonnes $CO_2e$ | 544.22 | 684.64 | 918.13 |
| Energy indirect (Scope 2) GHG Emissions | Tonnes $CO_2e$ | 10,570.10 | 15,851.10 | 27,471.23 |
| Other Indirect (Scope 3) GHG Emissions | Tonnes $CO_2e$ | 42,828.31 | 56,810.02 | 78,154.13 |

MREIT's direct GHG emissions (Scope 1) primarily result from the fuel used to operate generator sets. The upward trend in Scope 1 emissions is due to the addition of new properties to the company's portfolio this year. Excluding the new properties, emissions from fuel decreased slightly by 3.60 tCO2e, attributed to operational adjustments and improvements in generator set maintenance. Additionally, fuel consumption at Iloilo properties increased due to power interruptions in Panay Island earlier this year.

Indirect GHG emissions (Scope 2) show a continuous increase, driven by the expansion of operations, including the addition of new buildings to the portfolio and increased foot traffic. The newly added properties generated 8,168.11 tCO2e from common areas, while the original properties saw an increase of 4,475.40 tCO2e.

While the transition to renewable energy is not yet effective this 2024, MREIT is also proactively reducing and offsetting its emissions through various strategies including reforestation projects in collaboration with Megaworld's Project Tree Point Five Million Trees. For the first time, MREIT has achieved carbon neutrality for Scopes 1 and 2 by purchasing emission offsets for both scopes, effectively neutralizing its (Scope 1) direct and (Scope 2) indirect emissions.

This year, MREIT is also reporting its other indirect emissions (Scope 3). This includes the restatement of emissions previously reported under Scope 2 (downstream leased assets, or the electricity consumption of tenants). In addition to downstream leased assets, other components of Scope 3 emissions included in the report are purchased goods and services, waste, and employee business travel and hotel stays. Emissions from employee commuting are not yet included in the calculations.

With the introduction of an online data warehouse platform, MREIT is expected to further enhance data collection and streamline emissions computations. This will also support MREIT in refining its decarbonization strategy.

At present, MREIT does not have recorded data on specific air pollutants, including nitrogen oxides (NOx), sulfur oxides (SOx), volatile organic compounds (VOCs), hazardous air pollutants (HAPs), and particulate matter (PM). The company is actively enhancing its emissions monitoring capabilities and aims to include this data in future disclosures as part of its continuous sustainability improvements.

MREIT remains committed to enhancing its sustainability efforts by proactively tracking and managing its greenhouse gas (GHG) emissions. In 2024, direct (Scope 1) emissions increased to 20,658.99 tonnes $CO_2e$ due to expanded operational activities, while energy indirect (Scope 2) emissions from purchased electricity rose to 27,310.24 tonnes $CO_2e$, reflecting the company’s growing portfolio. These increases present an opportunity for MREIT to further strengthen its emission reduction strategies and implement innovative sustainability initiatives. Moving forward, the company is focused on advancing energy efficiency measures, integrating renewable energy solutions, and refining emission monitoring systems to support its long-term goal of sustainable growth and environmental stewardship.

*Our Management Approach*

**Clear Skies Ahead**

MREIT continues to build upon its air emissions management approach, reinforcing its commitment to minimizing environmental impact and aligning with sustainability objectives. The company adheres to strict emissions policies and regulatory compliance frameworks, ensuring that greenhouse gas (GHG) emissions are effectively monitored and mitigated. Through regular emissions tracking, data verification, and audit mechanisms, MREIT enhances transparency and accuracy in reporting. The Facilities and Sustainability Teams oversee the implementation of reduction strategies, working closely with regulatory bodies and stakeholders to ensure compliance and continuous improvement. In 2024, MREIT is advancing its emissions reduction initiatives by optimizing energy efficiency measures, exploring renewable energy adoption, and improving emissions monitoring systems. Looking ahead, the company remains committed to aligning with Megaworld’s carbon neutrality goals, integrating sustainable building practices, and leveraging technological innovations to further reduce its carbon footprint while maintaining operational excellence.

## Solid and Hazardous Wastes

MREIT actively manages solid and hazardous waste to minimize environmental impact and ensure compliance with sustainability standards. Waste generation primarily occurs within building operations and maintenance activities, affecting waste disposal efficiency, resource management, and environmental footprint. Proper waste handling enhances operational sustainability, reduces landfill contributions, and supports recycling initiatives, while ineffective management could pose environmental and regulatory risks. Employees, suppliers, investors, and surrounding communities are directly impacted, as responsible waste management promotes cleaner environments, cost efficiency, and regulatory adherence. MREIT remains committed to enhancing waste reduction strategies, improving segregation and recycling programs, and strengthening partnerships with accredited waste disposal providers to support long-term sustainability goals

| Disclosure | Unit | Quantity | | |
|---|---|---|---|---|
| | | 2022 | 2023 | 2024 |
| Total Solid Waste Generated | t | 7,617.03 | 1,239.28 | 2,618.05 |
| Reusable | t | Not Available | Not Available | Not Available |
| Recyclable | t | Not Available | 382.02 | 726.39 |
| Composted | t | Not Available | 143.94 | 1,225.96 |
| Incinerated | t | Not Available | Not Available | Not Available |
| Residuals / Landfilled | t | 7,617.03 | 713.31 | 665.70 |
| Total Weight of Hazardous Waste Generated | t | 20.30 | 15.28 | 9.65 |
| Total Weight of Hazardous Waste Transported | t | 0.02 | Not Available | 7.24 |

MREIT remains committed to responsible waste management by tracking and optimizing its solid and hazardous waste disposal practices. In 2024, total solid waste generated increased to 2,618.05 t, more than double the 2023 level, due to heightened property activity and operational scale. Of this, 726.39 t were recyclable and 1,225.96 t were composted—reflecting improved efforts in waste diversion and resource recovery. Residual waste sent to landfill also decreased from 713.31 t in 2023 to 665.70 t in 2024, indicating gradual progress in reducing landfill dependency.

Meanwhile, hazardous waste generation declined to 9.65 t in 2024 from 15.28 t in 2023, reflecting improved operational efficiency and stricter waste management protocols. A total of 7.24 t of hazardous waste was transported for proper treatment and disposal, a significant increase from previous years, indicating enhanced reporting and compliance with regulatory requirements. Although data on reusable and incinerated waste remains unavailable, MREIT continues to strengthen its waste management approach through better segregation, expanded recycling initiatives, and sustained adherence to environmental standards—supporting its broader sustainability goals.

*Our Management Approach*

**From Waste to Wonder**

MREIT continues its waste management approach, reinforcing its commitment to minimizing environmental impact through responsible solid and hazardous waste handling. The company adheres to strict waste segregation, disposal, and recycling policies, ensuring compliance with environmental regulations and sustainability targets. Regular monitoring and reporting mechanisms are in place to track waste generation, diversion, and disposal, with oversight provided by the Facilities and Sustainability Teams to ensure proper implementation. In 2024, MREIT is enhancing its waste reduction initiatives by expanding recycling programs, improving composting efforts, and further reducing landfill contributions. The company also prioritizes safe hazardous waste handling and proper transportation to accredited waste disposal providers. Looking ahead, MREIT remains focused on exploring innovative waste management solutions, strengthening supplier engagement for sustainable materials, and integrating circular economy principles to drive long-term environmental responsibility and operational efficiency.

## Ecosystem and Biodiversity

MREIT acknowledges the ecological sensitivity of its locations within Megaworld Townships, including McKinley Hill, McKinley West, and Iloilo Business Park, which are situated near areas of high biodiversity value. Although the Company operates in highly urbanized settings, it remains committed to the protection and preservation of natural ecosystems. Through its parent company, Megaworld, MREIT actively supports biodiversity conservation efforts integrated within township developments, ensuring alignment with environmental stewardship and long-term sustainability objectives.

In 2024, MREIT contributed to Megaworld's Project 3.5 Million, a carbon sequestration and biodiversity program. In partnership with Megaworld Premier Offices, the Estates Management Division, and First Oceanic Property Management, MREIT participated in the planting of narra and alibangbang trees at one of Megaworld's dedicated carbon forests in Brgy. Burgos, San Jose, Tarlac. This initiative, which combines environmental enhancement with employee engagement, aims to promote local biodiversity, support community-based livelihoods, and contribute to carbon offsetting goals.

MREIT also supports Megaworld's SeedQuest program, which focuses on the collection and propagation of native and endemic Philippine tree species. In 2024, MREIT donated seeds of narra, banaba, alibangbang, and kassod, which were turned over to Megaworld's central nursery for propagation. These seedlings will be cultivated for future reforestation activities led by MREIT and its partners, further reinforcing the Company's role in supporting ecological restoration and climate resilience.

## Environmental Compliance

MREIT upholds rigorous environmental compliance standards to ensure the sustainability of its operations while mitigating potential risks to the environment, host communities, and its regulatory standing. Compliance with applicable environmental laws and regulations is integral to the Company's operational framework, particularly in areas related to building management, supply chain processes, and resource efficiency.

Adherence to environmental regulations enhances operational resilience, reduces ecological impact, and reinforces responsible resource management. Positive outcomes include improved sustainability performance, avoidance of penalties, and strengthened stakeholder trust. Conversely, non-compliance may result in financial sanctions, reputational damage, and environmental degradation. Key stakeholders—including employees, suppliers, investors, tenants, and regulatory bodies—are directly impacted by MREIT's environmental compliance practices.

| Disclosure | Unit | Quantity | | |
|---|---|---|---|---|
| | | 2022 | 2023 | 2024 |
| Total Amount of Monetary Fines for Non – Compliance with Environmental Laws and / or Regulations | Php | None | None | None |
| No. of Non – Monetary Sanctions for Non – Compliance with Environmental Laws and / or Regulations | # | None | None | None |
| No. of Cases Resolved through Dispute Resolution Mechanism | # | None | None | None |

MREIT has maintained a strong track record of full compliance, with no recorded monetary fines, non-monetary sanctions, or dispute resolution cases related to environmental non-compliance from 2022 to 2024. This reflects the effectiveness of its environmental management systems and its commitment to operating in accordance with applicable laws and sustainability standards.

Looking ahead, MREIT will continue to strengthen its compliance monitoring frameworks, expand employee training on environmental regulations, and implement proactive risk mitigation measures. These efforts reinforce the Company's broader commitment to environmental stewardship, regulatory integrity, and sustainable urban development.

*Our Management Approach*

**Beyond Green Standards**

MREIT continues to strengthen its environmental compliance framework, reinforcing its long-term commitment to sustainability and regulatory excellence. As part of its active participation in the MEGreen Program—a flagship sustainability initiative of its sponsor, Megaworld—MREIT aligns its environmental policies with Megaworld's overarching Sustainability and Carbon Neutrality Roadmap.

The Company adopts and enforces strict environmental standards focused on energy efficiency, water conservation, and waste management to ensure full alignment with national and local environmental regulations. Oversight of these compliance efforts is led by the Sustainability and Compliance Teams, which are responsible for monitoring environmental performance, managing risks, and ensuring continuous improvement across operations.

In 2024, MREIT further advanced its environmental programs by prioritizing energy optimization in office spaces, enhancing water conservation measures, and implementing waste reduction strategies in support of carbon neutrality targets. The Company also ensures that all required environmental compliance certificates and operating permits are secured for the ongoing maintenance and responsible management of its properties.

In the coming years, MREIT remains focused on expanding its sustainability initiatives through the exploration of green building innovations, the adoption of more efficient resource management practices, and the integration of low-impact technologies. These efforts support the Company's goal of reducing its environmental footprint and contributing meaningfully to the achievement of long-term carbon-neutral development.

# SOCIAL

## Employee Management

MREIT places strong emphasis on effective employee management, acknowledging its importance in supporting operational efficiency, fostering a positive workplace culture, and sustaining long-term business performance. A well-supported and properly managed workforce contributes to increased productivity, improved employee satisfaction, and greater talent retention—all of which positively impact service quality, supply chain performance, and stakeholder confidence.

Conversely, inadequate workforce management may pose risks to operational continuity, employee engagement, and organizational resilience. Key stakeholders—including employees, investors, tenants, and business partners—benefit from strong employee-related policies and practices, as these drive consistent service delivery, operational stability, and enhanced corporate reputation.

Starting in 2023, MREIT no longer had direct employees, following the resignation of its two remaining staff from 2022. All personnel supporting the Company's operations are now seconded from MFMI. While the Company's employee count reflects zero for 2023 and 2024, workforce management continues through MFMI, which upholds employment policies and practices in alignment with MREIT's sustainability commitments.

### Employee Hiring & Benefits

| Disclosure | Units | Quantity | | |
|---|---|---|---|---|
| | | 2022 | 2023 | 2024 |
| Total Number of Employees | # | 2 | 0 | 0 |
| a. Number of Female Employees | # | 2 | 0 | 0 |
| b. Number of Male Employees | # | 0 | 0 | 0 |
| Attrition Rate | % | 0 | 100 | 0 |
| Ratio of Lowest Paid Employee Against Minimum Wage | Ratio | Not Available | Not Available | Not Available |

Note: The 100% attrition rate in 2023 reflects the resignation of the Company's last two direct employees. From 2023 onward, all workforce requirements are fulfilled through secondment from MFMI.

**Percentage of Employees Availing the Benefits**

| Disclosure | 2022 | 2023 | 2024 | Female | Male |
|---|---|---|---|---|---|
| SSS | Y | Y | Y | 0% | 0% |
| PhilHealth | Y | Y | Y | 0% | 0% |
| PAG-IBIG | Y | Y | Y | 0% | 0% |
| Parental Leaves | Y | Y | Y | 0% | 0% |
| Vacation Leaves | Y | Y | Y | 0% | 0% |
| Sick Leaves | Y | Y | Y | 0% | 0% |
| Medical Benefits *(Aside from PhilHealth)* | Y | Y | Y | 0% | 0% |
| Retirement Fund (Aside from SSS) | Y | Y | Y | 0% | 0% |
| Flexible—Working Hours | N | N | N | 0% | 0% |

Note: MREIT had two direct employees in 2022, both of whom availed of standard benefits. Beginning in 2023, MREIT no longer had direct employees following the transition of all workforce requirements to MFMI. As such, employee benefit data for 2023 and 2024 reflects "0%" availment under MREIT, while relevant programs are now administered through MFMI for seconded personnel supporting MREIT operations.

*Our Management Approach*

**Culturing Champions**

MREIT continues to uphold its commitment to effective workforce management through strategic partnerships and secondment arrangements with MFMI. While MREIT no longer had direct employees starting in 2023, it ensures that all personnel supporting its operations are managed under a robust framework that promotes productivity, inclusivity, and employee well-being through its fund manager.

Through MFMI, the Company supports the implementation of human resources policies aligned with fair hiring practices, equal opportunity, and compliance with labor regulations. Regular monitoring and evaluation mechanisms—such as performance reviews and employee engagement initiatives—are maintained to assess workforce needs and ensure alignment with organizational goals.

Oversight of employee-related policies and programs is carried out by MFMI's Human Resources and Administrative Teams, which operate in accordance with MREIT's sustainability commitments and corporate values. In 2024, efforts focused on strengthening workplace policies, expanding training and development initiatives, and assessing options to promote greater work-life balance for seconded personnel.

Moving forward, MREIT remains committed to supporting a well-managed and empowered workforce through its fund manager. The Company will continue to advocate for high retention, diversity, inclusion, and continuous professional growth among personnel contributing to its long-term success.

**Employee Training & Development**

| Disclosure | Units | Quantity | | |
|---|---|---|---|---|
| | | 2022 | 2023 | 2024 |
| Total Training Hours Provided to Employees | | | | |
| a. Female Employee | Hours | 8 | 0 | 0 |
| b. Male Employee | Hours | 0 | 0 | 0 |
| Average Training Hours Provided to Employees | | | | |
| a. Female Employees | Hrs/Employee | 4 | 0 | 0 |
| b. Male Employees | Hrs/Employee | 0 | 0 | 0 |

Restatement: Training data for 2023 has been restated to reflect the transition of all workforce functions to MFMI beginning that year. As MREIT no longer had direct employees from 2023 onward, previously reported training hours have been adjusted to zero for both 2023 and 2024. Training and development programs are now fully managed by MFMI for seconded personnel supporting MREIT operations.

While MREIT no longer maintains direct employees, it continues to promote professional development and capacity building through its fund manager. MFMI administers a range of training initiatives that support the operational and strategic needs of MREIT. These include onboarding programs, role-specific skill development, leadership and compliance training, and sustainability-related learning modules.

Personnel seconded to MREIT benefit from access to Megaworld Learning Academy, which provides structured learning tracks, e-learning resources, and instructor-led courses tailored to different career stages. Performance evaluations and employee feedback mechanisms help identify training priorities, ensuring that programs remain relevant and responsive to evolving organizational needs.

Looking ahead, MREIT, through MFMI, will continue to enhance training delivery methods, invest in digital learning platforms, and explore opportunities to integrate ESG-related knowledge and innovation in its workforce development efforts. These initiatives are essential to ensuring operational excellence, regulatory compliance, and the long-term success of MREIT's sustainability strategy.

*Our Management Approach*

**Unlocking Potential**

MREIT remains committed to employee training and development as a cornerstone of its sustainability and operational excellence strategy. While MREIT no longer had direct employees starting in 2023, all personnel supporting its operations are seconded from MFMI. Through this arrangement, training and development programs are implemented and managed by MFMI in alignment with MREIT's goals.

Structured learning pathways—including skill-building workshops, leadership development programs, and continuous learning opportunities—are made available to seconded personnel through Megaworld Learning Academy. These programs are monitored and evaluated through performance reviews and training effectiveness assessments to ensure relevance, quality, and impact.

The Human Resources and Learning & Development Teams assigned to MFMI oversee these initiatives, ensuring alignment with MREIT's corporate objectives, regulatory standards, and industry best practices. In 2024, the focus was on expanding training delivery methods, incorporating employee feedback, and adopting digital learning platforms to improve accessibility, engagement, and efficiency.

As part of its forward strategy, MREIT, through MFMI, remains committed to strengthening its talent development approach, fostering a culture of continuous learning, and embracing innovative training methodologies to support career advancement and long-term organizational success.

**Labor-Management Relations**

MREIT values strong labor-management relations as a key element in fostering workplace harmony, employee engagement, and operational stability. Effective labor relations help ensure compliance with labor laws, support transparent communication, and reduce the risk of workplace disruptions. Conversely, gaps in dialogue or dispute resolution can negatively impact employee morale and operational efficiency.

These dynamics primarily affect seconded personnel, management, investors, and business partners, as strong labor practices contribute to overall business performance and stakeholder confidence. While MREIT no longer had direct employees starting in 2023, it remains committed—through its fund manager, MFMI—to upholding fair labor practices, regulatory compliance, and open communication in the workplace.

| Disclosure | Unit | Quantity | | |
|---|---|---|---|---|
| | | 2022 | 2023 | 2024 |

| | | | | |
|---|---|---|---|---|
| % of Employees Covered with Collective Bargaining Agreements | % | 0 | 0 | 0 |
| Number of Consultations Conducted with Employees Concerning Employee-Related Policies | # | Min. of 1/year | Min. of 1/year | Min. of 1/year |

From 2022 to 2024, no employees were covered by collective bargaining agreements, as MREIT did not operate under a unionized workforce structure. Beginning in 2023, all personnel supporting MREIT have been seconded from MFMI. Labor-management engagement, including policy consultations and workplace communications, is facilitated by MFMI's Human Resources Team in coordination with MREIT and is conducted at least once annually or as needed.

This consultative approach ensures employee-related matters are addressed proactively, reinforcing a collaborative and compliant work environment. MREIT, through MFMI, remains committed to enhancing employee engagement initiatives, strengthening feedback mechanisms, and fostering a positive, inclusive, and well-regulated workplace culture that supports long-term organizational growth.

**Diversity, Equal Opportunity, & Anti-Discrimination**

MREIT upholds the principles of diversity, equal opportunity, and anti-discrimination as essential to fostering an inclusive, equitable, and high-performing workplace. These values contribute positively to employee morale, organizational culture, innovation, and long-term business performance. Promoting diversity across operations and the supply chain enhances talent retention, ensures compliance with labor regulations, and strengthens corporate reputation.

Conversely, the absence of inclusive practices may result in reputational risk, legal exposure, and stakeholder disengagement. Key stakeholders—including seconded personnel, suppliers, investors, and customers—benefit from MREIT's ongoing commitment to ensuring that all individuals are treated fairly, regardless of gender, age, background, or circumstance.

| Disclosure | Unit | Quantity | | |
|---|---|---|---|---|
| | | 2022 | 2023 | 2024 |
| % of Female Workers in the Workforce | % | 100 | 0 | 0 |
| % of Male Workers in the Workforce | % | 0 | 0 | 0 |
| Number of Employees from Indigenous Communities and/or Vulnerable Sectors* | # | Data unavailable | Data unavailable | Data unavailable |

**Vulnerable sectors include the elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

In 2022, MREIT employed two female staff, reflecting a 100% female workforce. However, beginning in 2023, MREIT no longer had direct employees following the transition of all personnel requirements to MFMI. As such, reported workforce figures for 2023 and 2024 are recorded as zero under MREIT, and diversity-related practices are now implemented through MFMI, which manages hiring and workplace inclusivity for seconded personnel supporting MREIT operations.

Although data on employees from Indigenous communities and vulnerable sectors remains unavailable, MREIT recognizes the importance of improved data tracking in support of broader social inclusion goals. As part of its forward strategy, MREIT, in coordination with MFMI, aims to strengthen diversity and inclusion initiatives, enhance workforce representation, and uphold structured policies that promote equal opportunity and eliminate discrimination. These efforts form part of the Company's commitment to sustainable employment, ethical governance, and social responsibility.

*Our Management Approach*

**Shaping Unique Talents**

MREIT upholds strict non-discrimination policies and merit-based hiring practices to ensure that all individuals—regardless of gender, background, or social status—are treated equitably and have access to equal opportunities for career growth. While MREIT no longer had direct employees beginning in 2023, these values continue to be reflected through its fund manager, which oversees the selection, training, and management of seconded personnel supporting MREIT operations.

Regular workforce monitoring and reporting mechanisms are maintained by MFMI to track diversity metrics and ensure alignment with labor laws, internal policies, and MREIT's corporate sustainability goals. Oversight of these initiatives is carried out by the Human Resources and Sustainability Teams, with a focus on promoting inclusivity, awareness, and equitable access to professional development across all levels of the organization.

In 2024, MREIT, through MFMI, strengthened its inclusive hiring strategies, enhanced workplace diversity initiatives, and began establishing systems to track representation from vulnerable and marginalized sectors. As part of its forward strategy, the Company remains committed to advancing diversity and inclusion efforts, fostering a culture of belonging, and embedding equal opportunity measures into its long-term workforce development plans. These efforts support MREIT's broader commitment to responsible business practices and social sustainability.

