

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 20-IS (DEFINITIVE INFORMATION STATEMENT)
2022 ANNUAL STOCKHOLDERS' MEETING**

(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 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:
 Preliminary Information Statement
 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. 27 May 2022, 9:00 a.m. by livestream access via <https://mreit.com.ph/asm2022>
Date, time and place of the meeting of security holders
9. 5 May 2022
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	2,532,121,381

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

Yes No

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

Philippine Stock Exchange Common Shares



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

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To all stockholders of
MREIT, INC.

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders (the "Annual Meeting") of MREIT, Inc. (the "Company") will be held on 27 May 2022 at 9:00 a.m., to be conducted virtually, through the link <https://mreit.com.ph/asm2022> 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' Meetings (held on 28 May 2021, 15 June 2021, 12 July 2021, and 30 September 2021)
4. Annual Report of Management
5. Appointment of External Auditors
6. Ratification of Acts and Resolutions of the Board of Directors, Board Committees and Management
7. Election of Directors
8. Other Matters
9. Adjournment

Stockholders of record as of **27 April 2022** 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, and to conform with the government's regulation on social distancing and prohibition on mass gatherings, 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 6 May 2022 until 5:00 PM of 18 May 2022. 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 18 May 2022, 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 compliance@mreit.com.ph. Validation of proxies shall be held on 20 May 2022. A sample proxy form will be enclosed in the Information Statement for your convenience.

Taguig City, Philippines, 1 April 2022.


MARIA CARLA T. UYKIM
Corporate Secretary

EXPLANATION OF AGENDA ITEMS

1. Call to Order

The meeting will be formally opened at approximately 9:00 o'clock in the morning.

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 2022 Annual Meeting for complete information on remote participation or voting in absentia, as well as on how to join the livestream for the 2022 Annual Meeting.

3. Approval of Minutes of the Previous Annual Meeting

The minutes of the meetings held on 28 May 2021, 15 June 2021, 12 July 2021, and 30 September 2021 are 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 2021 will be reported.

5. 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.

6. 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 28 May 2021 until 26 May 2022. 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.

7. 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.

8. Other Matters

Other concerns or matters raised by stockholders will be discussed.

9. Adjournment

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

SAMPLE ONLY

**PROXY
MREIT, INC.
2022 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 27 May 2022 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 28 May 2021			
5.	Appointment of External Auditors			
6.	Ratification of Acts and Resolutions of the Board of Directors, Board Committees and Management			
7.	Election of Directors			
	i. Francisco C. Canuto			
	ii. Kevin Andrew L. Tan			
	iii. Katherine L. Tan			
	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 18 MAY 2022, 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.)



INFORMATION STATEMENT

GENERAL INFORMATION

Date, Time and Place of Meeting of Security Holders

Date of Meeting	:	27 May 2022
Time of Meeting	:	9:00 a.m.
Place of Meeting	:	To be called and presided by the Presiding Officer in Taguig City and to be conducted virtually by remote communication
Approximate Distribution of this Statement	:	28 April 2022 ¹
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.

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

¹ 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.

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 31 March 2022, the Company had outstanding shares of 2,532,121,381 common stock. Each common share is entitled to one (1) vote.

(b) Record Date of Meeting

All stockholders on record as of 27 April 2022 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 2022 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 18 May 2022. 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 2022 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 2022 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 31 March 2022

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 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City 1634 Parent/Sponsor	Megaworld Corporation ²	Filipino	1,572,282,881	62.09%
Common	PCD Nominee Corp. (Filipino) G/F MKSE Bldg., 6767 Ayala Ave., Makati	Participants of the PCD composed of custodian banks and brokers. ³	Filipino	932,165,700	36.81%
Common	PCD Nominee Corp. (Filipino) G/F MKSE Bldg., 6767 Ayala Ave., Makati	BANCO DE ORO - Trust Banking Group	Filipino	235,950,200	9.32%
Common	PCD Nominee Corp. (Filipino) G/F MKSE Bldg., 6767 Ayala Ave., Makati	Citibank N.A.	Filipino	177,243,634	7.00%

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 31 March 2022

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership*	Citizenship	Percent of Class
Directors/Nominees				
Common	Francisco C. Canuto ⁴	1,000 (Direct)	Filipino	0.0000%
Common	Kevin Andrew L. Tan ⁵	9,995,000 (Direct)	Filipino	0.3900%

² The Board of Directors of Megaworld Corporation ("Megaworld") has voting and investment power over shares of stock held by Megaworld in the Company.

³ Among the PCD participants, BANCO DE ORO - Trust Banking Group owns 235,950,200 representing 9.32% of the Company's outstanding capital stock and Citibank N.A. owns 177,243,634 shares representing 7.00%.

⁴ Shares are lodged with PCD Nominee Corporation.

⁵ Shares are lodged with PCD Nominee Corporation.

Common	Katherine L. Tan	1,000 (Direct)	Filipino	0.0000%
Common	Lourdes T. Gutierrez-Alfonso ⁶	1,000 (Direct)	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	Englebert G. Teh	0	Chinese	n/a
Other Executive Officers				
Common	Cheryll B. Sereno	0	Filipino	n/a
Common	Dave Michael V. Valeriano	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 1 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 P100 per share or a total of P1,240,000,000. Accordingly, Megaworld acquired 99.20% direct ownership of the Company's total issued and outstanding capital stock.

On April 7, 2021, the Company approved the amendment of its Articles of Incorporation to change the par value of common shares from P100 to P1, resulting to an increase in the number of common shares from 50,000,000 to 5,000,000,000.

On April 7, 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 certain real properties, in exchange for 1,282,120,381 common shares with a par value of P1 per share and additional paid-in capital (APIC) of P47,920,287,239. The SEC certified the approval of the valuation of the Property-for-Share Swap on June 1, 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 1 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.