## Workplace Conditions, Labor Standards, and Human Rights

### Workforce Health & Safety

MREIT continues to uphold its commitment to workplace health and safety as part of its broader responsibility to promote human rights and labor standards. While the Company no longer had direct employees beginning in 2023, it ensured that all occupational safety and health protocols were implemented through its fund manager, MFMInc, for seconded personnel supporting MREIT operations.

| Disclosure | Units | Quantity | | |
|---|---|---|---|---|
| | | 2022 | 2023 | 2024 |
| Safe Man-Hours | Man-Hours | Not Available | Not Available | 0 |
| No. of Work-Related Injuries | # | 0 | 0 | 0 |
| No. of Work-Related Fatalities | # | 0 | 0 | 0 |
| No. of Work-Related Ill-Health | # | 0 | 0 | 0 |
| No. of Safety Drills | # | Not Available | Not Available | Not Available |

In 2024, no safe man-hours were recorded directly under MREIT, as all workforce-related reporting and monitoring were conducted by MFMI. Despite the absence of recorded safe man-hours, there were no reported work-related injuries, fatalities, or incidents of work-related ill-health across MREIT's operations from 2022 to 2024. This underscores the continued prioritization of safety protocols and risk prevention measures implemented by the fund manager.

Although safety drill data remains unavailable for all three years, MREIT—through MFMI—continues to reinforce emergency preparedness and compliance with relevant occupational safety standards. These efforts reflect the Company's ongoing commitment to ensuring a safe, healthy, and secure work environment across all areas of its operations.

*Our Management Approach*

**Protect and Perform**

MREIT upholds robust health and safety principles as part of its commitment to responsible operations and human rights. While the Company no longer had direct employees beginning in 2023, Occupational Health and Safety (OHS) policies and programs continue to be implemented through MFMI for seconded personnel assigned to MREIT operations.

These programs focus on risk prevention, compliance with local and international safety standards, and ongoing workplace hazard assessments. MFMI conducts safety training, monitors incidents, and facilitates emergency preparedness activities to ensure that safety awareness is embedded at all levels of operations.

Oversight of OHS initiatives is carried out by MFMI's Facilities Management and Human Resources Teams, ensuring alignment with regulatory requirements, industry best practices and MREIT's corporate safety objectives. In 2024, MREIT, through MFMI, continued to enhance its safety protocols by exploring advanced safety technologies, expanding health and wellness programs, and improving incident response mechanisms.

In line with its long-term operational goals, MREIT remains committed to strengthening workplace safety measures, promoting a culture of proactive safety engagement, and continuously improving occupational health systems to support personnel well-being and sustain business continuity.

**Labor Standards & Human Rights**

MREIT upholds labor standards and human rights as core principles in its operations, ensuring fair treatment, ethical labor practices, and full compliance with applicable laws and regulations. These commitments contribute to a safe, equitable, and inclusive working environment and extend across its operations and supply chain. Adherence to labor rights strengthens employee well-being, operational efficiency, and corporate reputation, while lapses could result in legal risks, reputational damage, and loss of stakeholder trust.

Employees, suppliers, investors, and business partners are directly affected by MREIT's continued focus on responsible labor practices. By upholding strong policies and implementing human rights frameworks, MREIT promotes ethical sourcing, workplace morale, and long-term sustainability.

Although MREIT no longer had direct employees starting in 2023, labor-related policies and programs remain in effect through MFMI, which manages all seconded personnel. These individuals remain covered by MREIT's commitments to human rights and labor protections.

| Disclosure | Units | Quantity | | |
|---|---|---|---|---|
| | | 2022 | 2023 | 2024 |
| No. of Legal Actions or Employee Grievances Involving Forced or Child Labor | # | 0 | 0 | 0 |

From 2022 to 2024, MREIT recorded no legal actions or employee grievances involving forced or child labor, underscoring the Company's commitment to ethical and lawful labor practices. These outcomes are supported by comprehensive policies that prohibit all forms of labor exploitation and require thorough due diligence in vendor and contractor engagements, as mandated by Megaworld Group.

In collaboration with its fund manager MFMI, MREIT continues to uphold policies promoting workplace fairness, health and safety, and the protection of marginalized and vulnerable groups. These policies reflect MREIT's proactive and values-driven approach to labor rights, supporting both legal compliance and social responsibility across its operations.

**Policies**

| Topic | 2022 | 2023 | 2024 | Reference in Company Policy |
|---|---|---|---|---|
| Forced Labor | Yes | Yes | Yes | Megaworld Group mandates the conduct of thorough audits on its |

| Topic | 2022 | 2023 | 2024 | Reference in Company Policy |
|---|---|---|---|---|
| Child Labor | Yes | Yes | Yes | vendors and contractors to ensure that underage workers are not employed in their operations. |
| Human Rights | Yes | Yes | Yes | • MREIT's Anti-Harassment Policy<br>• MREIT's Policy on Health, Safety and Welfare of Employees<br>• Megaworld Corporation's Policy for Supporting Breastfeeding Employees<br>• Megaworld Corporation's Policy supporting the Magna Carta for Women<br>• Megaworld Corporation's Policy in support of the Family Welfare Act<br>• Megaworld Corporation's Special Leave Benefits for Women Employees<br>• Megaworld Corporation's Workplace policy and program on Hepatitis B<br>• Megaworld Corporation's Anti-Discrimination Policy |

MREIT maintains a strong commitment to labor standards and human rights, ensuring a workplace free from forced and child labor. From 2022 to 2024, no legal actions or employee grievances related to forced or child labor were recorded, highlighting the company's strict adherence to ethical labor practices. MREIT enforces comprehensive labor policies, aligned with Megaworld Group's mandate to conduct thorough audits of vendors and contractors, ensuring compliance with ethical sourcing and fair labor standards. Additionally, the company actively upholds human rights policies, covering anti-harassment, workplace health and safety, women's welfare, and anti-discrimination. These policies reflect MREIT's proactive approach to creating a fair, inclusive, and legally compliant work environment.

*Our Management Approach*

**Rights and Respect**

MREIT enforces strict policies against forced and child labor, workplace discrimination, and unfair treatment, aligned with national labor laws and international human rights standards. Regular audits, compliance checks, and employee grievance mechanisms are in place to monitor adherence and address concerns proactively.

The Human Resources and Compliance Teams manage the implementation of these policies, ensuring alignment with corporate governance and sustainability goals. In 2024, MREIT is further enhancing its labor rights programs by expanding employee welfare initiatives, strengthening supplier audits for ethical sourcing, and increasing awareness through training programs. The company remains committed to improving labor monitoring frameworks, fostering an inclusive work environment, and reinforcing human rights protections across its operations and supply chain to uphold corporate social responsibility and long-term sustainability. awareness and continuously improving occupational health programs to safeguard employee well-being and maintain operational excellence.

## Supply Chain Management

### Sustainability Topics when Accrediting Suppliers

MREIT integrates sustainability criteria into its supplier accreditation process, ensuring that procurement practices align with environmental, social, and governance (ESG) standards. This approach positively impacts operations and the supply chain by upholding ethical sourcing, minimizing environmental risks, and promoting responsible business practices. By prioritizing sustainability in supplier selection, MREIT mitigates reputational and regulatory risks while enhancing long-term supply chain resilience. Employees, suppliers, investors, and customers are key stakeholders affected, as sustainable procurement contributes to operational efficiency, ethical partnerships, and strengthened investor confidence. MREIT remains committed to enhancing its supplier evaluation frameworks, strengthening compliance monitoring, and promoting responsible sourcing practices to drive sustainability across its business ecosystem.

| Topic | 2022 | 2023 | 2024 |
|---|---|---|---|
| **Environmental Performance** | Yes | Yes | Yes |
| **Forced Labor** | Yes | Yes | Yes |
| **Child Labor** | Yes | Yes | Yes |
| **Human Rights** | Yes | Yes | Yes |
| **Bribery and Corruption** | Yes | Yes | Yes |

MREIT maintains a rigorous supplier accreditation process to ensure that sustainability factors are consistently integrated into procurement decisions. From 2022 to 2024, the company has upheld strict assessment criteria that cover environmental performance, forced labor, child labor, human rights, and bribery and corruption, reinforcing its commitment to ethical sourcing and responsible supply chain management. To ensure impartiality and compliance, MREIT engages a third-party accreditation firm to handle the supplier screening process and verifies all accredited vendors meet these sustainability requirements. This approach enhances supply chain transparency, reduces operational risks, and aligns with global sustainability standards.

*Our Management Approach*

**Delivering Success**

MREIT follows strict procurement policies that emphasize environmental, social, and governance (ESG) standards, ensuring that all suppliers comply with the company's sustainability goals and legal requirements. MREIT actively monitors supplier performance through regular audits and compliance checks, with oversight provided by the Procurement and Sustainability Teams. In 2024, the company is enhancing its supply chain strategy by expanding its supplier engagement programs, incorporating green procurement practices, and promoting responsible sourcing to minimize environmental impact. Looking ahead, MREIT remains committed to strengthening its supply chain resilience, exploring innovative sourcing solutions, and fostering partnerships with suppliers who align with its sustainability objectives, driving long-term business success while contributing to environmental and social well-being.

## Relationship with Community

### Significant Impacts on Local Communities

MREIT recognizes its significant impact on local communities, fostering economic growth, employment opportunities, and sustainable urban development through its operations. Positive contributions include job creation, infrastructure enhancement, and increased business activity in areas where MREIT operates, benefiting employees, suppliers, investors, and residents. However, development projects may also pose challenges such as resource consumption and environmental impact, requiring responsible management to mitigate potential disruptions. By implementing sustainable business practices, community engagement initiatives, and compliance with environmental and social regulations, MREIT ensures that its presence contributes to long-term community well-being, economic resilience, and stakeholder trust while minimizing adverse effects.

| Operations with significant impacts on local communities | Collective or individual rights that have been identified that or particular concern for the community | Mitigating measures or enhancement measures |
|---|---|---|
| **Iloilo City**<br>**Quezon City**<br>**Taguig City** | MREITs buildings are designed to adhere to green building standards, which promotes employee well-being and increases productivity in the workplace. These types of developments attract multinational corporations to locate in the country and contribute to the government's efforts to provide more job opportunities in the country. | Not Applicable |

**Certificates for Activities Impacting Indigenous Peoples (IPs)**

| Certificates | Units | Quantity | | |
|---|---|---|---|---|
| | | 2022 | 2023 | 2024 |
| FPIC process is still undergoing | # | Not Applicable | Not Applicable | Not Applicable |
| CP secured | # | Not Applicable | Not Applicable | Not Applicable |

MREIT plays a significant role in local community development, particularly in Iloilo City, Quezon City, and Taguig City, where its operations contribute to economic growth, job creation, and sustainable urban planning. The company ensures that its buildings adhere to green building standards, promoting employee well-being, productivity, and environmental sustainability. Additionally, MREIT's developments help attract multinational corporations, aligning with national economic objectives to increase employment opportunities. The table indicates that no mitigating or enhancement measures were required, suggesting that MREIT's projects have been well-integrated into their respective communities with minimal disruption.

Regarding activities impacting Indigenous Peoples (IPs), the company has not required FPIC (Free, Prior, and Informed Consent) processes or compliance permits from 2022 to 2024, indicating that its developments do not directly impact IP communities.

*Our Management Approach*

**Nurturing Foundations**

MREIT ensures that its developments adhere to green building standards and urban sustainability principles, contributing to economic growth, job creation, and environmental stewardship. MREIT actively monitors its community impact through stakeholder engagement programs, socio-economic assessments, and regulatory compliance measures to ensure alignment with national development goals.

The Sustainability and Corporate Social Responsibility (CSR) Teams oversee initiatives that enhance community welfare while maintaining business sustainability. In 2024, MREIT is expanding its programs by strengthening local partnerships, exploring community investment opportunities, and integrating social impact initiatives into its operations. Looking ahead, the company remains committed to deepening its engagement with stakeholders, enhancing its ESG-driven community programs, and continuously improving its efforts to create lasting positive contributions to local communities.

## Customer Management

MREIT prioritizes customer management as a key driver of operational success, ensuring high-quality service and tenant satisfaction across its portfolio. Effective customer management positively impacts operations, brand reputation, and long-term business sustainability, fostering strong relationships with tenants and investors. Within property management and the supply chain, responsive service, efficient lease management, and proactive engagement enhance customer experience. On the other hand, lapses in service quality could affect tenant retention and stakeholder trust. Employees, suppliers, investors, and customers are key stakeholders influenced by MREIT's customer-focused strategies, which promote operational efficiency, value creation, and business growth. The company remains committed to enhancing customer service initiatives, implementing digital solutions for improved tenant engagement, and continuously refining its customer relationship management strategies to ensure long-term success.

**Customer Satisfaction**

| Disclosure | Units | Quantity | | |
|---|---|---|---|---|
| | | 2022 | 2023 | 2024 |
| Customer Satisfaction Score | % | Not Available | Not Available | Not Available |

**Customer Health & Safety**

| Disclosure | Units | Quantity | | |
|---|---|---|---|---|
| | | 2022 | 2023 | 2024 |
| No. of Substantiated Complaints on Product or Service Health and Safety | # | 0 | 0 | 0 |
| No. of Complaints Addressed | # | 0 | 0 | 0 |

MREIT remains committed to customer satisfaction and health and safety, ensuring that tenants and stakeholders receive high-quality services while maintaining a safe environment. While customer satisfaction scores were not available from 2022 to 2024, the company continues to enhance tenant engagement and service quality initiatives to improve customer experience.

In terms of customer health and safety, MREIT has consistently recorded zero substantiated complaints on product or service health and safety from 2022 to 2024, demonstrating its strict compliance with safety regulations and high operational standards. Additionally, there were no recorded complaints requiring resolution, reflecting MREIT's proactive measures in risk management and tenant well-being.

*Our Management Approach*

**Elevating Experiences**

MREIT implements customer service policies and tenant engagement programs to ensure a high-quality experience while maintaining proactive monitoring strategies, such as regular feedback collection, service quality assessments, and safety compliance checks.

The Property Management and Customer Relations Teams oversee these initiatives, ensuring prompt issue resolution and continuous service improvement. In 2024, MREIT is strengthening its customer management efforts by expanding digital tenant engagement platforms, enhancing service responsiveness, and reinforcing health and safety standards. Looking ahead, the company remains committed to optimizing customer satisfaction tracking, integrating smart building technologies for better service delivery, and continuously improving tenant experience to uphold its reputation for excellence.

**Customer Privacy & Data Security**

MREIT prioritizes customer privacy and data security, ensuring the protection of sensitive information across its operations, digital systems, and tenant management platforms. Effective data security measures enhance trust, regulatory compliance, and business continuity, while potential risks such as data breaches or unauthorized access could lead to reputational damage and regulatory penalties. Employees, tenants, investors, and business partners are key stakeholders affected, as safeguarding data integrity strengthens stakeholder confidence, operational efficiency, and corporate governance. MREIT remains committed to implementing comprehensive cybersecurity measures through continuously improving data protection protocols and aligning with industry best practices to maintain a secure and trusted business environment.

| Disclosure | Units | Quantity | | |
|---|---|---|---|---|
| | | 2022 | 2023 | 2024 |
| No. of Substantiated Complaints on Customer Privacy | # | 0 | 0 | 0 |
| No. of Complaints Addressed | # | 0 | 0 | 0 |
| No. of Customers, Users, and Account Holders whose Information is Used for Secondary Purposes | # | 0 | 0 | 0 |
| No. of Data Breaches, including Leaks, Thefts, and Losses of Data | # | 0 | 0 | 0 |

MREIT upholds strict data privacy and security standards, ensuring the confidentiality and protection of customer information across its operations. From 2022 to 2024, the company recorded zero substantiated complaints on customer privacy, indicating strong compliance with data protection laws and cybersecurity protocols. Additionally, there were no reported complaints requiring resolution, no instances of customer information being used for secondary purposes, and no data breaches, including leaks, thefts, or losses. These results reflect MREIT's effective implementation of privacy safeguards, risk management practices, and adherence to industry best practices.

*Our Management Approach*

**Your Data, Our Responsibility**

MREIT enforces comprehensive privacy policies, secure data handling protocols, and regular security audits to safeguard sensitive information against unauthorized access and breaches.

The Information Technology and Compliance Teams oversee the monitoring, risk assessment, and implementation of security enhancements, ensuring alignment with regulatory standards and industry best practices. In 2024, MREIT is further enhancing its data protection framework by integrating advanced encryption technologies, expanding employee cybersecurity training, and strengthening incident response protocols. Moving on, the company remains committed to continuously improving its digital security infrastructure, refining privacy management strategies, and proactively addressing emerging cyber risks to uphold trust, compliance, and operational resilience.

## Disclosures for REIT Companies[1]

(a) Real Estate Transactions for Q4 2024

There were no real estate transactions in the fourth quarter of 2024.

(b) Schedule of Properties as of 31 December 2025

| Property and Location | Purchase Price | Latest Appraisal* | Remaining Land Lease Term | Gross leasable area (GLA) | Leased Area | Occupancy Rate | Rental Income | Gross Revenue | Cost of Services | Gross Profit |
|---|---|---|---|---|---|---|---|---|---|---|
| | in Php millions | in Php millions | Years | in sqm | in sqm | % | in Php millions | in Php millions | in Php millions | in Php millions |
| **Eastwood, Quezon City** | | | | | | | | | | |
| 1800 Eastwood Avenue | 6,948 | 6,629 | 46.25 | 34,738 | 34,719 | 100% | 359.3 | 489.7 | 107.9 | 381.7 |
| 1880 Eastwood Avenue | 6,749 | 5,813 | 46.25 | 33,745 | 33,448 | 99% | 318.4 | 443.0 | 96.5 | 346.5 |
| E-Commerce Plaza | 4,188 | 3,525 | 46.25 | 21,032 | 21,032 | 100% | 202.6 | 248.9 | 48.3 | 200.5 |
| **McKinley Hill, Taguig** | | | | | | | | | | |
| One World Square | 7,529 | 5,123 | 46.25 | 30,482 | 22,095 | 72% | 294.5 | 362.8 | 76.8 | 286.0 |
| Two World Square | 5,258 | 5,452 | 46.25 | 21,286 | 21,282 | 100% | 267.8 | 367.7 | 82.0 | 285.6 |
| Three World Square | 5,241 | 4,448 | 46.25 | 21,222 | 19,712 | 93% | 230.1 | 328.8 | 74.9 | 253.8 |
| 8/10 Upper McKinley | 4,925 | 4,249 | 46.25 | 19,938 | 17,483 | 88% | 248.5 | 299.8 | 50.2 | 249.6 |
| 18/20 Upper McKinley | 4,795 | 4,330 | 46.25 | 19,413 | 15,953 | 82% | 212.6 | 253.5 | 42.3 | 211.3 |
| World Finance Plaza | 5,153 | 2,815 | 47.67 | 25,067 | 17,800 | 71% | 290.1 | 331.8 | 75.0 | 256.8 |
| **McKinley West, Taguig** | | | | | | | | | | |
| One West Campus | 1,473 | 1,587 | 47.75 | 9,704 | 9,704 | 100% | 81.8 | 105.0 | 20.5 | 84.5 |
| Five West Campus | 1,001 | 1,960 | 47.75 | 10,257 | 10,257 | 100% | 92.7 | 117.0 | 22.0 | 94.9 |
| Two West Campus | 825 | 1,398 | 49.42 | 9,332 | 9,332 | 100% | 19.3 | 24.8 | 5.4 | 19.3 |
| Ten West Campus | 3,250 | 5,367 | 49.42 | 36,277 | 25,046 | 69% | 67.6 | 81.8 | 13.1 | 68.8 |
| One Le Grand | 4,354 | 6,378 | 49.42 | 48,292 | 45,331 | 94% | 108.3 | 144.9 | 32.3 | 112.6 |
| **Iloilo Business Park, Iloilo** | | | | | | | | | | |
| Richmonde Tower | 2,062 | 1,277 | 46.25 | 13,124 | 12,396 | 94% | 109.3 | 123.8 | 27.4 | 96.3 |
| One Techno Place | 1,509 | 1,103 | 46.25 | 9,549 | 9,330 | 98% | 63.3 | 90.1 | 22.4 | 67.7 |
| Two Techno Place | 1,465 | 1,128 | 47.67 | 11,393 | 9,061 | 80% | 65.8 | 94.6 | 26.4 | 68.2 |
| Three Techno Place | 1,242 | 1,354 | 47.67 | 9,568 | 9,392 | 98% | 68.5 | 95.2 | 17.2 | 77.9 |
| One Global Center | 1,256 | 1,443 | 47.67 | 10,301 | 9,903 | 96% | 71.0 | 100.2 | 27.0 | 73.2 |
| Festive Walk 1B | 1,507 | 1,965 | 47.75 | 14,703 | 13,687 | 93% | 106.3 | 141.1 | 40.9 | 100.2 |
| Two Global Center | 1,293 | 1,530 | 47.75 | 9,903 | 9,903 | 100% | 77.5 | 111.3 | 23.7 | 87.7 |
| One Fintech Place | 1,589 | 2,491 | 49.42 | 18,088 | 17,681 | 98% | 39.4 | 56.4 | 17.4 | 39.0 |
| Two Fintech Place | 1,638 | 2,165 | 49.42 | 18,053 | 15,011 | 83% | 31.9 | 49.4 | 16.9 | 32.4 |
| **Davao Park, Davao City** | | | | | | | | | | |
| Davao Finance Center | 1,496 | 2,731 | 49.42 | 26,074 | 25,986 | 100% | 37.6 | 51.9 | 11.5 | 40.4 |
| **Total** | **76,744** | **76,260** | | **481,542** | **435,546** | **90%** | **3,464** | **4,513** | **978** | **3,535** |

[1] Pursuant to Section 6.2 of the Amended Listing Rules for REITs

* The latest appraisal valuation for MREIT properties, dated December 31, 2024, aligns with the reports issued by Cuervo Appraisers. All properties were appraised using the Income Approach method.

(c) Reinvestment Plan Progress Report as of 31 December 2024

| Relevant Transaction | Date of Reinvestment Plan | Amount of Funds for Reinvestment | Estimated Date of Full Compliance |
|---|---|---|---|
| Block Sale by Megaworld Corporation of 40,650,000 Common Shares of MREIT, Inc. on 18 April 2024 | 22 April 2024 | Php496 million | Q1 2025 |
| Sale by Megaworld Corporation of 79,700,000 Common Shares of MREIT, Inc. on 03 June 2024 | 05 June 2024 | Php973 million | Q1 2025 |

# COVER SHEET

SEC Registration Number

C S 2 0 2 0 5 2 2 9 4

**Company Name**

M R E I T ,  I N C .

**Principal Office (No./Street/Barangay/City/Town/Province)**

1 8 / F ,  A L L I A N C E  G L O B A L  T O W E R ,

3 6 T H  S T . ,  C O R .  1 1 T H  A V E. ,

U P T O W N  B O N I F A C I O ,  T A G U I G  C I T Y

**GIANCARLO V. INACAY**

Contact Person

**(02) 8894-6400**

Company Telephone Number

1 2 | 3 1

Month | Day

Fiscal Year

Month | Day

Annual Meeting

S E C  F O R M  1 7 - Q

Form Type

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel Concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remaks = Pls. use black ink for scanning purposes

PSE Security Code ____________
SEC Number CS202052294
File Number ____________

**MREIT, INC.**

(Company's Full Name)

**18TH FLOOR ALLIANCE GLOBAL TOWER, 36TH STREET CORNER 11TH AVENUE, UPTOWN BONIFACIO, TAGUIG CITY 1634, METRO MANILA, PHILIPPINES**

(Company's Address)

**(02) 88946400**

(Company's Telephone Number)

**DECEMBER 31**

(Fiscal Year Ending)
(Month & Day)

**SEC FORM 17-Q (Q1 2025)**

(Form Type)

(Amendment Designation, if Applicable)

Period Ended Date

PERMIT TO OFFER SECURITIES FOR SALE

(Secondary License Type, if any)

**SECURITIES AND EXCHANGE COMMISSION**
**SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. For the quarterly period ended **31 March 2025**

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

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

5. **Taguig City, Metro Manila, Philippines**
Province, country or other jurisdiction of incorporation or organization

6. [ ] (SEC Use Only)
Industry Classification Code

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

8. **(02) 88946400**
Registrant's telephone number, including area code

9. Former name, former address and formal fiscal year, if changed since last report:
**N/A**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA

| Title of Each Class | Number of Shares of Stock Outstanding |
|---|---|
| **Common** | **3,721,983,381** |

11. Are any or all of these securities listed on a Stock Exchange?

**[x] Yes**     **[ ] No**

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

**Philippine Stock Exchange**     **Common Shares**

12. Check whether the issuer:

. has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months.

**[x] Yes**     **[ ] No**

. has been subject to such filing requirements for the past ninety (90) days.

**[x] Yes**     **[ ] No**

## PART I – FINANCIAL INFORMATION

**Item 1. Financial Statements**

Interim financial statements are attached as Exhibits hereof and incorporated by reference:

| | |
|---|---|
| Exhibit 1 - | Consolidated Statements of Financial Position as of 31 March 2025 |
| Exhibit 2 - | Consolidated Statements of Income and Consolidated Statements of Comprehensive Income for the Three Months Ended 31 March 2025 and 2024 |
| Exhibit 3 - | Consolidated Statements of Changes in Equity for the Three Months Ended 31 March 2025 and 2024 |
| Exhibit 4 - | Consolidated Statements of Cash Flows for the Three Months Ended 31 March 2025 and 2024 |
| Exhibit 5 - | Notes to Interim Financial Information for the Three Months Ended 31 March 2025 |

**Item 2. Management's Discussion and Analysis of the Financial Condition and Results of Operations**

Please refer to Exhibit 6 hereof.

**Item 3. Aging of Accounts Receivables**

Please refer to Exhibit 7 hereof.

**Item 4. Schedule of Financial Soundness Indicators**

Please refer to Exhibit 8 hereof.

## PART II – OTHER INFORMATION

The Company is not in possession of information which have not been previously reported in a report on SEC Form 17-C and with respect to which a report on SEC Form 17-C is required to be filed.

## 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 thereunto duly authorized.

**MREIT, INC.**
Issuer

By:

**GIANCARLO V. INACAY**
*Chief Financial Officer*

**EXHIBIT 1**

**MREIT, INC.**
***(A Subsidiary of Megaworld Corporation)***
**STATEMENTS OF FINANCIAL POSITION**
**March 31, 2025**
**(With Comparative Figures as of December 31, 2024)**
***(Amounts in Philippine Pesos)***

| | Notes | March 31, 2025 | December 31, 2024 |
|---|---|---|---|
| **A S S E T S** | | | |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 4 | **P 2,631,962,390** | P 2,025,255,093 |
| Trade and other receivables | 5 | **548,917,740** | 389,032,440 |
| Other current assets | 7 | **550,414,151** | 328,418,811 |
| Total Current Assets | | **3,731,294,281** | 2,742,706,344 |
| **NON-CURRENT ASSETS** | | | |
| Trade receivables | 5 | **265,703,297** | 204,385,118 |
| Investment properties | 6 | **72,922,717,200** | 72,922,717,200 |
| Other non-current assets | 7 | **243,408,210** | 224,237,781 |
| Total Non-current Assets | | **73,431,828,707** | 73,351,340,099 |
| **TOTAL ASSETS** | | **77,163,122,988** | 76,094,046,443 |
| **LIABILITIES AND EQUITY** | | | |
| **CURRENT LIABILITIES** | | | |
| Accounts and other payables | 8 | **1,864,317,046** | 810,031,958 |
| Deposits and other liabilities | 9 | **831,190,720** | 671,761,410 |
| Total Current Liabilities | | **2,695,507,766** | 1,481,793,368 |
| **NON-CURRENT LIABILITIES** | | | |
| Interest-bearing loan | 10 | **7,213,519,768** | 7,212,172,904 |
| Deposits and other liabilities | 9 | **933,681,083** | 1,110,413,468 |
| Total Non-current liabilities | | **8,147,200,851** | 8,322,586,372 |
| Total Liabilities | | **10,842,708,617** | 9,804,379,740 |
| **EQUITY** | | | |
| Capital stock | 16 | **3,721,983,381** | 3,721,983,381 |
| Additional paid-in capital | 16 | **64,797,000,097** | 64,797,000,097 |
| Retained earnings (deficit) | | **( 2,198,569,107 )** | ( 2,229,316,775 ) |
| Total Equity | | **66,320,414,371** | 66,289,666,703 |
| **TOTAL LIABILITIES AND EQUITY** | | **P 77,163,122,988** | P 76,094,046,443 |

***See Notes to Financial Statements.***

**EXHIBIT 2**

**MREIT, INC.**
***(A Subsidiary of Megaworld Corporation)***
**INTERIM STATEMENTS OF COMPREHENSIVE INCOME**
**FOR THE THREE MONTHS ENDED MARCH 31, 2025 and 2024**
***(Amounts in Philippine Pesos)***
***(UNAUDITED)***

| | Notes | March 31, 2025 (Three months) | March 31, 2024 (Three months) |
|---|---|---|---|
| **REVENUES** | | | |
| Rental income | 11 | P 1,018,636,641 | P 837,095,355 |
| Income from dues - net | 2 | 321,839,222 | 239,264,091 |
| | | 1,340,475,863 | 1,076,359,447 |
| **COST OF SERVICES** | 12 | 252,439,266 | 273,382,353 |
| **GROSS PROFIT** | | 1,088,036,598 | 802,977,094 |
| **OTHER OPERATING EXPENSES** | 13 | 11,972,815 | 11,896,218 |
| **OPERATING PROFIT** | | 1,076,063,782 | 791,080,876 |
| **OTHER INCOME (CHARGES)** | | | |
| Interest expense | 9 , 10 | ( 128,552,437 ) | ( 74,083,609 ) |
| Interest income | 4, 7 | 16,982,371 | 18,839,602 |
| Miscellaneous income | | 1,871,162 | 972,668 |
| | | ( 109,698,904 ) | ( 54,271,339 ) |
| **PROFIT (LOSS) BEFORE TAX** | | 966,364,879 | 736,809,537 |
| **TAX INCOME (EXPENSE)** | 14 | ( 3,260,376 ) | ( 3,674,658 ) |
| **NET PROFIT (LOSS)** | | 963,104,503 | 733,134,879 |
| **OTHER COMPREHENSIVE INCOME** | | - | - |
| **TOTAL COMPREHENSIVE INCOME (LOSS)** | | P 963,104,503 | P 733,134,879 |
| **BASIC AND DILUTED EARNINGS (LOSS) PER SHARE** | 17 | P 0.26 | P 0.26 |

***See Notes to Financial Statements.***

# EXHIBIT 3

**MREIT, INC.**
***(A Subsidiary of Megaworld Corporation)***
**INTERIM STATEMENTS OF CHANGES IN EQUITY**
**FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024**
**(Amounts in Philippine Pesos)**
***(UNAUDITED)***

| | Notes | March 31, 2025 | March 31, 2024 |
|---|---|---|---|
| **CAPITAL STOCK** | | | |
| Balance at beginning of period | | **P 3,721,983,381** | P 2,795,821,381 |
| Issuance of shares during the period | 16 | | |
| Balance at end of period | | **3,721,983,381** | 2,795,821,381 |
| **ADDITIONAL PAID-IN CAPITAL** | | | |
| Balance at beginning of period | | **64,797,000,097** | 52,782,813,885 |
| Addition during the period | 16 | | |
| Balance at end of period | | **64,797,000,097** | 52,782,813,885 |
| **RETAINED EARNINGS (DEFICIT)** | | | |
| Balance at beginning of period | | **( 2,229,316,775 )** | ( 3,440,076,352 ) |
| Net profit (loss) during the period | | **963,104,503** | 733,134,879 |
| Dividends declared during the period | 16 | **( 932,356,835 )** | ( 687,772,054 ) |
| Balance at end of period | | **( 2,198,569,107 )** | ( 3,394,713,527 ) |
| **TOTAL EQUITY** | | **P 66,320,414,371** | P 52,183,921,739 |

***See Notes to Financial Statements.***

# EXHIBIT 4

**MREIT, INC.**
***(A Subsidiary of Megaworld Corporation)***
**STATEMENTS OF CASH FLOWS**
**FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024**
**(Amounts in Philippine Pesos)**
***(UNAUDITED)***

| | Notes | March 31, 2025 (Three Months) | March 31, 2024 (Three Months) |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit (loss) before tax | | **P 966,364,879** | P 736,809,537 |
| Adjustments for: | | | |
| Interest expense | 9, 10 | **128,552,437** | 102,226,844 |
| Interest income | 4, 7 | **( 16,982,371 )** | ( 19,700,460 ) |
| Operating profit before working capital changes | | **1,077,934,944** | 819,335,921 |
| Increase in trade and other receivables | | **( 222,173,190 )** | ( 256,438,703 ) |
| Decrease (increase) in other current assets | | **( 221,995,343 )** | ( 75,622,681 ) |
| Decrease (increase) in other non-current assets | | **( 18,700,479 )** | ( 32,472,437 ) |
| Increase in accounts and other payables | | **1,054,285,089** | 828,316,368 |
| Increase (decrease) in deposits and other liabilities | | **( 27,232,647 )** | ( 144,693,548 ) |
| Cash generated from operations | | **1,642,118,374** | 1,138,424,920 |
| Interest received | | **17,482,132** | 19,055,276 |
| Income tax paid | | **( 3,260,376 )** | ( 3,674,658 ) |
| Net Cash From Operating Activities | | **1,656,340,130** | 1,153,805,538 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Dividends paid | 16 | **( 932,356,835 )** | ( 687,772,054 ) |
| Interest paid | | **( 117,276,000 )** | ( 66,642,081 ) |
| Net Cash From (Used in) Financing Activities | | **( 1,049,632,835 )** | ( 754,414,135 ) |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | | **606,707,295** | 399,391,403 |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD** | | **2,025,255,095** | 1,678,912,045 |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | | **P 2,631,962,390** | P 2,078,303,448 |

***See Notes to Financial Statements.***

# EXHIBIT 5

**MREIT, INC.**
***(A Subsidiary of Megaworld Corporation)***
**SELECTED EXPLANATORY NOTES TO INTERIM FINANCIAL STATEMENTS**
**FOR THE THREE MONTHS ENDED MARCH 31, 2025**
**(With Comparative Figures as of December 31, 2024**
**and For The Nine Months Ended March 31, 2024)**
***(Amounts in Philippine Pesos)***
***(UNAUDITED)***

## 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.

On April 7, 2021, majority of the members of the BOD and stockholders of the Company approved the amendments to the Articles of Incorporation and By-Laws of the Company, including the change in the fiscal year of the Company to begin on the first day of July and end on the last day of June of each year. The SEC and the Bureau of Internal Revenue (BIR) approved the amendments to the Company's Articles of Incorporation and By-Laws on May 19, 2021 and May 20, 2021, respectively.

On September 30, 2021, the BOD approved the change in the Company's accounting period to begin on the first day of January and end on the last day of December of each year. The Company applied with the SEC for an amendment of its By-laws in October 2021. The SEC and the BIR approved the change on November 4, 2021 and November 25, 2021, respectively.

The registered office address and principal place of business of the Company and MC are located at 18th and 30th Floors, respectively, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City. The registered office of AGI, which is also its principal place of business, is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City Cyberpark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

The Company's shares of stock are listed and traded in the Philippine Stock Exchange (PSE). MC and AGI are also publicly-listed entities in the Philippines.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to the periods presented, unless otherwise stated.

### *2.1 Basis of Preparation of Financial Statements*

*(a) Statement of Compliance with Philippine Financial Reporting Standards*

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS 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.

### *2.2 Adoption of Amended PFRS*

*(a) Effective in 2023 that are Relevant to the Company*

The Company adopted for the first time the following amendments 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 are the relevant information about these pronouncements. None of these amendments did not have a significant impact on the interim financial statements.

(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.

(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.

## 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

In preparing the condensed interim financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. The judgments, estimates and assumptions applied in the condensed interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Company's last audited financial statements as at and for the period ended December 31, 2024.

## 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

| | March 31, 2025 (Unaudited) | December 31, 2024 (Audited) |
|---|---|---|
| Cash on hand and in bank | **P 1,283,710,907** | P 1,783,198,297 |
| Short-term placements | **1,348,251,483** | 242,056,796 |
| | **P 2,631,962,390** | P 2,025,255,093 |

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

Short-term placements are made for varying periods from 30 to 35 days and earn effective interest of 5% to 6%.

Interest earned from cash in bank and short-term placements for the three months ended March 31, 2025 and 2024 amounted to P16.3 million and P14.7 million, respectively. Interest earned is presented as part of Interest income under Other Income (Charges) in the interim statements of comprehensive income.

## 5. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

| | March 31, 2025 (Unaudited) | December 31, 2024 (Audited) |
|---|---|---|
| Current – | | |
| Trade receivables: | | |
| Billed | **P 341,752,264** | P 243,894,057 |
| Accrued | **36,934,665** | 64,100,330 |
| Others | **170,230,811** | 81,038,053 |
| | **548,917,740** | 389,032,440 |
| Non-current – | | |
| Trade receivables – | | |
| Accrued | **265,703,297** | 204,385,118 |
| | **P 814,621,037** | P 593,417,558 |

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

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

All trade and other receivables are subject to credit risk exposure. However, there was no impairment losses recognized for the reporting periods presented as management believes that the remaining receivables are fully collectible. 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.

| | **March 31, 2025 (Unaudited)** | December 31, 2024 (Audited) |
|---|---|---|
| Balance at beginning of period | **P 72,922,717,200** | P 58,980,800,000 |
| Additions | **-** | 13,151,500,400 |
| Fair value gains | **-** | 790,416,800 |
| Balance at end of period | **P 72,922,717,200** | P 72,922,717,200 |

As of March 31, 2025 and December 31, 2024, the Company has a total of twenty-four (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% own 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.

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 11.4). 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 are presented below.

| | Ownership |
|---|---|
| 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.

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

For the three months ended March 31, 2025 and 2024, rental income from investment properties amounted to P1,018.6 million and P837.1 million, respectively.

The direct operating costs incurred relating to investment properties, which pertains to repairs and maintenance and real property taxes, amounted to P9.5 million, P53.5 million for the three months ended March 31, 2025 and, 2024, respectively. These direct operating costs are presented as part of Cost of Services account in the statements of comprehensive income. All investment properties generate rental income.

The fair values of the investment properties were determined based on the latest appraisal reports by an independent real property appraiser, which uses the income approach (see Note 17.3).

## 7. OTHER ASSETS

The Company's other assets consist of the following:

| | March 31, 2025 (Unaudited) | December 31, 2024 (Audited) |
|---|---|---|
| Current: | | |
| Prepaid expenses | P 253,326,568 | 89,998,106 |
| Creditable withholding tax | 127,682,960 | 157,964,435 |
| Deferred input VAT | 66,192,084 | 74,051,496 |
| Supplies | 5,068,344 | 4,538,279 |
| Creditable VAT withheld | 2,328,700 | 1,866,495 |
| Other current asset | 95,815,495 | — |
| | 550,414,151 | 328,418,811 |
| Non-current: | | |
| Advances to contractors | 140,756,537 | 131,251,893 |
| Deferred charges | 65,723,500 | 66,527,664 |
| Security deposit | 36,928,173 | 26,458,224 |
| | 243,408,210 | 224,237,781 |
| | P 793,822,361 | P 552,656,592 |

Security deposit is related to the lease of certain parcels of land on which the investment properties stand (see Note 11.2). The related interest income recognized from subsequent amortization of the security deposit is presented as part of Interest income under Other Income (Charges) - net section in the interim 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 interim statements of comprehensive income. Other non-current asset consists of office machinery-net and advance payment to contractors for aircon related repairs and enhancement.

## 8. ACCOUNTS AND OTHER PAYABLES

The details of this account are as follows:

| | **March 31, 2025 (Unaudited)** | December 31, 2024 (Audited) |
|---|---|---|
| Dividends payable | **P 920,715,890** | P — |
| Accrued expenses | **509,071,156** | 482,385,265 |
| Accounts payable | **271,225,147** | 197,854,085 |
| Interest payable | **48,455,456** | 8,055,636 |
| Output VAT payable | **40,771,411** | 50,385,431 |
| Deferred output VAT | **40,750,782** | 27,320,806 |
| Withholding taxes | **5,609,989** | 12,548,480 |
| Deferred Revenue | **—** | 16,089,623 |
| Others | **27,717,215** | 15,392,632 |
| | **P 1,864,317,046** | P 810,031,958 |

## 9. DEPOSITS AND OTHER LIABILITIES

The details of this account are as follows:

| | **March 31, 2025 (Unaudited)** | December 31, 2024, (Audited) |
|---|---|---|
| Current: | | |
| Security deposits | **P 486,414,918** | P 367,731,879 |
| Advance rent | **335,542,156** | 299,270,394 |
| Deferred credits | **9,233,646** | 4,759,137 |
| | **831,190,720** | 671,761,410 |
| Non-current: | | |
| Security deposits | **701,483,112** | 263,184,311 |
| Advance rent | **147,160,619** | 753,593,448 |
| Deferred credits | **85,037,352** | 93,635,709 |
| | **933,681,083** | 1,110,413,468 |
| | **P 1,764,871,803** | P 1,782,174,878 |

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.

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.

## 10. INTEREST-BEARING LOAN

In December 2021, the Company obtained an unsecured, 10-year, P7.3 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 until 2024. Beginning 2025, the repriced interest rate is agreed at 6.47%.

The Company is required to maintain certain financial ratios to comply with its debt covenants with a certain local bank. As of March 31, 2025 and December 31, 2024, the Company is in compliance with such financial covenant obligations.

Total capitalized loan origination costs amounted to P54.4 million. Amortization for the first three months of 2025 and 2024 amounted to P1.3 million and P1.4 million respectively, and is presented as part of Interest expense under Other Income (Charges) – net in 2025 and 2024 of statements of comprehensive income.

The related interest incurred amounted to P117.3 million and P66.6 million for the first three months of 2025 and 2024, respectively, and this is presented as part of Interest expense under Other Income (Charges) - net in the 2025 and 2024 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.

| | **March 31, 2025 (Unaudited)** | December 31, 2024 (Audited) |
|---|---|---|
| Balance at beginning of period | **P 37,827,189** | P 43,302,513 |
| Amortization | **( 1,346,864)** | ( 5,475,324) |
| Balance at end of period | **P 36,480,325** | P 37,827,189 |

## 11. RELATED PARTY TRANSACTIONS

The Company's related parties include the Parent Company and related parties under common ownership. A summary of the Company's transactions and outstanding balances with its related parties is presented below.

| Related Party Category | Notes | Amounts of Transactions March 31, 2025 (Unaudited) | March 31, 2024 (Unaudited) | Outstanding Receivable (Payable) March 31, 2025 (Unaudited) | December31, 2024 (Audited) |
|---|---|---|---|---|---|
| **Parent Company:** | | | | | |
| Rendering of services | 11.1 | **P110,592,297** | P 157,994,144 | **P63,441,890** | P 61,964,065 |
| Property-for-share swap | 11.4 | **—** | — | **—** | — |
| Advance rent | 11.1 | **609,360** | — | **(4,325,715)** | (3,716,355) |
| Security deposits received | 11.1 | **366,840** | — | **(68,191,770)** | (67,824,930) |
| Security deposits paid | 11.2 | **10,469,949** | 300,081 | **36,928,173** | 26,458,224 |
| Land lease | 11.2 | **24,129,465** | 20,633,376 | **(24,129,465)** | (25,282,946) |
| **Related parties under common Ownership:** | | | | | |
| Advance rent | 11.1 | **689,717** | 29,968 | **(9,403,464)** | (8,713,745) |
| Security deposits received | 11.1 | **—** | — | **(25,926,618)** | (25,926,618) |
| Rendering of services | 11.1 | **30,556,294** | 32,004,430 | **110,004,660** | 82,173,827 |
| Land lease | 11.2 | **943,775** | — | **(1,873,473)** | (929,698) |
| Management services | 11.3 | **74,651,101** | 59,199,770 | **(74,651,101)** | (310,353,006) |
| **Key management personnel –** Compensation | 11.5 | **1,367,445** | 1,367,445 | **(6,837,225)** | (5,469,780) |

### *11.1 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. 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).

### *11.2 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.

On May 10, 2024, the Company entered into land lease agreements with Davao Park District Holdings, Inc. (DPDHI) 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 lease, the Company shall pay DPDHI rent equivalent to: (a) Two and a Half Percent (2.5%) of gross rental income for office for the period May 10, 2024 and until June 30, 2025 and Five Percent (5%) thereafter; and, (b) One and a Half Percent (1.5%) of hotel rental / revenues for hotel properties for the period May 10, 2024 and until June 30, 2025, and Three Percent (3%) thereafter.

Deposit paid by the Company from the land lease agreement was presented as Security deposit under Other Non-current Assets in the statements of financial position (see Note 7). This deposit will be refunded at the end of the lease term at its face value amounting to P106.8 million.

The Company incurred a total of P25.0 million first three months of 2025 which is presented as part of Cost of Services under the statement of comprehensive income. The outstanding balance of P26.0 million as of March 31, 2025 and P 26.2 million as of December 31, 2024 are presented as part of Accounts payable under Accounts and Other Payables account in the statement of financial position (see Note 8).

### *11.3 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 monthly 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 P74.7 million and P59.2 million management fees for the three months March 31, 2025 and 2024, respectively, which is presented as part of Cost of Services in the interim statements of comprehensive income. The outstanding balance of P74.7 million as of March 31, 2025 and P324.9 million as of December 31, 2024 are presented as part of Accounts payable and Accrued expenses under Accounts and Other Payables account in the interim statements of financial position (see Note 8).

### *11.4 Property-for-share Swap*

In line with the Company's investment plan to infuse 500,000 square meters of office gross leasable area by the end of 2024, 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.

Similarly, pursuant to the Company's investment plan to infuse asset 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 shared 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 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).

### *11.5 Key Management Personnel Compensation*

Key management personnel compensation pertains to payment for outsourced management services included within Outside services under Other Operating Expenses.

## 12. EQUITY

### *12.1 Capital Stock*

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 has been subscribed and paid.

On February 1, 2021, MC has subscribed to and paid for 12,400,000 shares with par value of P100 per share or a total of P1,240,000,000.

On April 7, 2021, majority of the members of the BOD and stockholders of MREIT approved the amendments to the Articles of Incorporation and By-Laws of MREIT, which include, among others, the change in par value of common shares from P100 to P1, resulting in an increase in the number of authorized common shares from 50,000,000 to 5,000,000,000 and subscribed common shares from 12,500,000 to 1,250,000,000. On May 19, 2021, the Company obtained approval of the amendments from the SEC (see Note 1).

On May 28, 2021, an individual stockholder subscribed and paid 1,000 common shares of the Company with par value of P1 per share or a total subscription price of P1,000.

On June 2, 2021, on consummation of the Deed of Exchange of Property and Shares in relation to the Property-for-Share Swap transaction with MC, the Company issued 1,282,120,381 common shares at par value of P1 per share (see Notes 1 and 6). In addition, the Company recognized APIC amounting to P47,920,287,239, less shares issuance costs amounting to P12.8 million.

On June 16, 2021, the Company filed its application with the PSE for the listing of its 2,532,121,381 existing common shares. The listing application was approved by PSE on August 9, 2021 which includes the Secondary Offer Shares of 844,300 common shares with an Overallotment Option of up to 105,537,500 common shares to be offered and sold by MC to the public, under the Main Board of the PSE with an offer price of P16.10 per share. The PSE approved the listing application of the Company on August 9, 2021.

Also on June 16, 2021, the Company filed a Registration Statement covering the registration of 2,532,121,381 existing common shares, in accordance with the requirements of the SEC's Securities Regulation Code. The Registration Statement was rendered effective on September 13, 2021.

On October 1, 2021, the common shares of the Company were listed as a REIT company under the Main Board of the PSE.

On April 1, 2022, the BOD of the Company approved the proposed subscription of MC to 263,700,000 common shares of the Company for a total subscription price of P5.3 billion to be paid by way of transfer of four prime, grade A, office properties in PEZA-accredited zones. On March 23, 2023, the SEC issued its confirmation of the valuation of the property-for-share swap. Consequently, on March 31, 2023, the Company issued 263,700,000 common shares.

On May 22, 2023, the Company filed the application for listing of the additional shares with the PSE. 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 P134,952,150.

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 shareholders of at least one board lot of the listed shares as of March 31, 2025 and December 31, 2024. As of March 31, 2025 and December 27, 2024, the last trading dates for each year, the shares closed at P13.84 and P13.34 per share, respectively.

### *12.2 Dividends*

On March 20, 2025, the BOD approved the declaration of cash dividends of P0.2505 per share to stockholders on record as of March 21, 2025. The dividends were declared out of the unrestricted retained earnings for the year ending December 31, 2024. The cash dividends were paid on April 04, 2025.

### *12.3 Distributable Income*

The computation of the distributable income of the Company for the months ended March 31, 2025 is shown below.

| | | |
|---|---|---|
| Net income | P | 963,104,503 |
| Unrealized gains or adjustments to income as a result of certain transactions accounted for under PFRS | | (42,444,811) |
| Adjustments due to any prescribed accounting standard which results to a loss | | 11,610,652 |
| Distributable income | **P** | **932,270,344** |

## 13. EARNINGS (LOSS) PER SHARE

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

| | **March 31, 2025 (Unaudited)** | March 31, 2024 (Unaudited) |
|---|---|---|
| Net profit for the period | **P 963,104,503** | P 733,134,879 |
| Divided by weighted number Of outstanding common shares | **3,721,983,381** | 2,795,821,381 |
| Basic and diluted earnings (loss) per share | **P 0.26** | P 0.26 |

The Company has no potential dilutive common shares as of nine months ended March 31, 2025 and 2024.

## 14. COMMITMENTS AND CONTINGENCIES

### *14.1 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 March 31, 2025 and December 31, 2024 are shown below:

| | **March 31, 2025 (Unaudited)** | March 31, 2024 (Unaudited) |
|---|---|---|
| Within one year | **P 4,041,831,749** | P 3,362,743,794 |
| After one year but not more than two years | **3,299,579,930** | 2,406,849,008 |
| After two years but not more than three years | **2,458,530,172** | 1,608,051,378 |
| After three years but not more than four years | **1,899,046,189** | 891,516,009 |
| After four years but not more than five years | **1,416,364,914** | 604,024,084 |
| More than five years | **3,055,947,030** | 2,542,415,221 |
| | **P 16,171,299,984** | P 11,415,599,494 |

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).

### *14.2 Operating Lease Commitments – Company as a Lessee*

The Company entered into a land lease agreement with MC over the land on which its investment properties stood for a period of 25 years, renewable for another 25 years. (see Note 11.2). Variable lease payments commenced on July 1, 2023. The lease agreement does not contain any fixed lease payments. In addition, the lease agreement involves payment for security deposit (see Note 7).

### *14.3 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.

## 15. 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 16. 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.

### *15.1 Market Risk*

As of March 31, 2025 and December 31, 2024, 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.

### *15.2 Credit Risk*

The Company's credit risk is attributable to trade and other receivables and other financial assets. The Company maintains defined credit policies and continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties. In addition, for trade receivables, security deposits and advance payments are received to mitigate credit risk.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position (or in the detailed analysis provided in the notes to financial statements), as summarized below.

| | Notes | **March 31, 2025 (Unaudited)** | December 31, 2024 (Audited) |
|---|---|---|---|
| Cash and cash equivalents | 4 | **P 2,631,962,390** | P 2,025,255,093 |
| Trade and other receivables | 5 | **814,621,037** | 593,417,558 |
| Security deposit | 7 | **36,928,173** | 26,458,224 |
| | | **P 3,483,511,600** | P 2,645,130,875 |

*(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 March 31, 2025 and December 31, 2024 is presented below.

| | **Gross Maximum Exposure** | **Fair Value of Collaterals** | **Net Exposure** |
|---|---|---|---|
| As of March 31, 2025 (Unaudited) | **P 814,621,037** | **P 1,768,758,713** | **P -** |
| As of December 31, 2024 (Audited) | P 593,417,558 | P 1,683,780,032 | P - |

*(c) Security Deposit*

The credit risk for security deposit is considered negligible as the Company has ongoing lease agreement with the counterparty and the latter is considered to be with sound financial condition and sufficient liquidity. The security deposit can also be applied against future rental payments in cases of default.

### *15.3 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 March 31, 2025 and December 31, 2024, the Company's financial liabilities have contractual maturities which are presented below.

| | Within 1 Year | 1 to 5 Years | More than 5 Years |
|---|---|---|---|
| **March 31, 2025 (unaudited)** | | | |
| Interest-bearing loan | P 475,619,334 | P 2,416,186,233 | P 7,571,556,833 |
| Security deposits | 154,859,524 | 727,937,915 | 289,987,098 |
| Accounts payable | 271,225,147 | - | - |
| Accrued expenses | 509,071,156 | - | - |
| | **P 1,410,775,161** | **P 3,144,124,148** | **P 7,861,543,931** |
| **December 31, 2024 (audited)** | | | |
| Interest-bearing loan | P 470,155,247 | P 1,999,814,229 | P 8,079,679,275 |
| Security deposits | 210,919,111 | 687,712,822 | 256,376,203 |
| Accounts payable | 197,854,085 | - | - |
| Accrued expenses | 482,385,265 | - | - |
| | P 1,361,313,708 | P 2,687,527,051 | P 8,336,055,478 |

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.

# 16. CATEGORIES, FAIR VALUES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

## *16.1 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.

| | | **March 31, 2025 (unaudited)** | | December 31, 2024 (audited) | |
|---|---|---|---|---|---|
| | Notes | **Carrying Values** | **Fair Values** | Carrying Values | Fair Values |
| ***Financial assets*** | | | | | |
| Financial assets at amortized cost: | | | | | |
| Cash and cash equivalents | 4 | **P 2,631,962,390** | **P 2,631,962,390** | 2,025,255,093 | P 2,025,255,093 |
| Trade and other receivables | 5 | **814,621,037** | **814,621,037** | 593,417,558 | 593,417,558 |
| Security deposit | 7 | **36,928,173** | **35,988,274** | 26,458,224 | 25,782,163 |
| | | **P 3,483,511,600** | **P 3,482,571,701** | P 2,645,130,875 | P 2,644,454,814 |
| ***Financial liabilities*** | | | | | |
| Financial liabilities at amortized cost: | | | | | |
| Interest-bearing loan | 10 | **P 7,213,519,768** | **P 7,213,519,768** | P 7,212,172,904 | P 7,212,172,904 |
| Security deposits | 9 | **1,037,025,269** | **1,027,095,695** | 1,052,863,842 | 1,021,797,438 |
| Accounts payable | 8 | **271,225,147** | **271,225,147** | 197,854,085 | 197,854,085 |
| Accrued expenses | 8 | **509,071,156** | **509,071,156** | 482,385,265 | 482,385,265 |
| Interest payable | 8 | **48,455,456** | **48,455,456** | 8,055,636 | 8,055,636 |
| | | **P 9,079,296,796** | **P 9,069,367,221** | P 8,953,331,732 | P 8,922,265,328 |

A description of the Company's risk management objectives and policies for financial instruments is provided in Note 15.

## *16.2 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.

# 17. FAIR VALUE MEASUREMENT AND DISCLOSURE

## *17.1 Fair Value Hierarchy*

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

### *17.2 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.

### *17.3 Fair Value Measurement of Investment Properties*

As of March 31, 2025 and December 31, 2024, the Company's investment properties amounting to P72.9 billion both, 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., an independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. Briefly describing the valuation method used, the approach converts anticipated future gains to present worth by projecting reasonable income and expenses for the properties. In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Company's investment property is its current use.

Fair value as determined by independent appraisers are based on the Income Approach. Under the Income Approach, the fair value of an asset is measured by calculating the present value of its economic benefits by discounting expected cash flows at a rate of return that compensates the risks associated with the particular investment. The most common approach in valuing future economic benefits of a projected income stream is the discounted cash flows model. This valuation process of this model consists of the following: (a) estimation of the revenues generated; (b) estimation of the costs and expenses related to the operations of the development; (c) estimation of an appropriate discount rate; and (d) discounting process using an appropriate discount rate to arrive at an indicative fair value. The most significant inputs used in this model are the estimated expected future annual cash inflow and outgoing expenses, anticipated increase in market rental, discount rate and terminal capitalization rate.

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

| | **Increase** | **Decrease** |
|---|---|---|
| Discount rate | Decrease | Increase |
| Terminal capitalization rate | Decrease | Increase |
| Increase in market rental | Increase | Decrease |

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

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

## 18. 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.

| | **March 31, 2025 (Unaudited)** | December 31, 2024 (Audited) |
|---|---|---|
| Total liabilities | **P 10,842,708,617** | P 9,804,379,740 |
| Total equity | **66,320,414,371** | 66,289,666,703 |

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.

## 19. 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.

**Management's Discussion and Analysis of Results of Operations and Financial Condition (March 31, 2025)**

Results of Operations (Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

*Review of Three Months ending March 31, 2025 versus Three Months Ending March 31, 2024*

For the three months ended March 31, 2025, the Company's net income increased by 31% or by Php190.3m to Php963 million, from Php733 million in the same period last year. This growth was primarily driven by the infusion of newly acquired assets and further supported by effective expense management, which helped mitigate the impact of a decline in occupancy. By strengthening its core operations and maintaining high-quality service standards, the Company continues to build a solid foundation for sustainable growth and long-term success in a competitive market.

**Revenues**

In the first three months of 2025, total revenue increased by 25%, or Php264 million, reaching Php1,340.5 million compared to Php1,076.4 million in the same period of 2024. This growth was primarily attributed to the infusion of newly acquired assets, which expanded the Company's income-generating portfolio and strengthened its overall operational performance. The increase highlights the Company's strategic focus on sustainable expansion, long-term value creation through proactive asset management and continuous portfolio enhancement.

**Cost and Expenses**

The cost of services decreased by 8%, from Php273 million in the first three months of 2024 to Php252 million in the same period of 2025. This reduction was primarily due to the Company's strategic efforts in managing and optimizing operational expenses. Through improved cost control measures, streamlined processes, and enhanced operational efficiencies, the Company successfully minimized expenditures, contributing to stronger financial performance during the period.

**Tax Expense**

Tax expense decreased by 11%, totaling Php0.4 million, primarily due to lower final tax expenses related to dividends paid and short-term placements during the current period.

| | **March 31, 2025** | **December 31, 2024** |
|---|---|---|
| Current Ratio[1] | 1.38 | 1.90 |
| Debt to Equity Ratio[2] | 0.11 | 0.14 |
| Net Debt to Equity Ratio[3] | 0.12 | 0.15 |
| Return on Assets[4] | 1.25% | 4.63% |
| Return on Equity[5] | 1.45% | 5.38% |

**1 – Current Assets / Current Liabilities*
**2 – Total Debt / Equity (Total debt includes interest bearing loans and borrowings and bonds payable)*
**3 – Net Debt / Equity (Net debt is total debt less cash and cash equivalents)*
**4 – Net Profit / Average Total Assets*
**5 – Net Profit / Average Equity*

- Due to the Company's sound financial condition, there is no foreseeable trend or event which may have a material impact on its short-term or long-term liquidity.
- Funding will be sourced from internally-generated funds and/or bank loans.
- There is no known trend, event or uncertainty that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.

- There is no known significant element of income or loss that did not arise from the Company's continuing operations, except as disclosed above and in the attached financial statements.
- There have not been any seasonal aspects that had a material effect on the financial condition or results of the Company's operations.
- There were no known events and uncertainties that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.

*Material Changes in the Financial Statements*

***(Increase/decrease of 5% or more)***

**Statement of Income (March 31, 2025 vs March 31, 2024)**

| Item | March 31, 2025 | Increase/ Decrease | % Change | Causes |
|---|---|---|---|---|
| Rental income | 1,018,636,641 | 181,541,286 | 22% | The increase was primarily attributed to the infusion of six newly acquired assets. |
| Income from dues - net | 321,839,222 | 82,575,131 | 35% | |
| Cost of services | 252,439,266 | (20,943,087) | -8% | The decrease in the cost of services is attributed to the proper management of repairs and maintenance, as well as other recurring expenses. |
| Interest expense | 128,552,437 | (54,468,828) | 74% | Interest expenses increased due to the higher repricing of interest rates of the loan. |
| Interest income | 16,982,371 | (1,857,230) | -10% | The decrease was due to interest earned from rolled-over short-term placements. |
| Miscellaneous income | 1,871,162 | 898,494 | 92% | The increase was due to the collection of penalties and one-time rental income from tenants. |
| Tax Income (Expense) | 3,260,376 | 414,282 | -11% | The decrease was due to lower final tax expenses and higher interest costs on short-term placements during the period. |

There are no other significant changes in the Group's financial position (5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would have impact or change the reported financial information and condition on the Group.

# EXHIBIT 7

**MREIT, INC.**
**Aging of Accounts Receivables**
**March 31, 2025**

| | Total | Current/ Not Yet Due | Past Due but not Impaired | | | | | Individually Impaired |
|---|---|---|---|---|---|---|---|---|
| | | | < 30 days | 30-60 days | 61-90 days | 91-120 days | > 120 days | |
| **Type of Receivables:** | | | | | | | | |
| a. Trade receivables | 642,615,489 | 469,837,994 | 69,184,461 | 49,810,649 | 31,305,712 | 4,510,649 | 17,966,025 | - |
| b. Other receivable | 172,005,548 | 172,005,548 | - | - | - | - | - | - |
| **TOTAL** | **814,621,037** | **641,843,542** | **69,184,461** | **49,810,649** | **31,305,712** | **4,510,649** | **17,966,025** | **-** |

# EXHIBIT 8

**MREIT, INC.**
**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**
**MARCH 31, 2025**

| Ratio | Formula | March 31, 2025 | December 31, 2024 |
|---|---|---|---|
| Current ratio | Current assets / current liabilities | 1.38 | 1.85 |
| Acid test ratio | Quick assets / Current liabilities (Quick assets include cash and current portion of trade receivables - net) | 1.18 | 1.63 |
| Debt-to-equity ratio | Total debt / Total stockholders' equity (Total debt includes interest bearing loans and borrowings and bonds and notes payable) | 0.11 | 0.11 |
| Asset-to-equity ratio | Total assets / Total stockholders' equity | 1.16 | 1.15 |
| | | **March 31, 2025** | December 31, 2024 |
| Solvency Ratio | EBITDA / Total debt (Total debt includes interest bearing loans and borrowings and bonds and notes payable) ** | 0.15 | 0.48 |
| Interest rate coverage ratio | EBIT / Total Interest (Total interest includes interest expense and capitalized interest) | 8.46 | 11.49 |
| Return on equity | Net profit / Average Stockholders' equity | 0.0145 | 0.0538 |
| Return on assets | Net profit / Average total assets | 0.0125 | 0.0463 |
| Net profit margin | Net profit / Total revenues | 0.72 | 0.71 |

## Disclosures for REIT Companies[1]

(a) Real Estate Transactions for Q1 2025

There were no real estate transactions in the first quarter of 2025.

(b) Schedule of Properties as of 31 March 2025

| Property and Location | Purchase Price | Latest Appraisal* | Remaining Land Lease Term | Gross leasable area (GLA) | Leased Area | Occupancy Rate | Rental Income | Gross Revenue | Cost of Services | Gross Profit |
|---|---|---|---|---|---|---|---|---|---|---|
| | in Php millions | in Php millions | Years | in sqm | in sqm | % | in Php millions | in Php millions | in Php millions | in Php millions |
| **Eastwood, Quezon City** | | | | | | | | | | |
| 1800 Eastwood Avenue | 6,948 | 6,629 | 46.25 | 34,738 | 34,377 | 99% | 79.2 | 114.6 | 22.8 | 91.8 |
| 1880 Eastwood Avenue | 6,749 | 5,813 | 46.25 | 33,745 | 33,487 | 99% | 70.9 | 103.2 | 20.5 | 82.8 |
| E-Commerce Plaza | 4,188 | 3,525 | 46.25 | 21,032 | 18,928 | 90% | 43.5 | 56.5 | 10.4 | 46.0 |
| **McKinley Hill, Taguig** | | | | | | | | | | |
| One World Square | 7,529 | 5,123 | 46.25 | 30,482 | 22,095 | 72% | 66.2 | 92.3 | 16.8 | 75.4 |
| Two World Square | 5,258 | 5,452 | 46.25 | 21,286 | 19,175 | 90% | 56.3 | 86.0 | 17.4 | 68.6 |
| Three World Square | 5,241 | 4,448 | 46.25 | 21,222 | 18,202 | 86% | 46.8 | 75.4 | 16.5 | 58.9 |
| 8/10 Upper McKinley | 4,925 | 4,249 | 46.25 | 19,938 | 17,483 | 88% | 48.6 | 64.9 | 10.3 | 54.6 |
| 18/20 Upper McKinley | 4,795 | 4,330 | 46.25 | 19,413 | 15,953 | 82% | 49.0 | 60.2 | 8.6 | 51.5 |
| World Finance Plaza | 5,153 | 2,815 | 47.67 | 25,067 | 17,609 | 70% | 39.1 | 60.3 | 11.0 | 49.3 |
| **McKinley West, Taguig** | | | | | | | | | | |
| One West Campus | 1,473 | 1,587 | 47.75 | 9,704 | 9,704 | 100% | 20.4 | 25.8 | 4.1 | 21.7 |
| Five West Campus | 1,001 | 1,960 | 47.75 | 10,257 | 10,257 | 100% | 21.2 | 27.0 | 4.4 | 22.7 |
| Two West Campus | 825 | 1,398 | 49.42 | 9,332 | 9,332 | 100% | 18.7 | 23.9 | 3.6 | 20.3 |
| Ten West Campus | 3,250 | 5,367 | 49.42 | 36,277 | 25,046 | 69% | 59.6 | 80.0 | 11.9 | 68.1 |
| One Le Grand | 4,354 | 6,378 | 49.42 | 48,292 | 45,331 | 94% | 100.7 | 143.7 | 31.9 | 111.8 |
| **Iloilo Business Park, Iloilo** | | | | | | | | | | |
| Richmonde Tower | 2,062 | 1,277 | 46.25 | 13,124 | 12,396 | 94% | 27.2 | 29.9 | 6.9 | 23.0 |
| One Techno Place | 1,509 | 1,103 | 46.25 | 9,549 | 9,330 | 98% | 16.3 | 22.2 | 5.5 | 16.6 |
| Two Techno Place | 1,465 | 1,128 | 47.67 | 11,393 | 10,071 | 88% | 18.8 | 27.9 | 6.5 | 21.4 |
| Three Techno Place | 1,242 | 1,354 | 47.67 | 9,568 | 9,392 | 98% | 14.3 | 24.0 | 5.1 | 18.8 |
| One Global Center | 1,256 | 1,443 | 47.67 | 10,301 | 9,903 | 96% | 19.3 | 25.3 | 5.2 | 20.1 |
| Festive Walk 1B | 1,507 | 1,965 | 47.75 | 14,703 | 13,687 | 93% | 26.6 | 35.4 | 9.1 | 26.4 |
| Two Global Center | 1,293 | 1,530 | 47.75 | 9,903 | 9,903 | 100% | 19.6 | 28.0 | 5.7 | 22.3 |
| One Fintech Place | 1,589 | 2,491 | 49.42 | 18,088 | 17,681 | 98% | 34.2 | 43.6 | 3.3 | 40.3 |
| Two Fintech Place | 1,638 | 2,165 | 49.42 | 18,053 | 15,011 | 83% | 30.0 | 36.4 | 3.2 | 33.2 |
| **Davao Park, Davao City** | | | | | | | | | | |
| Davao Finance Center | 1,496 | 2,731 | 49.42 | 26,074 | 25,986 | 100% | 38.0 | 52.5 | 11.7 | 40.8 |
| **Total** | **76,744** | **76,260** | | **481,542** | **430,340** | **89%** | **964** | **1,339** | **252** | **1,086** |

[1] Pursuant to Section 6.2 of the Amended Listing Rules for REITs

* The latest appraisal valuation for MREIT properties, dated December 31, 2024, aligns with the reports issued by Cuervo Appraisers. All properties were appraised using the Income Approach method.

(c) Reinvestment Plan Progress Report as of 31 March 2025

| Relevant Transaction | Date of Reinvestment Plan | Amount of Funds for Reinvestment | Date of Full Compliance |
|---|---|---|---|
| Block Sale by Megaworld Corporation of 40,650,000 Common Shares of MREIT, Inc. on 18 April 2024 | 22 April 2024 | Php496 million | 31 March 2025 |
| Sale by Megaworld Corporation of 79,700,000 Common Shares of MREIT, Inc. on 03 June 2024 | 05 June 2024 | Php973 million | 31 March 2025 |

MEGAWORLD CORPORATION
30th Floor, Alliance Global Tower, 36th Street Corner 11th Ave, Uptown Bonifacio, Fort Bonifacio, Taguig City, NCR, 4th District, Philippines 1630 Tels (632) 88946300 / 79052800 • www.megaworldcorp.com • Email customerservice@megaworldcorp.com

April 7, 2025

**THE PHILIPPINE STOCK EXCHANGE**
Philippine Stock Exchange Plaza
6th Floor, PSE Tower
Bonifacio Global City, Taguig

Attention: **ATTY. JOHANNE DANIEL M. NEGRE**
Officer-In-Charge, Disclosure Department

Subject: 1st Quarter 2025 Progress Report on the Use of Proceeds from the Sale of 79,700,000 common shares of MREIT, Inc. (MREIT)

Dear Atty. Negre,

We hereby submit our Progress Report on the Use of Proceeds for the quarter ending March 31, 2025, duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

The proceeds were generated from the Sale of 79,700,000 common shares of MREIT, Inc. settled on June 05, 2024, with an average sale price of Php12.3001 per share, resulting in net proceeds of Php973,007,625.80.

Please be advised that, as of March 31, 2025, the net proceeds from the block sale have been fully utilized, as detailed below:

| | |
|---|---|
| Net Proceeds from the Block Sale | 973,007,625.80 |
| less: | |
| Disbursement from Jun. 05 to Jun. 30, 2024 | 45,000,000.00 |
| Disbursement from Jul. 1 to Sep. 30, 2024 | 55,000,000.00 |
| Disbursement from Oct. 1 to Dec. 31, 2024 | 820,000,000.00 |
| Disbursement from Jan. 1 to Mar. 31, 2025 (Annex A) | 53,007,625.80 |
| Balance of Proceeds from the Block Sale as of Mar. 31, 2025 | 0 |

Thank you.

Respectfully yours,

FRANCISCO C. CANUTO
Treasurer

ANNEX A: Disbursements from the Proceeds of the Sale for the period covering January 01 to March 31, 2025

| | Project Name | Township/ Location | Investment Type | Product | Disbursement | Disbursing Entity |
|---|---|---|---|---|---|---|
| 1 | The Mactan Newtown | Cebu City | Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries | Malls, Offices, Land Development and other developments | 25,000,000.00 | Megaworld Oceantown Properties, Inc |
| 2 | ArcoVia City | Pasig City | Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries | Malls, Offices, Land Development and other developments | 20,000,000.00 | ArcoVia Properties, Inc |
| 3 | Bacolod Projects | Bacolod City | Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries | Malls, Offices, Land Development and other developments | 8,007,625.80 | Megaworld Bacolod Properties, Inc |
| | **TOTAL** | | | **PHP** | **53,007,625.80** | |

**ACKNOWLEDGMENT**

REPUBLIC OF THE PHILIPPINES)
Makati City METRO MANILA) SS

At Makati City City, Metro Manila, on this 7th day of April 2025, before me personally appeared:

| Name | Competent Evidence of Identity | Date and Place Issued |
|---|---|---|
| For and on behalf of MEGAWORLD CORPORATION:<br><br>FRANCISCO C. CANUTO | | |

who made known and represented to me that they are the same persons who executed the foregoing report including the Annex A and this page on which this Acknowledgment is written, and are signed by the parties hereto, and acknowledged to me that the same is their free and voluntary act and deed as well as of the entities respectively represented by them.

**IN WITNESS WHEREOF,** I have hereunto set my hand and seal this 7th day of April 2025.

NOTARY PUBLIC

ATTY. MIKHAIL JUDE AMANDO R. FABIO III
NOTARY PUBLIC FOR AND IN MAKATI CITY
APPOINTMENT NO. M-326 VALID UNTIL DECEMBER 31, 2025
PTR No. MKT 10471129 / 01-06-25 / MAKATI CITY
IBP No. 501098 01-07-2025 Roll No. 81066
MCLE Compliance No. VIII-0008160 April 14, 2025
VALID UNTIL APRIL 14, 2028

Doc. No 352;
Page No. 72;
Book No. 64;
Series of 2025.

P&A
Grant Thornton

**Punongbayan & Araullo**
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

# Report of Independent Auditors on Factual Findings

**The Board of Directors and Stockholders**
**Megaworld Corporation**
30th Floor, Alliance Global Tower
36th Street cor. 11th Avenue
Uptown Bonifacio, Taguig City

We have performed the procedures agreed with you and enumerated below with respect to the attached Quarterly Progress Report (the Report) for the quarter ended March 31, 2025 on the application of proceeds received by Megaworld Corporation (the Company) from the sale of 79,700,000 common shares of MREIT, Inc. (MREIT) which was settled on June 5, 2024, with the offer price of P12.3001 per share (the Sale), resulting in a net proceeds estimated at P973.01 million (the Sale Proceeds). The procedures were performed solely to enable the Company to comply with the requirement of the Philippine Stock Exchange (PSE) to submit the Report accompanied by an external auditor's report. Our engagement was undertaken and our report is issued in accordance with Philippine Standard on Related Services 4400 (Revised), *Agreed-Upon Procedures Engagements.*

**Agreed-upon Procedures**

The procedures we performed are as follows:

1. Obtained and checked the mathematical accuracy of the following:
   a) The Report;
   b) Schedule of planned application of proceeds from the Sale; and,
   c) Detailed schedule of utilization of proceeds for the quarter ended March 31, 2025.

2. Compared the total amount of utilization appearing in the Report with the detailed schedule of utilization of proceeds.

3. Compared the schedule of planned application of the Sale Proceeds to the Reinvestment Plan. Inquired with the Company's management of the reason for the difference, if any, and requested a copy of the approval by the Board of Directors (BOD) and the PSE, as appropriate, i.e., if it involved reallocation or change in the use of proceeds.

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4. Traced to and examined supporting documents such as acknowledgement receipts and approved payment endorsement documents, of disbursements in the detailed schedule of utilization of proceeds and traced the total amount of disbursements per category to the Report.

**Results of the Performance of Agreed-Upon Procedures**

1. With respect to item 1, we noted no exceptions on the mathematical accuracy of the Report and schedules.

   We present below the summary of the application of the proceeds from the Sale for the quarter ended March 31, 2025, based on the information we obtained from the Company.

| Project Name | Township or Location | Products | Disbursing Entity | | Amount |
|---|---|---|---|---|---|
| The Mactan Newtown | Cebu | Malls, Offices, Land Development, and Other Developments | Megaworld Oceantown Properties, Inc. | P | 25,000,000 |
| ArcoVia City | Pasig | Malls, Offices, Land Development, and Other Developments | ArcoVia Properties, Inc. | | 20,000,000 |
| Bacolod Projects | Bacolod | Malls, Offices, Land Development, and Other Developments | Megaworld Bacolod Properties, Inc. | | 8,007,627 |
| | | | | P | 53,007,627 |

2. With respect to item 2, we noted that the total amount of utilization appearing in the Report is in agreement with the amount in the detailed schedule of utilization of proceeds.

3. With respect to item 3, we noted that the planned application of the Sale Proceeds is in agreement with the Reinvestment Plan dated June 5, 2024.

4. With respect to item 4, we traced the utilization of the Sale Proceeds for the quarter ended March 31, 2025 to supporting acknowledgment receipts and approved payment endorsement documents.

We noted that the Company granted advances to the following disbursing entities to be used in the projects specified:

| Disbursing Entity | Project Name | Township or Location | | Amount |
|---|---|---|---|---|
| Megaworld Oceantown Properties, Inc. | The Mactan Newtown | Cebu | P | 25,000,000 |
| ArcoVia Properties Inc. | ArcoVia City | Pasig | | 20,000,000 |
| Megaworld Bacolod Properties, Inc. | Bacolod Projects | Bacolod | | 8,007,627 |
| | | | P | 53,007,627 |

We traced the cash advances granted by the Company to the acknowledgement receipts issued by the entities. Moreover, we agreed the amounts presented in the Report to the accounting records of the Company.

Because the foregoing procedures do not constitute either an audit or review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standard on Review Engagements (PSRE), respectively, we do not express an assurance on the use of the Sale Proceeds based on the said standards. Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with PSA or PSRE, respectively, other matters might have come to our attention that would have been reported to you.

We have no responsibility to update this report for events or circumstances occurring after the date of this report.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the information and items specified above and does not extend to any financial statements of the Company, 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)

SUBSCRIBED AND SWORN TO BEFORE ME THIS 07 APR 2025 DAY OF
MAKATI CITY METRO MANILA, PHILIPPINES
April 7, 2025

Doc No. 59;
Page No. 13;
Book No. 67;
Series of 2025.

ATTY. MIKHAIL JUDE AMANDO R. FABIO III
NOTARY PUBLIC FOR AND IN MAKATI CITY
APPOINTMENT NO. M-326 VALID UNTIL DECEMBER 31, 2025
PTR No. MKT 10471129 / 01-06-25 / MAKATI CITY
IBP No. 501098 01-07-2025 Roll No. 81066
MCLE Compliance No. VIII-0008160 April 14, 2025
VALID UNTIL APRIL 14, 2028

**MEGAWORLD CORPORATION**
30th Floor, Alliance Global Tower, 36th Street Corner 11th Ave, Uptown Bonifacio, Fort Bonifacio, Taguig City, NCR, 4th District, Philippines 1630 Tels (632) 88946300 / 79052800 • www.megaworldcorp.com • Email customerservice@megaworldcorp.com

April 7, 2025

**THE PHILIPPINE STOCK EXCHANGE**
Philippine Stock Exchange Plaza
6th Floor, PSE Tower
Bonifacio Global City, Taguig

Attention: **ATTY. JOHANNE DANIEL M. NEGRE**
Officer-In-Charge, Disclosure Department

Subject: Final Report on the Use of Proceeds from the Sale of 79,700,000 common shares of MREIT, Inc. (MREIT)

Dear Atty. Negre,

We hereby submit our Final Report on the Use of Proceeds for the quarter ending March 31, 2025, duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

The proceeds were generated from the Sale of 79,700,000 common shares of MREIT, Inc. settled on June 05, 2024, with an average sale price of Php12.3001 per share, resulting in net proceeds of Php973,007,625.80.

Please be advised that, as of March 31, 2025, Megaworld has disbursed the total net proceeds amounting to Nine Hundred Seventy Three Million, Seven Thousand, Six Hundred Twenty Five Pesos and 80/100 (973,007,625.80), in accordance with its reinvestment plan.

The details of the disbursements are as follows:

| | |
|---|---|
| Net Proceeds from the Block Sale | 973,007,625.80 |
| less: | |
| Disbursement from Jun. 05 to Jun. 30, 2024 | 45,000,000.00 |
| Disbursement from Jul. 1 to Sep. 30, 2024 | 55,000,000.00 |
| Disbursement from Oct. 1 to Dec. 31, 2024 | 820,000,000.00 |
| Disbursement from Jan. 1 to Mar. 31, 2025 (Annex A) | 53,007,625.80 |
| Balance of Proceeds from the Block Sale as of Mar. 31, 2025 | 0 |

Thank you.

Respectfully yours,

FRANCISCO C. CANUTO
Treasurer

ANNEX A: Disbursements from the Proceeds of the Sale for the period covering January 01 to March 31, 2025

| | Project Name | Township/ Location | Investment Type | Product | Disbursement | Disbursing Entity |
|---|---|---|---|---|---|---|
| 1 | The Mactan Newtown | Cebu City | Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries | Malls, Offices, Land Development and other developments | 25,000,000.00 | Megaworld Oceantown Properties, Inc |
| 2 | ArcoVia City | Pasig City | Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries | Malls, Offices, Land Development and other developments | 20,000,000.00 | ArcoVia Properties, Inc |
| 3 | Bacolod Projects | Bacolod City | Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries | Malls, Offices, Land Development and other developments | 8,007,625.80 | Megaworld Bacolod Properties, Inc |
| | TOTAL | | | PHP | 53,007,625.80 | |

**ACKNOWLEDGMENT**

REPUBLIC OF THE PHILIPPINES)
Makati City, METRO MANILA) SS

At Makati City, Metro Manila, on this 7th day of April 2025, before me personally appeared:

| Name | Competent Evidence of Identity | Date and Place Issued |
|---|---|---|
| For and on behalf of MEGAWORLD CORPORATION:<br><br>FRANCISCO C. CANUTO | | |

who made known and represented to me that they are the same persons who executed the foregoing report including the Annex A and this page on which this Acknowledgment is written, and are signed by the parties hereto, and acknowledged to me that the same is their free and voluntary act and deed as well as of the entities respectively represented by them.

**IN WITNESS WHEREOF**, I have hereunto set my hand and seal this 7th day of April 2025.

NOTARY PUBLIC

ATTY. MIKHAIL JUDE AMANDO R. FABIO III
NOTARY PUBLIC FOR AND IN MAKATI CITY
APPOINTMENT NO. M-326 VALID UNTIL DECEMBER 31, 2025
PTR No. MKT 10471129 / 01-06-25 / MAKATI CITY
IBP No. 501098 01-07-2025 Roll No. 81066
MCLE Compliance No. VIII-0008160 April 14, 2025
VALID UNTIL APRIL 14, 2028

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P&A
Grant Thornton

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

T +63 2 8988 2288

# Report of Independent Auditors on Factual Findings

**The Board of Directors and Stockholders**
**Megaworld Corporation**
30th Floor, Alliance Global Tower
36th Street cor. 11th Avenue
Uptown Bonifacio, Taguig City

We have performed the procedures agreed with you and enumerated below with respect to the attached Final Report (the Report) as of March 31, 2025 on the application of proceeds received by Megaworld Corporation (the Company) from the block sale of 40,650,000 common shares of MREIT, Inc. (MREIT) which was settled on April 22, 2024, with the offer price of P12.30 per share (the Block Sale), resulting in a net proceeds estimated at no greater than P500.00 million (the Block Sale Proceeds). The procedures were performed solely to enable the Company to comply with the requirement of the Philippine Stock Exchange (PSE) to submit the Report accompanied by an external auditor's report. Our engagement was undertaken and our report is issued in accordance with Philippine Standard on Related Services 4400 (Revised), *Agreed-Upon Procedures Engagements.*

**Agreed-upon Procedures**

The procedures we performed are as follows:

1. Obtained and checked the mathematical accuracy of the following:
    a) The Report;
    b) Schedule of planned application of proceeds from the Block Sale; and,
    c) Detailed schedule of utilization of proceeds as of March 31, 2025.

2. Compared the total amount of utilization appearing in the Report with the detailed schedule of utilization of proceeds.

3. Compared the schedule of planned application of the Block Sale Proceeds to the Reinvestment Plan. Inquired with the Company's management of the reason for the difference, if any, and requested a copy of the approval by the Board of Directors (BOD) and the PSE, as appropriate, i.e., if it involved reallocation or change in the use of proceeds.

4. Traced to and examined supporting documents such as acknowledgement receipts and approved payment endorsement documents, of disbursements in the detailed schedule of utilization of proceeds and traced the total amount of disbursements per category to the Report.

**Results of the Performance of Agreed-Upon Procedures**

1. With respect to item 1, we noted no exceptions on the mathematical accuracy of the Report and schedules.

   We present below the summary of the application of the proceeds from the Block Sale as of March 31, 2025, based on the information we obtained from the Company.

| Project Name | Township or Location | Products | Disbursing Entity | | Amount |
|---|---|---|---|---|---|
| Bacolod Projects | Bacolod | Malls, Offices, Land Development, and Other Developments | Megaworld Bacolod Properties, Inc. | P | 196,148,399 |
| The Mactan Newtown | Mactan, Cebu | Malls, Offices, Land Development, and Other Developments | Megaworld Oceantown Properties, Inc. | | 175,000,000 |
| ArcoVia City | Pasig | Malls, Offices, Land Development, and Other Developments | ArcoVia Properties, Inc. | | 125,000,000 |
| | | | | P | 496,148,399 |

2. With respect to item 2, we noted that the total amount of utilization appearing in the Report is in agreement with the amount in the detailed schedule of utilization of proceeds.

3. With respect to item 3, we noted that the planned application of the Block Sale Proceeds is in agreement with the Reinvestment Plan dated April 22, 2024.

4. With respect to item 4, we traced the utilization of the Block Sale Proceeds as of March 31, 2025 to supporting acknowledgment receipts and approved payment endorsement documents.

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We noted that the Company granted advances to the following disbursing entities to be used in the projects specified:

| Disbursing Entity | Project Name | Township or Location | | Amount |
|---|---|---|---|---|
| Megaworld Bacolod Properties, Inc. | Bacolod Projects | Bacolod | P | 196,148,389 |
| Megaworld Oceantown Properties, Inc. | The Mactan Newtown | Cebu | | 175,000,000 |
| ArcoVia Properties, Inc. | ArcoVia City | Pasig | | 125,000,000 |
| | | | P | 496,148,389 |

We traced the cash advances granted by the Company to the acknowledgement receipts issued by the entities. Moreover, we agreed the amounts presented in the Report to the accounting records of the Company.

Because the foregoing procedures do not constitute either an audit or review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standard on Review Engagements (PSRE), respectively, we do not express an assurance on the use of the Block Sale Proceeds based on the said standards. Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with PSA or PSRE, respectively, other matters might have come to our attention that would have been reported to you.

We have no responsibility to update this report for events or circumstances occurring after the date of this report.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the information and items specified above and does not extend to any financial statements of the Company, 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)

April 7, 2025

07 APR 2025

SUBSCRIBED AND SWORN TO BEFORE ME THIS __ DAY OF __
MAKATI CITY METRO MANILA. PHILIPPINES

ATTY. MIKHAIL JUDE AMANDO R. FABIO III
NOTARY PUBLIC FOR AND IN MAKATI CITY
APPOINTMENT NO. M 326 VALID UNTIL DECEMBER 31, 2025
PTR No. MKT 10471129 / 01-06-25 / MAKATI CITY
IBP No. 501098 01-07-2025 Roll No. 81066
MCLE Compliance No. VIII-0008160 April 14, 2025
VALID UNTIL APRIL 14, 2028

Doc No. 62;
Page No. 14;
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Series of 2025

MEGAWORLD CORPORATION
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April 7, 2025

**THE PHILIPPINE STOCK EXCHANGE**
Philippine Stock Exchange Plaza
6th Floor, PSE Tower
Bonifacio Global City, Taguig

Attention: **ATTY. JOHANNE DANIEL M. NEGRE**
Officer-In-Charge, Disclosure Department

Subject: 1st Quarter 2025 Progress Report on the Use of Proceeds from the Block Sale of 40,650,000 common shares of MREIT, Inc. (MREIT)

Dear Atty. Negre,

We hereby submit our Progress Report on the Use of Proceeds for the quarter ending March 31, 2025, duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

The proceeds were generated from the Block Sale of 40,650,000 common shares of MREIT, Inc. settled on April 22, 2024, at an offer price of Php12.30 per share, resulting in net proceeds of Php496,148,388.47.

Please be advised that, as of March 31, 2025, the net proceeds from the block sale have been fully utilized, as detailed below:

| | |
|---|---|
| Net Proceeds from the Block Sale | 496,148,388.47 |
| less: | |
| Disbursement from Apr. 22 to Jun. 30, 2024 | 140,000,000.00 |
| Disbursement from Jul. 1 to Sep. 30, 2024 | 130,000,000.00 |
| Disbursement from Oct. 1 to Dec. 31, 2024 | 121,000,000.00 |
| Disbursement from Jan. 1 to Mar. 31, 2025 (Annex A) | 105,148,388.47 |
| Balance of Proceeds from the Block Sale as of Mar. 31, 2025 | 0 |

Respectfully yours,

FRANCISCO C. CANUTO
Treasurer

ANNEX A: Disbursements from the Proceeds of the Block Sale for the period covering January 1 to March 31, 2025

| | Project Name | Township/ Location | Investment Type | Product | Disbursement | Disbursing Entity |
|---|---|---|---|---|---|---|
| 1 | The Mactan Newtown | Cebu City | Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries | Malls, Offices, Land Development and other developments | 35,000,000.00 | Megaworld Oceantown Properties, Inc |
| 2 | ArcoVia City | Pasig City | Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries | Malls, Offices, Land Development and other developments | 26,000,000.00 | ArcoVia Properties, Inc |
| 3 | Bacolod Projects | Bacolod City | Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries | Malls, Offices, Land Development and other developments | 44,148,388.47 | Megaworld Bacolod Properties, Inc |
| | **TOTAL** | | | **PHP** | **105,148,388.47** | |

**ACKNOWLEDGMENT**

REPUBLIC OF THE PHILIPPINES)
Makati City, METRO MANILA) SS

At Makati City, Metro Manila, on this 7th day of April 2025, before me personally appeared:

| Name | Competent Evidence of Identity | Date and Place Issued |
|---|---|---|
| For and on behalf of MEGAWORLD CORPORATION:<br><br>FRANCISCO C. CANUTO | | |

who made known and represented to me that they are the same persons who executed the foregoing report including the Annex A and this page on which this Acknowledgment is written, and are signed by the parties hereto, and acknowledged to me that the same is their free and voluntary act and deed as well as of the entities respectively represented by them.

**IN WITNESS WHEREOF**, I have hereunto set my hand and seal this 7th day of April 2025.

NOTARY PUBLIC

ATTY. MIKHAIL JUDE AMANDO R. FABIO III
NOTARY PUBLIC FOR AND IN MAKATI CITY
APPOINTMENT NO. M 326 VALID UNTIL DECEMBER 31, 2025
PTR No. MKT 10471129 / 01-06-25 / MAKATI CITY
IBP No. 501098 01-07-2025 Roll No. 81066
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1200 Makati City
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# Report of Independent Auditors on Factual Findings

**The Board of Directors and Stockholders**
**Megaworld Corporation**
30th Floor, Alliance Global Tower
36th Street cor. 11th Avenue
Uptown Bonifacio, Taguig City

We have performed the procedures agreed with you and enumerated below with respect to the attached Quarterly Progress Report (the Report) for the quarter ended March 31, 2025 on the application of proceeds received by Megaworld Corporation (the Company) from the block sale of 40,650,000 common shares of MREIT, Inc. (MREIT) which was settled on April 22, 2024, with the offer price of P12.30 per share (the Block Sale), resulting in a net proceeds estimated at no greater than P500.00 million (the Block Sale Proceeds). The procedures were performed solely to enable the Company to comply with the requirement of the Philippine Stock Exchange (PSE) to submit the Report accompanied by an external auditor's report. Our engagement was undertaken and our report is issued in accordance with Philippine Standard on Related Services 4400 (Revised), *Agreed-Upon Procedures Engagements.*

**Agreed-upon Procedures**

The procedures we performed are as follows:

1. Obtained and checked the mathematical accuracy of the following:
   a) The Report;
   b) Schedule of planned application of proceeds from the Block Sale; and,
   c) Detailed schedule of utilization of proceeds for the quarter ended March 31, 2025.

2. Compared the total amount of utilization appearing in the Report with the detailed schedule of utilization of proceeds.

3. Compared the schedule of planned application of the Block Sale Proceeds to the Reinvestment Plan. Inquired with the Company's management of the reason for the difference, if any, and requested a copy of the approval by the Board of Directors (BOD) and the PSE, as appropriate, i.e., if it involved reallocation or change in the use of proceeds.

4. Traced to and examined supporting documents such as acknowledgement receipts and approved payment endorsement documents, of disbursements in the detailed schedule of utilization of proceeds and traced the total amount of disbursements per category to the Report.

**Results of the Performance of Agreed-Upon Procedures**

1. With respect to item 1, we noted no exceptions on the mathematical accuracy of the Report and schedules.

   We present below the summary of the application of the proceeds from the Block Sale for the quarter ended March 31, 2025, based on the information we obtained from the Company.

| Project Name | Township or Location | Products | Disbursing Entity | | Amount |
|---|---|---|---|---|---|
| Bacolod Projects | Bacolod | Malls, Offices, Land Development, and Other Developments | Megaworld Bacolod Properties, Inc. | P | 44,148,369 |
| The Mactan Newtown | Cebu | Malls, Offices, Land Development, and Other Developments | Megaworld Oceantown Properties, Inc. | | 35,000,000 |
| ArcoVia City | Pasig | Malls, Offices, Land Development, and Other Developments | ArcoVia Properties, Inc. | | 26,000,000 |
| | | | | P | 105,148,369 |

2. With respect to item 2, we noted that the total amount of utilization appearing in the Report is in agreement with the amount in the detailed schedule of utilization of proceeds.

3. With respect to item 3, we noted that the planned application of the Block Sale Proceeds is in agreement with the Reinvestment Plan dated April 22, 2024.

4. With respect to item 4, we traced the utilization of the Block Sale Proceeds for the quarter ended March 31, 2025 to supporting acknowledgment receipts and approved payment endorsement documents.

P&A
Grant Thornton



We noted that the Company granted advances to the following disbursing entities to be used in the projects specified:

| Disbursing Entity | Project Name | Township or Location | | Amount |
|---|---|---|---|---|
| Megaworld Bacolod Properties, Inc. | Bacolod Projects | Bacolod | P | 44,148,389 |
| Megaworld Oceantown Properties, Inc. | The Mactan Newtown | Cebu | | 35,000,000 |
| ArcoVia Properties, Inc. | ArcoVia City | Pasig | | 26,000,000 |
| | | | P | 105,148,389 |

We traced the cash advances granted by the Company to the acknowledgement receipts issued by the entities. Moreover, we agreed the amounts presented in the Report to the accounting records of the Company.

Because the foregoing procedures do not constitute either an audit or review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standard on Review Engagements (PSRE), respectively, we do not express an assurance on the use of the Block Sale Proceeds based on the said standards. Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with PSA or PSRE, respectively, other matters might have come to our attention that would have been reported to you.

We have no responsibility to update this report for events or circumstances occurring after the date of this report.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the information and items specified above and does not extend to any financial statements of the Company, 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)

SUBSCRIBED AND SWORN TO BEFORE ME THIS 07 DAY OF APR 2025
April 7, 2025
MAKATI CITY METRO MANILA, PHILIPPINES

Doc No. 63;
Page No. 14;
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ATTY. MIKHAIL JUDE AMANDO R. FABIO III
NOTARY PUBLIC FOR AND IN MAKATI CITY
APPOINTMENT NO. M 326 VALID UNTIL DECEMBER 31, 2025
PTR No. MKT 10471129 / 01-06-25 / MAKATI CITY
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April 7, 2025

**THE PHILIPPINE STOCK EXCHANGE**
Philippine Stock Exchange Plaza
6th Floor, PSE Tower
Bonifacio Global City, Taguig

Attention: **ATTY. JOHANNE DANIEL M. NEGRE**
Officer-In-Charge, Disclosure Department

Subject: Final Report on the Use of Proceeds from the Block Sale of 40,650,000 common shares of MREIT, Inc. (MREIT)

Dear Atty. Negre,

We hereby submit our Final Report on the Use of Proceeds for the quarter ending March 31, 2025, duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

The proceeds were generated from the Block Sale of 40,650,000 common shares of MREIT, Inc. settled on April 22, 2024, at an offer price of Php12.30 per share, resulting in net proceeds of Php496,148,388.47.

Please be advised that, as of March 31, 2025, Megaworld has disbursed the total net proceeds amounting to Four Hundred Ninety Six Million One Hundred Forty Eight Thousand, Three Hundred Eighty Eight Pesos and 47/100 (496,148,388.47), in accordance with its reinvestment plan.

The details of the disbursements are as follows:

| | |
|---|---|
| Net Proceeds from the Block Sale | 496,148,388.47 |
| less: | |
| Disbursement from Apr. 22 to Jun. 30, 2024 | 140,000,000.00 |
| Disbursement from Jul. 1 to Sep. 30, 2024 | 130,000,000.00 |
| Disbursement from Oct. 1 to Dec. 31, 2024 | 121,000,000.00 |
| Disbursement from Jan. 1 to Mar. 31, 2025 (Annex A) | 105,148,388.47 |
| Balance of Proceeds from the Block Sale as of Mar. 31, 2025 | 0 |

Respectfully yours,

FRANCISCO C. CANUTO
Treasurer

ANNEX A: Disbursements from the Proceeds of the Block Sale for the period covering January 1 to March 31, 2025

| | Project Name | Township/ Location | Investment Type | Product | Disbursement | Disbursing Entity |
|---|---|---|---|---|---|---|
| 1 | The Mactan Newtown | Cebu City | Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries | Malls, Offices, Land Development and other developments | 35,000,000.00 | Megaworld Oceantown Properties, Inc |
| 2 | ArcoVia City | Pasig City | Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries | Malls, Offices, Land Development and other developments | 26,000,000.00 | ArcoVia Properties, Inc |
| 3 | Bacolod Projects | Bacolod City | Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries | Malls, Offices, Land Development and other developments | 44,148,388.47 | Megaworld Bacolod Properties, Inc |
| | **TOTAL** | | | **PHP** | **105,148,388.47** | |

**ACKNOWLEDGMENT**

REPUBLIC OF THE PHILIPPINES)
~~METRO MANILA~~ Makati City) SS

At Makati City City, Metro Manila, on this 7th day of April 2025, before me personally appeared:

| Name | Competent Evidence of Identity | Date and Place Issued |
|---|---|---|
| For and on behalf of MEGAWORLD CORPORATION:<br><br>FRANCISCO C. CANUTO | | |

who made known and represented to me that they are the same persons who executed the foregoing report including the Annex A and this page on which this Acknowledgment is written, and are signed by the parties hereto, and acknowledged to me that the same is their free and voluntary act and deed as well as of the entities respectively represented by them.

**IN WITNESS WHEREOF,** I have hereunto set my hand and seal this 7th day of April 2025.

NOTARY PUBLIC

ATTY. MIKHAIL JUDE AMANDO R. FABIO III
NOTARY PUBLIC FOR AND IN MAKATI CITY
APPOINTMENT NO. M-326 VALID UNTIL DECEMBER 31, 2025
PTR No. MKT 10471129 / 01-06-25 / MAKATI CITY
IBP No. 501098 01-07-2025 Roll No. 81066
MCLE Compliance No. VIII-0008160 April 14, 2025
VALID UNTIL APRIL 14, 2028

Doc. No 353;
Page No. 72;
Book No. 64;
Series of 2025

P&A
Grant Thornton

**Punongbayan & Araullo**
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

# Report of Independent Auditors on Factual Findings

**The Board of Directors and Stockholders**
**Megaworld Corporation**
30th Floor, Alliance Global Tower
36th Street cor. 11th Avenue
Uptown Bonifacio, Taguig City

We have performed the procedures agreed with you and enumerated below with respect to the attached Final Report (the Report) as of March 31, 2025 on the application of proceeds received by Megaworld Corporation (the Company) from the block sale of 79,700,000 common shares of MREIT, Inc. (MREIT) which was settled on June 5, 2024, with the offer price of P12.3001 per share (the Sale), resulting in a net proceeds estimated at P973.01 million (the Sale Proceeds). The procedures were performed solely to enable the Company to comply with the requirement of the Philippine Stock Exchange (PSE) to submit the Report accompanied by an external auditor's report. Our engagement was undertaken and our report is issued in accordance with Philippine Standard on Related Services 4400 (Revised), *Agreed-Upon Procedures Engagements.*

**Agreed-upon Procedures**

The procedures we performed are as follows:

1. Obtained and checked the mathematical accuracy of the following:
    a) The Report;
    b) Schedule of planned application of proceeds from the Block Sale; and,
    c) Detailed schedule of utilization of proceeds as of March 31, 2025.

2. Compared the total amount of utilization appearing in the Report with the detailed schedule of utilization of proceeds.

3. Compared the schedule of planned application of the Block Sale Proceeds to the Reinvestment Plan. Inquired with the Company's management of the reason for the difference, if any, and requested a copy of the approval by the Board of Directors (BOD) and the PSE, as appropriate, i.e., if it involved reallocation or change in the use of proceeds.

4. Traced to and examined supporting documents such as acknowledgement receipts and approved payment endorsement documents, of disbursements in the detailed schedule of utilization of proceeds and traced the total amount of disbursements per category to the Report.

**Results of the Performance of Agreed-Upon Procedures**

1. With respect to item 1, we noted no exceptions on the mathematical accuracy of the Report and schedules.

   We present below the summary of the application of the proceeds from the Block Sale as of March 31, 2025, based on the information we obtained from the Company.

| Project Name | Township or Location | Products | Disbursing Entity | | Amount |
|---|---|---|---|---|---|
| Northwin Global City | Bulacan | Malls, Offices, Land Development, and Other Developments | Northwin Properties, Inc. | P | 785,051,955 |
| The Mactan Newtown | Cebu | Malls, Offices, Land Development, and Other Developments | Megaworld Oceantown Properties, Inc. | | 75,000,000 |
| ArcoVia City | Pasig | Malls, Offices, Land Development, and Other Developments | ArcoVia Properties, Inc. | | 62,000,000 |
| Bacolod Projects | Bacolod | Malls, Offices, Land Development, and Other Developments | Megaworld Bacolod Properties, Inc. | | 51,007,627 |
| | | | | P | 973,059,582 |

2. With respect to item 2, we noted that the total amount of utilization appearing in the Report is in agreement with the amount in the detailed schedule of utilization of proceeds.

3. With respect to item 3, we noted that the planned application of the Block Sale Proceeds is in agreement with the Reinvestment Plan dated June 5, 2024.

4. With respect to item 4, we traced the utilization of the Block Sale Proceeds as of March 31, 2025 to supporting acknowledgment receipts and approved payment endorsement documents.

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Grant Thornton



We noted that the Company granted advances to the following disbursing entities to be used in the projects specified:

| Disbursing Entity | Project Name | Township or Location | | Amount |
|---|---|---|---|---|
| Northwin Properties, Inc. | Northwin Global City | Bulacan | P | 785,051,955 |
| Megaworld Oceantown Properties, Inc. | The Mactan Newtown | Mactan, Cebu | | 75,000,000 |
| ArcoVia Properties, Inc. | ArcoVia City | Pasig | | 62,000,000 |
| Megaworld Bacolod Properties, Inc. | Bacolod Projects | Bacolod | | 51,007,627 |
| | | | P | 973,059,582 |

We traced the cash advances granted by the Company to the acknowledgement receipts issued by the entities. Moreover, we agreed the amounts presented in the Report to the accounting records of the Company.

Because the foregoing procedures do not constitute either an audit or review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standard on Review Engagements (PSRE), respectively, we do not express an assurance on the use of the Block Sale Proceeds based on the said standards. Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with PSA or PSRE, respectively, other matters might have come to our attention that would have been reported to you.

We have no responsibility to update this report for events or circumstances occurring after the date of this report.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the information and items specified above and does not extend to any financial statements of the Company, 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)

April 7, 2025

SUBSCRIBED AND SWORN TO BEFORE ME THIS 07 APR 2025
MAKATI CITY METRO MANILA, PHILIPPINES

ATTY. MIKHAIL JUDE AMANDO R. FABIO III
NOTARY PUBLIC FOR AND IN MAKATI CITY
APPOINTMENT NO. M 326 VALID UNTIL DECEMBER 31, 2025
PTR No. MKT 10471129 / 01-06-25 / MAKATI CITY
IBP No. 501098 01-07-2025 Roll No. 81066
MCLE Compliance No. VIII-0008160 April 14, 2025
VALID UNTIL APRIL 14, 2028

Doc No. 60;
Page No. 13;
Book No. 67;
Series of 2025.

# COVER SHEET

SEC Registration Number

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| C | S | 2 | 0 | 2 | 0 | 5 | 2 | 2 | 9 | 4 |

**Company Name**

M R E I T ,   I N C .

**Principal Office (No./Street/Barangay/City/Town/Province)**

1 8 / F ,   A L L I A N C E   G L O B A L   T O W E R ,

3 6 T H   S T . ,   C O R .   1 1 T H   A V E. ,

U P T O W N   B O N I F A C I O ,   T A G U I G   C I T Y

**GIANCARLO V. INACAY**

Contact Person

**(02) 8894-6400**

Company Telephone Number

1 2 — Month  3 1 — Day

Fiscal Year

Month  Day

Annual Meeting

S E C   F O R M   1 7 - Q

Form Type

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel Concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remaks = Pls. use black ink for scanning purposes

PSE Security Code ____________
SEC Number CS202052294
File Number ____________

**MREIT, INC.**

(Company's Full Name)

**18TH FLOOR ALLIANCE GLOBAL TOWER, 36TH STREET CORNER 11TH AVENUE, UPTOWN BONIFACIO, TAGUIG CITY 1634, METRO MANILA, PHILIPPINES**

(Company's Address)

**(02) 88946400**

(Company's Telephone Number)

**DECEMBER 31**

(Fiscal Year Ending)
(Month & Day)

**SEC FORM 17-Q (Q2 2025)**

(Form Type)

(Amendment Designation, if Applicable)

Period Ended Date

PERMIT TO OFFER SECURITIES FOR SALE

(Secondary License Type, if any)

**SECURITIES AND EXCHANGE COMMISSION**
**SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. For the quarterly period ended **30 June 2025**

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

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

5. **Taguig City, Metro Manila, Philippines**
Province, country or other jurisdiction of incorporation or organization

6. [ ] (SEC Use Only)
Industry Classification Code

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

8. **(02) 88946400**
Registrant's telephone number, including area code

9. Former name, former address and formal fiscal year, if changed since last report:
**N/A**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA

| Title of Each Class | Number of Shares of Stock Outstanding |
|---|---|
| **Common** | **3,721,983,381** |

11. Are any or all of these securities listed on a Stock Exchange?

**[x] Yes** **[ ] No**

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

**Philippine Stock Exchange** **Common Shares**

12. Check whether the issuer:

. has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months.

**[x] Yes** **[ ] No**

. has been subject to such filing requirements for the past ninety (90) days.

**[x] Yes** **[ ] No**

## PART I – FINANCIAL INFORMATION

**Item 1. Financial Statements**

Interim financial statements are attached as Exhibits hereof and incorporated by reference:

Exhibit 1 - Consolidated Statements of Financial Position as of 30 June 2025

Exhibit 2 - Consolidated Statements of Income and Consolidated Statements of Comprehensive Income for the Six Months Ended 30 June 2025 and 2024
Exhibit 3 - Consolidated Statements of Changes in Equity for the Six Months Ended 30 June 2025 and 2024
Exhibit 4 - Consolidated Statements of Cash Flows for the Six Months Ended 30 June 2025 and 2024
Exhibit 5 - Notes to Interim Financial Information for the Six Months Ended 30 June 2025

**Item 2. Management's Discussion and Analysis of the Financial Condition and Results of Operations**

Please refer to Exhibit 6 hereof.

**Item 3. Aging of Accounts Receivables**

Please refer to Exhibit 7 hereof.

**Item 4. Schedule of Financial Soundness Indicators**

Please refer to Exhibit 8 hereof.

## PART II – OTHER INFORMATION

The Company is not in possession of information which have not been previously reported in a report on SEC Form 17-C and with respect to which a report on SEC Form 17-C is required to be filed.

## 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 thereunto duly authorized.

**MREIT, INC.**
Issuer

By:

**GIANCARLO V. INACAY**
*Chief Finance Officer*

**MREIT, INC.**
***(A Subsidiary of Megaworld Corporation)***
**STATEMENTS OF FINANCIAL POSITION**
**June 30, 2025**
**(With Comparative Figures as of December 31, 2024)**
***(Amounts in Philippine Pesos)***

| | Notes | June 30, 2025 | December 31, 2024 |
|---|---|---|---|
| **A S S E T S** | | | |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 4 | P 1,680,165,712 | P 2,025,255,093 |
| Trade and other receivables | 5 | 569,796,221 | 389,032,440 |
| Other current assets | 7 | 572,059,042 | 328,418,811 |
| Receivables from Parent Company | | - | - |
| Total Current Assets | | 2,822,020,975 | 2,742,706,344 |
| **NON-CURRENT ASSETS** | | | |
| Trade receivables | 5 | 284,464,523 | 204,385,118 |
| Property and equipment | | - | - |
| Investment properties | 6 | 72,922,717,200 | 72,922,717,200 |
| Other non-current assets | 7 | 268,730,940 | 224,237,781 |
| Total Non-current Assets | | 73,475,912,663 | 73,351,340,099 |
| **TOTAL ASSETS** | | 76,297,933,638 | 76,094,046,443 |
| **LIABILITIES AND EQUITY** | | | |
| **CURRENT LIABILITIES** | | | |
| Accounts and other payables | 8 | 955,758,252 | 810,031,958 |
| Deposits and other liabilities | 9 | 514,759,642 | 671,761,410 |
| Total Current Liabilities | | 1,470,517,894 | 1,481,793,368 |
| **NON-CURRENT LIABILITIES** | | | |
| Interest-bearing loan | 10 | 7,214,882,017 | 7,212,172,904 |
| Deposits and other liabilities | 9 | 1,258,566,020 | 1,110,413,468 |
| Deferred tax liabilities | 14 | - | - |
| Total Non-current liabilities | | 8,473,448,037 | 8,322,586,372 |
| Total Liabilities | | 9,943,965,931 | 9,804,379,740 |
| **EQUITY** | | | |
| Capital stock | 16 | 3,721,983,381 | 3,721,983,381 |
| Additional paid-in capital | 16 | 64,797,000,097 | 64,797,000,097 |
| Retained earnings (deficit) | | ( 2,165,015,771 ) | ( 2,229,316,775 ) |
| Total Equity | | 66,353,967,707 | 66,289,666,703 |
| **TOTAL LIABILITIES AND EQUITY** | | P 76,297,933,638 | P 76,094,046,443 |

***See Notes to Financial Statements.***

**MREIT, INC.**
***(A Subsidiary of Megaworld Corporation)***
**INTERIM STATEMENTS OF COMPREHENSIVE INCOME**
**Six Months Ending June 30, 2025 versus Six Months Ending June 30, 2024**
***(Amounts in Philippine Pesos)***
***(UNAUDITED)***

| | Notes | April 1 to June 30 2025 (3 months) | June 30, 2025 (6 months) | April 1 to June 30 2024 (3 months) | June 30, 2024 (6 months) |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| Rental income | | P 1,025,488,867 | P 2,044,125,508 | P 794,872,660 | P 1,631,968,015 |
| Income from dues - net | | 335,858,010 | 657,697,232 | 236,193,719 | 475,457,810 |
| | | 1,361,346,877 | 2,701,822,740 | 1,031,066,379 | 2,107,425,825 |
| **COST OF SERVICES** | | 258,633,738 | 511,073,003 | 217,321,136 | 490,703,489 |
| **GROSS PROFIT** | | 1,102,713,139 | 2,190,749,737 | 813,745,242 | 1,616,722,336 |
| **OTHER OPERATING EXPENSES** | | 11,588,392 | 23,561,207 | 14,291,700 | 26,187,918 |
| **OPERATING PROFIT** | | 1,091,124,747 | 2,167,188,530 | 799,453,542 | 1,590,534,418 |
| **OTHER INCOME (CHARGES)** | | | | | |
| Interest expense | | ( 130,885,287 ) | ( 259,437,724 ) | ( 76,454,467 ) | ( 150,538,075 ) |
| Interest income | | 6,544,338 | 23,526,709 | 14,173,050 | 33,012,652 |
| Miscellaneous income | | 182,133 | 2,053,296 | 2,023,628 | 2,996,296 |
| | | ( 124,158,816 ) | ( 233,857,719 ) | ( 60,257,788 ) | ( 114,529,127 ) |
| **PROFIT (LOSS) BEFORE TAX** | | 966,965,931 | 1,933,330,811 | 739,195,754 | 1,476,005,291 |
| **TAX INCOME (EXPENSE)** | | ( 1,167,534 ) | ( 4,427,910 ) | ( 2,735,147 ) | ( 6,409,805 ) |
| **NET PROFIT (LOSS)** | | 965,798,397 | 1,928,902,901 | 736,460,607 | 1,469,595,486 |
| **OTHER COMPREHENSIVE INCOME** | | - | - | - | - |
| **TOTAL COMPREHENSIVE INCOME (LOSS)** | | P 965,798,397 | P 1,928,902,901 | P 736,460,607 | P 1,469,595,486 |
| **BASIC AND DILUTED EARNINGS (LOSS) PER SHARE** | | P 0.26 | P 0.52 | P 0.26 | P 0.53 |

* The Company was incorporated on October 2, 2020 and has started its commercial operations on June 2, 2021. See Note 1 for the description of the change in accounting period.

***See Notes to Financial Statements.***

**MREIT, INC.**
***(A Subsidiary of Megaworld Corporation)***
**INTERIM STATEMENTS OF CHANGES IN EQUITY**
**Six Months Ending June 30, 2025 versus Six Months Ending June 30, 2024**
***(Amounts in Philippine Pesos)***
***(UNAUDITED)***

| | Notes | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| **CAPITAL STOCK** | | | |
| Balance at beginning of period | | P 3,721,983,381 | P 2,795,821,381 |
| Issuance of shares during the period | | - | - |
| Balance at end of period | | 3,721,983,381 | 2,795,821,381 |
| **ADDITIONAL PAID-IN CAPITAL** | | | |
| Balance at beginning of period | | 64,797,000,097 | 52,782,813,885 |
| Addition during the period | | | |
| Balance at end of period | | 64,797,000,097 | 52,782,813,885 |
| **RETAINED EARNINGS (DEFICIT)** | | | |
| Balance at beginning of period | | ( 2,229,316,775 ) | ( 3,440,076,347 ) |
| Net profit (loss) during the period | | 1,928,902,901 | 1,469,595,486 |
| Dividends declared during the period | | ( 1,864,601,897 ) | ( 1,375,544,114 ) |
| Balance at end of period | | ( 2,165,015,771 ) | ( 3,346,024,974 ) |
| **TOTAL EQUITY** | | P 66,353,967,707 | P 52,232,610,292 |

* The Company was incorporated on October 2, 2020 and has started its commercial operations on June 2, 2021. See Note 1 for the description of the change in accounting period.

***See Notes to Financial Statements.***

**MREIT, INC.**
***(A Subsidiary of Megaworld Corporation)***
**INTERIM STATEMENTS OF CASH FLOWS**
**Six Months Ending June 30, 2025 versus Six Months Ending June 30, 2024**
***(Amounts in Philippine Pesos)***
***(UNAUDITED)***

| | Notes | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit (loss) before tax | | P 1,933,330,810 | P 1,476,005,291 |
| Adjustments for: | | | |
| Interest expense | | 259,437,724 | 150,538,075 |
| Interest income | | ( 23,526,709 ) | ( 33,012,652 ) |
| Depreciation expense | | - | - |
| Operating profit before working capital changes | | 2,169,241,825 | 1,593,530,715 |
| Increase in trade and other receivables | | ( 260,218,363 ) | ( 168,089,828 ) |
| Decrease (increase) in other current assets | | ( 243,640,235 ) | ( 100,125,841 ) |
| Decrease (increase) in other non-current assets | | ( 43,595,427 ) | ( 84,319,088 ) |
| Increase in accounts and other payables | | 145,726,296 | 270,364,807 |
| Increase (decrease) in deposits and other liabilities | | ( 28,419,693 ) | ( 17,659,918 ) |
| Cash generated from operations | | 1,739,094,403 | 1,493,700,847 |
| Interest received | | 22,004,154 | 32,023,910 |
| Income tax paid | | ( 4,427,910 ) | ( 6,409,805 ) |
| Net Cash From Operating Activities | | 1,756,670,647 | 1,519,314,952 |
| **CASH FLOW FROM AN INVESTING ACTIVITY** | | | |
| Acquisition of investment properties | | - | - |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Dividends paid | | ( 1,864,601,897 ) | ( 1,375,544,114 ) |
| Proceeds from availment of loan, net of transaction costs | | - | - |
| Interest paid | | ( 237,158,133 ) | ( 134,016,492 ) |
| Net Cash From (Used in) Financing Activities | | ( 2,101,760,030 ) | ( 1,509,560,605 ) |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | | ( 345,089,383 ) | 9,754,346 |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD** | | 2,025,255,095 | 1,678,912,045 |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | | P 1,680,165,712 | P 1,688,666,391 |

* The Company was incorporated on October 2, 2020 and has started its commercial operations on June 2, 2021. See Note 1 for the description of the change in accounting period.

***Supplemental Information on Non-cash Investing and Financing Activity —***

In June 2021, the Company and Megaworld Corporation (the Parent Company) entered into a property-for-share swap transaction. Accordingly, the Parent Company transferred certain real properties for lease to the Company amounting to P49,202.4 million. In exchange for the properties transferred, the Company issued 1,282,120,381 common shares with a par value of P1 per share to the Parent Company which resulted in recognition of Capital Stock and Additional Paid-in Capital amounting to P1,282.1 million and P47,920.3 million, respectively (see Note 16).

***See Notes to Financial Statements.***

# EXHIBIT 5

**MREIT, INC.**
***(A Subsidiary of Megaworld Corporation)***
**SELECTED EXPLANATORY NOTES TO INTERIM FINANCIAL STATEMENTS**
**FOR THE SIX MONTHS ENDED JUNE 30, 2025**
**(With Comparative Figures as of December 31, 2024**
**and For The Six Months Ended June 30, 2024)**
***(Amounts in Philippine Pesos)***
***(UNAUDITED)***

## 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.

On April 7, 2021, majority of the members of the BOD and stockholders of the Company approved the amendments to the Articles of Incorporation and By-Laws of the Company, including the change in the fiscal year of the Company to begin on the first day of July and end on the last day of June of each year. The SEC and the Bureau of Internal Revenue (BIR) approved the amendments to the Company's Articles of Incorporation and By-Laws on May 19, 2021 and May 20, 2021, respectively.

On September 30, 2021, the BOD approved the change in the Company's accounting period to begin on the first day of January and end on the last day of December of each year. The Company applied with the SEC for an amendment of its By-laws in October 2021. The SEC and the BIR approved the change on November 4, 2021 and November 25, 2021, respectively.

The registered office address and principal place of business of the Company and MC are located at 18th and 30th Floors, respectively, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City. The registered office of AGI, which is also its principal place of business, is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City Cyberpark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

The Company's shares of stock are listed and traded in the Philippine Stock Exchange (PSE). MC and AGI are also publicly-listed entities in the Philippines.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to the periods presented, unless otherwise stated.

### *2.1 Basis of Preparation of Financial Statements*

*(a) Statement of Compliance with Philippine Financial Reporting Standards*

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS 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.

### *2.2 Adoption of Amended PFRS*

*(a) Effective in 2023 that are Relevant to the Company*

The Company adopted for the first time the following amendments 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 are the relevant information about these pronouncements. None of these amendments did not have a significant impact on the interim financial statements.

(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.

(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.

## 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

In preparing the condensed interim financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. The judgments, estimates and assumptions applied in the condensed interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Company's last audited financial statements as at and for the period ended December 31, 2024.

## 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

| | **June 30, 2025 (Unaudited)** | December 31, 2024 (Audited) |
|---|---|---|
| Cash on hand and in bank | **P 1,576,404,074** | P 1,783,198,297 |
| Short-term placements | **103,761,638** | 242,056,796 |
| | **P 1,680,165,712** | P 2,025,255,093 |

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

Short-term placements are made for varying periods from 30 to 35 days and earn effective interest of 5% to 6%.

Interest earned from cash in bank and short-term placements for the six months ended June 30, 2025 and 2024 amounted to P22.6 million and P32.2 million, respectively. Interest earned is presented as part of Interest income under Other Income (Charges) in the interim statements of comprehensive income.

## 5. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

| | **June 30, 2025 (Unaudited)** | December 31, 2024 (Audited) |
|---|---|---|
| Current – | | |
| Trade receivables: | | |
| Billed | **P 496,854,109** | P 243,894,057 |
| Accrued | **47,335,130** | 64,100,330 |
| Others | **25,606,982** | 81,038,053 |
| | **569,796,221** | 389,032,440 |
| Non-current – | | |
| Trade receivables – | | |
| Accrued | **284,464,523** | 204,385,118 |
| | **P 854,260,744** | P 593,417,558 |

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

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

All trade and other receivables are subject to credit risk exposure. However, there was no impairment losses recognized for the reporting periods presented as management believes that the remaining receivables are fully collectible. 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.

| | **June 30, 2025 (Unaudited)** | December 31, 2024 (Audited) |
|---|---|---|
| Balance at beginning of period | **P 72,922,717,200** | P 58,980,800,000 |
| Additions | **-** | 13,151,500,400 |
| Fair value gains | **-** | 790,416,800 |
| Balance at end of period | **P 72,922,717,200** | P 72,922,717,200 |

As of June 30, 2025 and December 31, 2024, the Company has a total of twenty-four (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

**EXHIBIT 5**

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.

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 11.4). 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 are presented below.

| | Ownership |
|---|---|
| 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.

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

For the six months ended June 30, 2025 and 2024, rental income from investment properties amounted to P2,044.1 million and P1,632.0 million, respectively.

The direct operating costs incurred relating to investment properties, which pertains to repairs and maintenance and real property taxes, amounted to P13.7 million, P64.4 million for the six months ended June 30, 2025 and, 2024, respectively. These direct operating costs are presented as part of Cost of Services account in the statements of comprehensive income. All investment properties generate rental income.

The fair values of the investment properties were determined based on the latest appraisal reports by an independent real property appraiser, which uses the income approach (see Note 17.3).

## 7. OTHER ASSETS

The Company's other assets consist of the following:

| | **June 30, 2025 (Unaudited)** | December 31, 2024 (Audited) |
|---|---|---|
| Current: | | |
| Prepaid expenses | **P 289,052,859** | 89,998,106 |
| Creditable withholding tax | **132,242,209** | 157,964,435 |
| Deferred input VAT | **70,225,452** | 74,051,496 |
| Supplies | **6,881,086** | 4,538,279 |
| Creditable VAT withheld | **2,411,976** | 1,866,495 |
| Other current asset | **71,245,460** | — |
| | **572,059,042** | 328,418,811 |
| Non-current: | | |
| Advances to contractors | **166,431,572** | 131,251,893 |
| Deferred charges | **64,943,412** | 66,527,664 |
| Security deposit | **37,355,956** | 26,458,224 |
| | **268,730,940** | 224,237,781 |
| | **P 840,789,982** | P 552,656,592 |

Security deposit is related to the lease of certain parcels of land on which the investment properties stand (see Note 11.2). The related interest income recognized from subsequent amortization of the security deposit is presented as part of Interest income under Other Income (Charges) - net section in the interim 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 interim statements of comprehensive income. Other non-current asset consists of office machinery-net and advance payment to contractors for aircon related repairs and enhancement.

## 8. ACCOUNTS AND OTHER PAYABLES

The details of this account are as follows:

| | **June 30, 2025 (Unaudited)** | December 31, 2024 (Audited) |
|---|---|---|
| Accrued expenses | P **545,883,418** | **P** 482,385,265 |
| Accounts payable | **265,184,262** | 197,854,085 |
| Interest payable | **48,455,456** | 8,055,636 |
| Deferred output VAT | **41,469,341** | 27,320,806 |
| Output VAT payable | **36,013,543** | 50,385,431 |
| Withholding taxes | **1,561,562** | 12,548,480 |
| Deferred Revenue | **—** | 16,089,623 |
| Others | **17,190,670** | 15,392,632 |
| | **P 955,758,252** | P 810,031,958 |

## 9. DEPOSITS AND OTHER LIABILITIES

The details of this account are as follows:

| | **June 30, 2025 (Unaudited)** | December 31, 2024, (Audited) |
|---|---|---|
| Current: | | |
| Advance rent | **P 365,658,624** | P 367,731,879 |
| Security deposits | **134,440,702** | 299,270,394 |
| Deferred credits | **14,660,316** | 4,759,137 |
| | **514,759,642** | 671,761,410 |
| Non-current: | | |
| Security deposits | **849,238,139** | 263,184,311 |
| Advance rent | **313,898,240** | 753,593,448 |
| Deferred credits | **95,429,641** | 93,635,709 |
| | **1,258,566,020** | 1,110,413,468 |
| | **P 1,773,325,662** | P 1,782,174,878 |

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.

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.

## 10. INTEREST-BEARING LOAN

In December 2021, the Company obtained an unsecured, 10-year, P7.3 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 until 2024. Beginning 2025, the repriced interest rate is agreed at 6.47%.

The Company is required to maintain certain financial ratios to comply with its debt covenants with a certain local bank. As of June 30, 2025 and December 31, 2024, the Company is in compliance with such financial covenant obligations.

Total capitalized loan origination costs amounted to P54.4 million. Amortization for the first six months of 2025 and 2024 amounted to P2.7 million, and is presented as part of Interest expense under Other Income (Charges) – net in 2025 and 2024 of statements of comprehensive income.

The related interest incurred amounted to P237.2 million and P134.0 million for the first six months of 2025 and 2024, respectively, and this is presented as part of Interest expense under Other Income (Charges) - net in the 2025 and 2024 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.

| | **June 30, 2025 (Unaudited)** | December 31, 2024 (Audited) |
|---|---|---|
| Balance at beginning of period | **P 37,827,189** | P 43,302,513 |
| Amortization | **( 2,709,113)** | ( 5,475,324) |
| Balance at end of period | **P 35,118,076** | P 37,827,189 |

## 11. RELATED PARTY TRANSACTIONS

The Company's related parties include the Parent Company and related parties under common ownership. A summary of the Company's transactions and outstanding balances with its related parties is presented below.

| Related Party Category | Notes | Amounts of Transactions June 30, 2025 (Unaudited) | Amounts of Transactions June 30, 2024 (Unaudited) | Outstanding Receivable (Payable) June 30, 2025 (Unaudited) | Outstanding Receivable (Payable) December 31, 2024 (Audited) |
|---|---|---|---|---|---|
| **Parent Company:** | | | | | |
| Rendering of services | 11.1 | **P199,393,462** | P316,820,808 | **P122,706,068** | P 61,964,065 |
| Property-for-share swap | 11.4 | **—** | — | **—** | — |
| Advance rent | 11.1 | **(640,443)** | (282,000) | **(4,356,798)** | (3,716,355) |
| Security deposits received | 11.1 | **(38,024,543)** | (37,191,835) | **(29,800,387)** | (67,824,930) |
| Security deposits paid | 11.2 | **—** | 20,404,533 | **26,458,224** | 26,458,224 |
| Land lease | 11.2 | **(23,188,668)** | (40,247,170) | **(23,188,668)** | (25,282,946) |
| **Related parties under common Ownership:** | | | | | |
| Advance rent | 11.1 | **8,775,383** | 29,968 | **(17,489,130)** | (8,713,745) |
| Security deposits received | 11.1 | **(809,924)** | — | **(26,736,542)** | (25,926,618) |
| Rendering of services | 11.1 | **61,115,468** | 63,983,723 | **115,181,728** | 82,173,827 |
| Land lease | 11.2 | **(1,920,511)** | — | **(2,850,209)** | (929,698) |
| Management services | 11.3 | **(108,298,158)** | (115,908,420) | **(102,151,440)** | (310,353,006) |
| **Key management personnel –** Compensation | 11.5 | **(2,734,890)** | (2,734,890) | **(8,204,670)** | (5,469,780) |

### *11.1 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. 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).

### *11.2 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.

On May 10, 2024, the Company entered into land lease agreements with Davao Park District Holdings, Inc. (DPDHI) 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 lease, the Company shall pay DPDHI rent equivalent to: (a) Two and a Half Percent (2.5%) of gross rental income for office for the period May 10, 2024 and until June 30, 2025 and Five Percent (5%) thereafter; and, (b) One and a Half Percent (1.5%) of hotel rental / revenues for hotel properties for the period May 10, 2024 and until June 30, 2025, and Three Percent (3%) thereafter.

Deposit paid by the Company from the land lease agreement was presented as Security deposit under Other Non-current Assets in the statements of financial position (see Note 7). This deposit will be refunded at the end of the lease term at its face value amounting to P106.8 million.

The Company incurred a total of P49.2 million first six months of 2025 which is presented as part of Cost of Services under the statement of comprehensive income. The outstanding balance of P26.0 million as of June 30, 2025 and P 26.2 million as of December 31, 2024 are presented as part of Accounts payable under Accounts and Other Payables account in the statement of financial position (see Note 8).

### *11.3 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 monthly 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 P148.6 million and P113.8 million management fees for the six months June 30, 2025 and 2024, respectively, which is presented as part of Cost of Services in the interim statements of comprehensive income. The outstanding balance of P102.2 million as of June 30, 2025 and P324.9 million as of December 31, 2024 are presented as part of Accounts payable and Accrued expenses under Accounts and Other Payables account in the interim statements of financial position (see Note 8).

### *11.4 Property-for-share Swap*

In line with the Company's investment plan to infuse 500,000 square meters of office gross leasable area by the end of 2024, 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.

Similarly, pursuant to the Company's investment plan to infuse asset 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 shared 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 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).

### *11.5 Key Management Personnel Compensation*

Key management personnel compensation pertains to payment for outsourced management services included within Outside services under Other Operating Expenses.

## 12. EQUITY

### *12.1 Capital Stock*

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 has been subscribed and paid.

On February 1, 2021, MC has subscribed to and paid for 12,400,000 shares with par value of P100 per share or a total of P1,240,000,000.

On April 7, 2021, majority of the members of the BOD and stockholders of MREIT approved the amendments to the Articles of Incorporation and By-Laws of MREIT, which include, among others, the change in par value of common shares from P100 to P1, resulting in an increase in the number of authorized common shares from 50,000,000 to 5,000,000,000 and subscribed common shares from 12,500,000 to 1,250,000,000. On May 19, 2021, the Company obtained approval of the amendments from the SEC (see Note 1).

On May 28, 2021, an individual stockholder subscribed and paid 1,000 common shares of the Company with par value of P1 per share or a total subscription price of P1,000.

On June 2, 2021, on consummation of the Deed of Exchange of Property and Shares in relation to the Property-for-Share Swap transaction with MC, the Company issued 1,282,120,381 common shares at par value of P1 per share (see Notes 1 and 6). In addition, the Company recognized APIC amounting to P47,920,287,239, less shares issuance costs amounting to P12.8 million.

On June 16, 2021, the Company filed its application with the PSE for the listing of its 2,532,121,381 existing common shares. The listing application was approved by PSE on August 9, 2021 which includes the Secondary Offer Shares of 844,300 common shares with an Overallotment Option of up to 105,537,500 common shares to be offered and sold by MC to the public, under the Main Board of the PSE with an offer price of P16.10 per share. The PSE approved the listing application of the Company on August 9, 2021.

Also on June 16, 2021, the Company filed a Registration Statement covering the registration of 2,532,121,381 existing common shares, in accordance with the requirements of the SEC's Securities Regulation Code. The Registration Statement was rendered effective on September 13, 2021.

On October 1, 2021, the common shares of the Company were listed as a REIT company under the Main Board of the PSE.

On April 1, 2022, the BOD of the Company approved the proposed subscription of MC to 263,700,000 common shares of the Company for a total subscription price of P5.3 billion to be paid by way of transfer of four prime, grade A, office properties in PEZA-accredited zones. On March 23, 2023, the SEC issued its confirmation of the valuation of the property-for-share swap. Consequently, on March 31, 2023, the Company issued 263,700,000 common shares.

On May 22, 2023, the Company filed the application for listing of the additional shares with the PSE. 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 P134,952,150.

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 P12.2 billion, less issuance cost amounting to P211.2 million.

There are 30,170 shareholders of at least one board lot of the listed shares as of June 30, 2025 and December 31, 2024. As of June 30, 2025 and December 27, 2024, the last trading dates for each year, the shares closed at P13.90 and P13.34 per share, respectively.

### *12.2 Dividends*

On May 22, 2025, the BOD approved the declaration of cash dividends of P0.2505 per share to stockholders on record as of May 23, 2025. The dividends were declared out of the unrestricted retained earnings for the year ending December 31, 2024. The cash dividends were paid on June 05, 2025.

### *12.3 Distributable Income*

The computation of the distributable income of the Company for the months ended June 30, 2025 is shown below.

| | | |
|---|---|---|
| Net income | P | 1,928,902,901 |
| Unrealized gains or adjustments to income as a result of certain transactions accounted for under PFRS | | (87,323,175) |
| Adjustments due to any prescribed accounting standard which results to a loss | | 22,966,110 |
| Distributable income | **P** | **1,864,545,836** |

## 13. EARNINGS (LOSS) PER SHARE

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

| | **June 30, 2025 (Unaudited)** | June 30, 2024 (Unaudited) |
|---|---|---|
| Net profit for the period | **P 1,928,902,901** | P 1,469,595,586 |
| Divided by weighted number Of outstanding common shares | **3,721,983,381** | 2,795,821,381 |
| Basic and diluted earnings (loss) per share | **P 0.52** | P 0.53 |

The Company has no potential dilutive common shares as of six months ended June 30, 2025 and 2024.

## 14. COMMITMENTS AND CONTINGENCIES

### *14.1 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 June 30, 2025 and December 31, 2024 are shown below:

| | **June 30, 2025 (Unaudited)** | June 30, 2024 (Unaudited) |
|---|---|---|
| Within one year | **P 4,140,689,858** | P 3,331,362,688 |
| After one year but not more than two years | **3,443,354,501** | 2,599,066,404 |
| After two years but not more than three years | **2,609,264,080** | 1,815,066,742 |
| After three years but not more than four years | **2,057,112,290** | 1,117,648,693 |
| After four years but not more than five years | **1,571,773,734** | 784,138,003 |
| More than five years | **3,271,016,331** | 2,753,620,218 |
| | **P 17,093,210,794** | P 12,400,902,748 |

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).

### *14.2 Operating Lease Commitments – Company as a Lessee*

The Company entered into a land lease agreement with MC over the land on which its investment properties stood for a period of 25 years, renewable for another 25 years. (see Note 11.2). Variable lease payments commenced on July 1, 2023. The lease agreement does not contain any fixed lease payments. In addition, the lease agreement involves payment for security deposit (see Note 7).

### *14.3 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.

## 15. 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 16. 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.

### *15.1 Market Risk*

As of June 30, 2025 and December 31, 2024, 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.

### *15.2 Credit Risk*

The Company's credit risk is attributable to trade and other receivables and other financial assets. The Company maintains defined credit policies and continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties. In addition, for trade receivables, security deposits and advance payments are received to mitigate credit risk.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position (or in the detailed analysis provided in the notes to financial statements), as summarized below.

| | Notes | **June 30, 2025 (Unaudited)** | December 31, 2024 (Audited) |
|---|---|---|---|
| Cash and cash equivalents | 4 | **P 1,680,165,712** | P 2,025,255,093 |
| Trade and other receivables | 5 | **854,260,744** | 593,417,558 |
| Security deposit | 7 | **37,355,956** | 26,458,224 |
| | | **P 2,571,782,412** | P 2,645,130,875 |

*(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 June 30, 2025 and December 31, 2024 is presented below.

| | **Gross Maximum Exposure** | **Fair Value of Collaterals** | **Net Exposure** |
|---|---|---|---|
| As of June 30, 2025 (Unaudited) | **P 854,260,744** | **P 1,777,653,518** | **P -** |
| As of December 31, 2024 (Audited) | P 593,417,558 | P 1,683,780,032 | P - |

*(c) Security Deposit*

The credit risk for security deposit is considered negligible as the Company has ongoing lease agreement with the counterparty and the latter is considered to be with sound financial condition and sufficient liquidity. The security deposit can also be applied against future rental payments in cases of default.

### *15.3 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 June 30, 2025 and December 31, 2024, the Company's financial liabilities have contractual maturities which are presented below.

| | Within 1 Year | 1 to 5 Years | More than 5 Years |
|---|---|---|---|
| **June 30, 2025 (unaudited)** | | | |
| Interest-bearing loan | P 475,619,334 | P 2,379,399,733 | P 358,343,333 |
| Security deposits | 140,682,271 | 687,499,138 | 315,121,774 |
| Accounts payable | 265,184,264 | - | - |
| Accrued expenses | 545,883,418 | - | - |
| | **P 1,427,369,287** | **P 3,066,898,871** | **P 673,465,107** |
| **December 31, 2024 (audited)** | | | |
| Interest-bearing loan | P 470,155,247 | P 1,999,814,229 | P 8,079,679,275 |
| Security deposits | 210,919,111 | 687,712,822 | 256,376,203 |
| Accounts payable | 197,854,085 | - | - |
| Accrued expenses | 482,385,265 | - | - |
| | P 1,361,313,708 | P 2,687,527,051 | P 8,336,055,478 |

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.

## 16. CATEGORIES, FAIR VALUES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### *16.1 Carrying Amounts and Fair Value by Category*

The carrying values and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are shown below.

| | Notes | June 30, 2025 (unaudited) Carrying Values | June 30, 2025 (unaudited) Fair Values | December 31, 2024 (audited) Carrying Values | December 31, 2024 (audited) Fair Values |
|---|---|---|---|---|---|
| ***Financial assets*** | | | | | |
| Financial assets at amortized cost: | | | | | |
| Cash and cash equivalents | 4 | **P 1,680,165,712** | **P 1,680,165,712** | 2,025,255,093 | P 2,025,255,093 |
| Trade and other receivables | 5 | **854,260,744** | **854,260,744** | 593,417,558 | 593,417,558 |
| Security deposit | 7 | **37,355,956** | **36,458,224** | 26,458,224 | 25,782,163 |
| | | **P 2,571,782,412** | **P 2,570,884,680** | P 2,645,130,875 | P 2,644,454,814 |
| ***Financial liabilities*** | | | | | |
| Financial liabilities at amortized cost: | | | | | |
| Interest-bearing loan | 10 | **P 7,214,882,017** | **P 7,214,882,017** | P 7,212,172,904 | P 7,212,172,904 |
| Security deposits | 9 | **983,678,841** | **964,108,364** | 1,052,863,842 | 1,021,797,438 |
| Accounts payable | 8 | **265,184,262** | **265,184,264** | 197,854,085 | 197,854,085 |
| Accrued expenses | 8 | **545,883,418** | **545,883,418** | 482,385,265 | 482,385,265 |
| Interest payable | 8 | **48,455,456** | **48,455,456** | 8,055,636 | 8,055,636 |
| | | **P 9,058,083,994** | **P 9,038,513,519** | P 8,953,331,732 | P 8,922,265,328 |

A description of the Company's risk management objectives and policies for financial instruments is provided in Note 15.

### *16.2 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.

## 17. FAIR VALUE MEASUREMENT AND DISCLOSURE

### *17.1 Fair Value Hierarchy*

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

### *17.2 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.

### *17.3 Fair Value Measurement of Investment Properties*

As of June 30, 2025 and December 31, 2024, the Company's investment properties amounting to P72.9 billion both, 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., an independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. Briefly describing the valuation method used, the approach converts anticipated future gains to present worth by projecting reasonable income and expenses for the properties. In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Company's investment property is its current use.

Fair value as determined by independent appraisers are based on the Income Approach. Under the Income Approach, the fair value of an asset is measured by calculating the present value of its economic benefits by discounting expected cash flows at a rate of return that compensates the risks associated with the particular investment. The most common approach in valuing future economic benefits of a projected income stream is the discounted cash flows model. This valuation process of this model consists of the following: (a) estimation of the revenues generated; (b) estimation of the costs and expenses related to the operations of the development; (c) estimation of an appropriate discount rate; and (d) discounting process using an appropriate discount rate to arrive at an indicative fair value. The most significant inputs used in this model are the estimated expected future annual cash inflow and outgoing expenses, anticipated increase in market rental, discount rate and terminal capitalization rate.

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

| | **Increase** | **Decrease** |
|---|---|---|
| Discount rate | Decrease | Increase |
| Terminal capitalization rate | Decrease | Increase |
| Increase in market rental | Increase | Decrease |

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

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

## 18. 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.

| | **June 30, 2025 (Unaudited)** | December 31, 2024 (Audited) |
|---|---|---|
| Total liabilities | **P 9,943,965,931** | P 9,804,379,740 |
| Total equity | **66,353,967,707** | 66,289,666,703 |

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.

## 19. 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.

**Management's Discussion and Analysis of Results of Operations and Financial Condition (June 30, 2025)**

Results of Operations (Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

*Review of Six Months ending June 30, 2025 versus Six Months Ending June 30, 2024*

For the six months ended June 30, 2025, the Company's net income rose to Php1,929 million, up from Php1,470 million in the same period last year. This growth was driven by the infusion of newly acquired assets and further supported by well-managed expenses, which helped offset the effects of a temporary decline in occupancy. By reinforcing its core operations and maintaining high-quality service standards, the Company is strengthening its position in the market and building a solid foundation for sustainable growth and long-term success.

**Revenues**

In the first six months of 2025, the Company's total revenue grew by 28% to Php2,702 million, an increase of Php594.3 million from Php2,107 million in the same period of 2024. This robust growth was primarily driven by the infusion of newly acquired assets, which expanded the Company's income-generating portfolio and enhanced overall operational performance. The result underscores the Company's strategic commitment to sustainable expansion and long-term value creation, achieved through proactive asset management and the continuous enhancement of its portfolio.

**Cost and Expenses**

The cost of services increased by 4%, from Php490.7 million in the first six months of 2024 to Php511 million in the same period of 2025, largely reflecting the additional operating expenses from newly acquired properties. Despite this increase, the Company effectively managed and optimized its operational costs through improved cost control measures, streamlined processes, and enhanced efficiencies. These efforts helped ensure that expenses remained well-contained relative to the portfolio's expansion, supporting the Company's strong financial performance during the period.

**Tax Expense**

Tax expense decreased by 31% to Php2.0 million, primarily due to lower final taxes on dividends paid and short-term placements during the period.

| | **June 30, 2025** | **December 31, 2024** |
|---|---|---|
| Current Ratio[1] | 1.92 | 1.90 |
| Debt to Equity Ratio[2] | 0.1087 | 0.14 |
| Net Debt to Equity Ratio[3] | 0.12 | 0.15 |
| Return on Assets[4] | 2.53% | 4.63% |
| Return on Equity[5] | 2.91% | 5.38% |

**1 – Current Assets / Current Liabilities*
**2 – Total Debt / Equity (Total debt includes interest bearing loans and borrowings and bonds payable)*
**3 – Net Debt / Equity (Net debt is total debt less cash and cash equivalents)*
**4 – Net Profit / Average Total Assets*
**5 – Net Profit / Average Equity*

- Due to the Company's sound financial condition, there is no foreseeable trend or event which may have a material impact on its short-term or long-term liquidity.
- Funding will be sourced from internally-generated funds and/or bank loans.

- There is no known trend, event or uncertainty that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.
- There is no known significant element of income or loss that did not arise from the Company's continuing operations, except as disclosed above and in the attached financial statements.
- There have not been any seasonal aspects that had a material effect on the financial condition or results of the Company's operations.
- There were no known events and uncertainties that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.

*Material Changes in the Financial Statements*

***(Increase/decrease of 5% or more)***

**Statement of Income (June 30, 2025 vs June 30, 2024)**

| Item | June 30, 2025 | Increase/ Decrease | % Change | Causes |
|---|---|---|---|---|
| Rental income | 2,044,125,508 | 412,157,493 | 25% | The increase was primarily driven by the infusion of six newly acquired assets. |
| Income from dues - net | 657,697,232 | 182,239,422 | 38% | |
| Other operating expenses | 23,561,207 | (2,626,711) | -10% | The reduction in costs was mainly due to a one-time transaction-related expense. |
| Interest expense | 259,437,724 | (108,899,648) | 72% | The increase in interest expenses was attributed to the upward repricing of loan interest rates. |
| Interest income | 23,526,709 | (9,485,943) | -29% | The decline was primarily driven by interest income generated from the rollover of short-term placements. |
| Miscellaneous income | 2,053,295 | (943,002) | -31% | The decrease was driven by the collection of penalties and a one-time rental income from tenants. |
| TAX INCOME (EXPENSE) | 4,427,910 | 1,981,895 | -31% | The decrease was due to lower final tax expenses and higher interest income from short-term placements during the period. |

There are no other significant changes in the Group's financial position (5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would have impact or change the reported financial information and condition on the Group.

**MREIT, INC.**
**Aging of Accounts Receivables**
**June 30, 2025**

| | Total | Current/ | Past Due but not Impaired | | | | | Individually |
|---|---|---|---|---|---|---|---|---|
| | | Not Yet Due | < 30 days | 30-60 days | 61-90 days | 91-120 days | > 120 days | Impaired |
| **Type of Receivables:** | | | | | | | | |
| a. Trade receivables | 827,503,847 | 587,612,209 | 73,244,888 | 64,688,357 | 32,513,385 | 30,846,871 | 38,598,136.77 | - |
| b. Other receivable | 26,756,897 | 26,756,897 | - | - | - | - | - | - |
| **TOTAL** | **854,260,744** | **576,228,232** | **73,244,888** | **64,688,357** | **32,513,385** | **30,846,871** | **38,598,137** | **-** |

# EXHIBIT 8

**MREIT, INC.**
**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**
**JUNE 30, 2025**

| Ratio | Formula | June 30, 2025 | December 31, 2024 |
|---|---|---|---|
| Current ratio | Current assets / current liabilities | 1.92 | 1.90 |
| Acid test ratio | Quick assets / Current liabilities (Quick assets include cash and current portion of trade receivables - net) | 1.53 | 1.63 |
| Debt-to-equity ratio | Total debt / Total stockholders' equity (Total debt includes interest bearing loans and borrowings and bonds and notes payable) | 0.11 | 0.14 |
| Asset-to-equity ratio | Total assets / Total stockholders' equity | 1.15 | 1.15 |
| | | June 30, 2025 | December 31, 2024 |
| Solvency Ratio | EBITDA / Total debt (Total debt includes interest bearing loans and borrowings and bonds and notes payable) ** | 0.30 | 0.48 |
| Interest rate coverage ratio | EBIT / Total Interest (Total interest includes interest expense and capitalized interest) | 8.44 | 11.49 |
| Return on equity | Net profit / Average Stockholders' equity | 0.0291 | 0.0538 |
| Return on assets | Net profit / Average total assets | 0.0253 | 0.0463 |
| Net profit margin | Net profit / Total revenues | 0.71 | 0.71 |

## Disclosures for REIT Companies[1]

(a) Real Estate Transactions for Q2 2025

There were no real estate transactions in the second quarter of 2025.

(b) Schedule of Properties as of 30 June 2025

| Property and Location | Purchase Price | Latest Appraisal* | Remaining Land Lease Term | Gross leasable area (GLA) | Leased Area | Occupancy Rate | Rental Income | Gross Revenue | Cost of Services | Gross Profit |
|---|---|---|---|---|---|---|---|---|---|---|
| | in Php millions | in Php millions | Years | in sqm | in sqm | % | in Php millions | in Php millions | in Php millions | in Php millions |
| **Eastwood, Quezon City** | | | | | | | | | | |
| 1800 Eastwood Avenue | 6,948 | 6,629 | 46.00 | 34,738 | 30,739 | 88% | 153.3 | 227.2 | 46.1 | 181.0 |
| 1880 Eastwood Avenue | 6,749 | 5,813 | 46.00 | 33,745 | 33,487 | 99% | 144.6 | 211.7 | 41.8 | 169.9 |
| E-Commerce Plaza | 4,188 | 3,525 | 46.00 | 21,032 | 17,381 | 83% | 83.7 | 115.3 | 21.5 | 93.8 |
| **McKinley Hill, Taguig** | | | | | | | | | | |
| One World Square | 7,529 | 5,123 | 46.00 | 30,482 | 26,553 | 87% | 140.0 | 197.1 | 32.3 | 164.8 |
| Two World Square | 5,258 | 5,452 | 46.00 | 21,286 | 17,665 | 83% | 111.3 | 168.9 | 32.6 | 136.3 |
| Three World Square | 5,241 | 4,448 | 46.00 | 21,222 | 15,142 | 71% | 88.3 | 144.2 | 30.4 | 113.8 |
| 8/10 Upper McKinley | 4,925 | 4,249 | 46.00 | 19,938 | 17,586 | 88% | 97.5 | 129.1 | 19.7 | 109.3 |
| 18/20 Upper McKinley | 4,795 | 4,330 | 46.00 | 19,413 | 12,494 | 64% | 86.4 | 112.0 | 15.9 | 96.1 |
| World Finance Plaza | 5,153 | 2,815 | 47.42 | 25,067 | 17,609 | 70% | 89.4 | 122.4 | 21.3 | 101.0 |
| **McKinley West, Taguig** | | | | | | | | | | |
| One West Campus | 1,473 | 1,587 | 47.50 | 9,704 | 9,704 | 100% | 41.0 | 51.8 | 10.9 | 40.9 |
| Five West Campus | 1,001 | 1,960 | 47.50 | 10,257 | 10,257 | 100% | 41.4 | 54.2 | 11.7 | 42.5 |
| Two West Campus | 825 | 1,398 | 49.17 | 9,332 | 9,332 | 100% | 37.6 | 47.9 | 9.5 | 38.3 |
| Ten West Campus | 3,250 | 5,367 | 49.17 | 36,277 | 29,139 | 80% | 120.0 | 164.4 | 25.8 | 138.6 |
| One Le Grand | 4,354 | 6,378 | 49.17 | 48,292 | 45,331 | 94% | 201.4 | 288.2 | 57.0 | 231.2 |
| **Iloilo Business Park, Iloilo** | | | | | | | | | | |
| Richmonde Tower | 2,062 | 1,277 | 46.00 | 13,124 | 12,396 | 94% | 53.5 | 58.2 | 13.3 | 44.9 |
| One Techno Place | 1,509 | 1,103 | 46.00 | 9,549 | 9,330 | 98% | 32.0 | 44.3 | 12.0 | 32.3 |
| Two Techno Place | 1,465 | 1,128 | 47.42 | 11,393 | 10,227 | 90% | 37.4 | 55.8 | 12.6 | 43.2 |
| Three Techno Place | 1,242 | 1,354 | 47.42 | 9,568 | 9,568 | 100% | 32.8 | 49.3 | 9.1 | 40.2 |
| One Global Center | 1,256 | 1,443 | 47.42 | 10,301 | 9,903 | 96% | 38.3 | 51.1 | 10.7 | 40.4 |
| Festive Walk 1B | 1,507 | 1,965 | 47.50 | 14,703 | 13,788 | 94% | 53.7 | 71.7 | 19.3 | 52.4 |
| Two Global Center | 1,293 | 1,530 | 47.50 | 9,903 | 9,903 | 100% | 40.1 | 59.3 | 12.0 | 47.3 |
| One Fintech Place | 1,589 | 2,491 | 49.17 | 18,088 | 17,681 | 98% | 67.8 | 92.4 | 15.0 | 77.4 |
| Two Fintech Place | 1,638 | 2,165 | 49.17 | 18,053 | 15,011 | 83% | 60.1 | 78.3 | 9.2 | 69.1 |
| **Davao Park, Davao City** | | | | | | | | | | |
| Davao Finance Center | 1,496 | 2,731 | 49.17 | 26,074 | 26,047 | 100% | 76.3 | 107.1 | 21.2 | 86.0 |
| **Total** | **76,744** | **76,260** | | **481,542** | **426,274** | **89%** | **1,928** | **2,702** | **511** | **2,191** |

[1] Pursuant to Section 6.2 of the Amended Listing Rules for REITs

* The latest appraisal valuation for MREIT properties, dated December 31, 2024, aligns with the reports issued by Cuervo Appraisers. All properties were appraised using the Income Approach method.

(c) Reinvestment Plan Progress Report as of 30 September 2024

| Relevant Transaction | Date of Reinvestment Plan | Amount of Funds for Reinvestment | Date of Full Compliance |
|---|---|---|---|
| Block Sale by Megaworld Corporation of 40,650,000 Common Shares of MREIT, Inc. on 18 April 2024 | 22 April 2024 | Php496 million | Q1 2025 |
| Sale by Megaworld Corporation of 79,700,000 Common Shares of MREIT, Inc. on 03 June 2024 | 05 June 2024 | Php973 million | Q1 2025 |

**CERTIFICATION OF INDEPENDENT DIRECTOR**

I, **ANTONIO E. LLANTADA, JR.**, Filipino, of legal age, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee to be an independent director of **MREIT, Inc.** (the "Corporation") and have been its independent director since April 2021.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

| COMPANY/ORGANIZATION | POSITION/RELATIONSHIP | PERIOD OF SERVICE |
|---|---|---|
| Enderun Colleges Taguig | Professor – Accounting & Finance | June 2014 to present |
| Thames International School Quezon City | Professor – Accounting & Finance | March 2020 to present |
| Asian Institute of Management (AIM) School of Executive Education and Lifelong Learning (SEELL) and Executive Master in Business Administration Program (EMBA) of the Washington Graduate School of Business (WGSB) | Guest Lecturer and Regular Resource Faculty | February 2020 to present |

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of the Corporation and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not subject of any pending criminal, civil, or administrative investigation of proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this 14 day of AUG 2025, at MAKATI CITY.

**ANTONIO E. LLANTADA, JR.**
*Affiant*

14 AUG 2025

SUBSCRIBED AND SWORN to before me this ___ day of ______________ at MAKATI CITY, affiant personally appeared before me and exhibited to me his issued at valid until

Doc. No. 287;
Page No. 59;
Book No. 347;
Series of 2025.

ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-229
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2026
2364 ANGONO STREET
BARANGAY POBLACION 1210, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO. 499549/01-06-2025/Pasig City
PTR NO. MKT 10494504/01-22-2025/Makati City
MCLE Compliance No. VIII-0012898/04-14-2028

## CERTIFICATION OF INDEPENDENT DIRECTOR

I, **SERGIO R. ORTIZ-LUIS, JR.**, Filipino, of legal age, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee to be an independent director of **MREIT, Inc.** (the "Corporation") and have been its independent director since April 2021.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

| COMPANY/ORGANIZATION | POSITION/RELATIONSHIP |
|---|---|
| Employers' Confederation of the Philippines (ECOP) | President |
| Philippine Chamber of Commerce and Industry (PCCI) | Honorary Chairman and Treasurer |
| Philippine Exporters Confederation, Inc. | President |
| International Chamber of Commerce Philippines | Director |
| The Wellex Group | Director |
| Forum Pacific, Inc. | Director |
| Philippine International Airways | Chairman |
| National Center for Mediation | Chairman |
| GS1 (Formerly Phil. Article Numbering Council) | Founding Director |
| Integrated Concepts & Solutions, Inc. | Honorary Chairman |
| Export Development Council | Vice Chairman |
| Philippine Estate Corporation | Director |
| B.A. Securities | Director |
| VC Securities Corporation | Vice Chairman |
| Waterfront Mactan Casino Hotel, Inc. | Chairman |
| Waterfront Philippines, Inc. | Chairman |
| Grand Ilocandia Resort and Development, Inc. | Chairman |
| Mayo Bonanza, Inc. | Chairman |
| Club Waterfront International, Limited | Chairman |
| Davao Insular Hotel Company, Inc. | Chairman |
| Aristocrat Manila City Holdings, Inc. | Chairman |
| Acesite Hotel Philippines, Inc. | Vice Chairman |
| Empire East Land Holdings, Inc. | Director |
| Manila Exposition Complex, Inc. | Director |
| La SalleTech Academy, Inc. | Director |
| LikeCash Asia & Pacific Corp (LikeCash) | Director |
| SPC Power Corporation | Director |
| Alliance Energy Power and Development Inc. | Director |
| Philippine H2O Ventures Corporation | Director |
| Jolliville Holdings Corporation | Director |
| Southernpec Phil Corporation | Chairman/President |
| The Philippine Bamboo Council | Private Sector Representative |
| Council of Adviser Makati City | Member |
| Philippine Ease of Doing Business Foundation | Vice Chairman |
| Buklod Bayani Coalition | Director |
| Philippine Jaycee Senate | Senator |
| Philippine Coastguard Auxiliary | Captain |
| Bayaning Pulis Foundation, Inc | Director/ Treasurer |
| Human Resources Development Foundation | Trustee & Treasurer |
| One Philippine Foundation, Inc. | President |
| Consulate of Romania in the Philippines | Hon. Consul General |
| Consular Corps of the Philippines | Dean of Consular Corps (2022) |
| Int'l. Association of Educators for World Peace | Honorary Adviser |

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of the Corporation and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not subject of any pending criminal, civil, or administrative investigation of proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this 14 AUG 2025 day of ______, at MAKATI CITY.

**SERGIO R. ORTIZ-LUIS, JR.**
*Affiant*

SUBSCRIBED AND SWORN to before me this 14 AUG 2025 day of ______ at MAKATI CITY, affiant personally appeared before me and exhibited to me his issued at until

Doc. No. 289;
Page No. 59;
Book No. 377;
Series of 2025.

ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-229
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2026
2364 ANGONO STREET
BARANGAY POBLACION 1210, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO. 499549/01-06-2025/Pasig City
PTR NO. MKT 10494504/01-22-2025/Makati City
MCLE Compliance No. VIII-0012898/04-1-2028

**CERTIFICATION OF INDEPENDENT DIRECTOR**

I, **JESUS B. VARELA**, Filipino, of legal age, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee to be an independent director of **MREIT, Inc.** (the "Corporation") and have been its independent director since April 2021.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

| COMPANY/ORGANIZATION | POSITION/RELATIONSHIP | PERIOD OF SERVICE |
|---|---|---|
| Global Estate Resorts, Inc. | Independent Director | June 2016 to present |
| Unibersidad de Manila | Board Regent | 2019 to present |
| International Chamber of Commerce Philippines | Immediate Past Director General | 2016 to 2024 |
| Foundation for Crime Prevention | President | 2017 to present |
| Philippine Greek Business Council | President | 2008 to present |
| Philippine Peru Business Council | President | 2008 to present |
| Oil & Petroleum Holdings International Reserves, HK Ltd. (OPHIR, HK Ltd) | Director and Chair of Governance & Investment Committee | 2019 to present |
| Euro Exim Consultancy Limited | Honorary Chairman | 2019 to present |

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of the Corporation and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not subject of any pending criminal, civil, or administrative investigation of proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

14 AUG 2025

Done, this __________ day of ____________, at MAKATI CITY.

JESUS B. VARELA
*Affiant*

SUBSCRIBED AND SWORN to before me this 14 AUG 2025 day of ______________ at MAKATI CITY, affiant personally appeared before me and exhibited to me his ______________ issued at ______________ on ______________.

Doc. No. 238;
Page No. 59;
Book No. 377;
Series of 2025.

ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-229
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2026
2364 ANGONO STREET
BARANGAY POBLACION 1210, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO. 499549/01-06-2025/Pasig City
PTR NO. MKT 10494504/01-22-2025/Makati City
MCLE Compliance No. VIII-0012898/04-1-.-2023

Republic of the Philippines
City of Manila

# UNIVERSIDAD DE MANILA

## CERTIFICATION

This is in reiteration of Board Resolution No. 63 series of 2023[1] of the Universidad De Manila Board of Regents which resolved to interpose no objection on the appointment of Regent Jesus B. Varela as independent director of Megaworld Corp., Travellers Inc., Suntrust Holdings, MREIT Inc. and Global Estate Resorts Inc.

This certification is issued upon the Request of Regent Jesus B. Varela for whatever legal purpose it might serve.

Issued on the 12th day of August 2025 in the City of Manila.

**MA. FELMA CARLOS-TRIA, Ed.D.**
Vice-Chairman/University President

[1] Attached as Annex A

ANNEX" A "

# UNIVERSIDAD DE MANILA

Republic of the Philippines
City of Manila

**BOARD OF REGENTS**
**Board Resolution No. 63**
Series of 2023

**WHEREAS**, Section 5 of City of Manila Ordinance No. 8750 (the "Ordinance"), the current Charter of Universidad de Manila, provides, that:

*"The overall governance of the University shall be vested in the governing board to be known as the Board of Regents of the University, whose members are of known probity and integrity, and have great interest in the continuing development of the City of Manila. xxx";*

**WHEREAS**, Section 13 of the same Ordinance likewise provides that:

*"The responsibility of University administration shall devolve upon the University President and its officials. xxx";*

**WHEREAS,** in this connection, Section 10, paragraph 26 of the Ordinance provides that:

*"The Board may exercise such other powers and duties not inconsistent with laws as may be necessary or essential to carry out its purposes";*

**WHEREAS,** Regent Jess Varela requested that a Certificate of No-Objection signed by the President/Vice-Chairman supported by a board resolution be issued to him as an Independent Director of Megaworld Corp., Travellers Inc., Suntrust Resorts Holdings, MREIT Inc. and Global Estate Resorts Inc. as required by SEC;

**WHEREAS,** the supporting documents[1] of the foregoing were shared to the Board for its perusal; and

**WHEREAS,** upon deliberation, the Board resolves to approve the request of Regent Jess Varela;

**NOW, THEREFORE,** be it **RESOLVED,** as it is hereby **RESOLVED,** that the request of Regent Jess Varela that a Certificate of No-Objection signed by the President/Vice-Chairman and supported by a board resolution be issued to him as an Independent Director of Megaworld Corp., Travellers Inc., Suntrust Resorts Holdings, MREIT Inc. and Global Estate Resorts Inc. as required by SEC be **APPROVED/CONFIRMED,** as it is hereby **APPROVED/CONFIRMED.**

City of Manila, 28 September 2023.

[1] Copies of which are attached as **Annexes "A" and series.**

**APPROVED:**

**HON. MARIA SHEILAH "HONEY" H. LACUNA-PANGAN, M.D., FPDS**
Chairman/City Mayor

**MA. FELMA CARLOS-TRIA, Ed.D.**
Vice-Chairman/University President

**PAMELA "FA" FUGOSO PASCUAL**
Ex-Officio Member

**RITA E. RIDDLE**
Ex-Officio Member

**ABUNDIO EDICIO G. DELA TORRE**
Member

**CORAZON P. GUIDOTE**
Member

**FRANCIS C. CHUA**
Member

**JESUS B. VARELA**
Member

**JOSHUA BALATICO**
Student Regent

**RODOLFO V. CASTILLO JR.**
Faculty Regent

**JACY A. DUMUL**
Alumni Regent

Attested by:

**ATTY. CHRISTIAN R. DE LA CRUZ-MARCOS**
Secretary to the Board