There are currently no other arrangements that may result in change in control of the Company.

(f) Foreign ownership level as of 31 March 2022

As of 31 March 2022, a total of 27,649,800 common shares are held by foreigners, amounting to approximately 1.09% of the total outstanding capital stock of the Company.

⁶ Shares are lodged with PCD Nominee Corporation.

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. All of the directors were elected at the Company's annual stockholders meeting on 28 May 2021, and 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. Katherine L. Tan
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. Kevin Andrew L. Tan nominated Antonio E. Llantada, Jr. as independent director, while Francisco C. Canuto 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

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

(g) 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.

(h) 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 December 31, 2021:

Related Parties	Nature of the Transaction	Value of the Transaction
Megaworld Corporation, Parent and Sponsor of the Company (and Empire East Land Holdings, Inc., affiliate of the Company, in respect of certain properties)	Acquisition of ten buildings owned by Megaworld in exchange for shares of stock in the Company	The ten properties valued by an independent property valuer at Php49,202,407,620.00 were acquired by the Company in exchange for 1,282,120,381 common shares, with a resulting additional paid-in capital of Php47,920,287,239.00. ⁷
Megaworld Corporation, Parent and Sponsor of the Company	Acquisition of four buildings owned by Megaworld for cash	The four properties valued by an independent property were acquired by the Company for cash in the amount of Php9,116,000,000.00. The Related Party Transaction Committee also obtained the fairness opinion of an independent consultant in determining the value of the transaction. ⁸
Megaworld Corporation, Parent and Sponsor of the Company (and Empire East Land Holdings, Inc., affiliate of the Company, in respect of certain properties)	Lease of various lands where the buildings acquired from Megaworld are located	From 1 July 2023, rent equivalent to, as applicable: <ul style="list-style-type: none"> a. 2.5% of the Company's gross rental income for office and retail properties; and b. 1.5% of the Company's hotel rental/revenues for hotel properties. From 01 July 2025 onwards, rent equivalent to, as applicable: <ul style="list-style-type: none"> a. 5% of the Company's gross rental income for office and retail properties; and b. 3% of the Company's hotel rental/revenues for hotel properties.⁹
MREIT Fund Managers, Inc., affiliate of the Company	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,

⁷ The transaction was entered into before the Company became a listed company that is required to comply with SEC Memorandum Circular No. 10, series of 2019 (Re: Rules on Material Related Party Transactions for Publicly-Listed Companies). Nonetheless, the Board of Directors of the Company determined that the terms of the transaction are at arms' length.

⁸ Copies of the fairness opinion and valuation reports can be viewed in the Company's website through this link: <https://mreit.com.ph/disclosures/financial-reports/>.

⁹ These transactions were entered into in furtherance of the Company's acquisition of various properties from Megaworld. The transaction value falls below the materiality threshold for Related Party Transactions requiring the opinion of independent consultants. Nonetheless, the Related Party Transaction Committee and/or Board of Directors of the Company, as applicable, determined that the terms of the transaction are at arms' length.

		payable annually, not to exceed 1% of the net asset value of the properties under management. ¹⁰
MREIT Property Managers, Inc., affiliate of the Company	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 quarterly, not to exceed 1% of the net asset value of the properties under management. ¹¹

On 1 April 2022, the Board of Directors of the Company approved the subscription by Megaworld to 263.7 million common shares of the Company for a total subscription price of Php5.274 billion¹² as approved by the Board of Directors upon the recommendation of the Related Party Transaction Committee based on the valuation report and fairness opinion issued by independent consultants of MREIT and Megaworld. The subscription price shall be paid for by way of transfer to the Company of four (4) Grade A Asset Buildings of Megaworld located in PEZA-registered zones effective upon the Securities and Exchange Commission's confirmation of the valuation of the properties to be transferred by Megaworld to the Company.

The Company's acquisitions of assets from Megaworld, whether for cash or in exchange for shares in the Company, are done in furtherance of the Company's primary mandate, as a REIT entity, to invest in income-producing commercial portfolio of office, retail, and hotel properties in the Philippines, that meets its investment criteria. The Company intends to continue growing its portfolio of income-generating assets to increase more revenues and distributable income to its shareholders.

In furtherance of the transfers, assignment and conveyance in favor of the Company of Megaworld's rights, title and interests in the properties acquired from Megaworld, Megaworld also (i) leased to the Company the lands over the properties as situated, and (ii) 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.

Other than the foregoing and those disclosed in the Company's Audited Financial Statements, the Company has not entered into any other related party transactions. (*Please see: Audited Financial Statements for 2021, 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 and the sale to the Company of four (4) Prime, Grade A buildings, located in PEZA-registered Zones in December 2021. 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/>).

In this connection, the Company and Megaworld undertake to comply with the requirement to submit a Reinvestment Plan to the Securities and Exchange Commission and The Philippine Stock Exchange in respect of proceeds that may be realized by Megaworld from its sale of shares received under the property-for-shares swap approved by the Company's Board of Directors on 1 April 2022, if applicable.

¹⁰ The transaction value falls below the materiality threshold for Related Party Transactions requiring the opinion of independent consultants. Nonetheless, the Related Party Transaction Committee and/or Board of Directors of the Company, as applicable, determined that the terms of the transaction are at arms' length.

¹¹ The transaction value falls below the materiality threshold for Related Party Transactions requiring the opinion of independent consultants. Nonetheless, the Related Party Transaction Committee and/or Board of Directors of the Company, as applicable, determined that the terms of the transaction are at arms' length.

¹² Copies of the fairness opinion and valuation reports can be viewed in the Company's website through this link: <https://mreit.com.ph/disclosures/financial-reports/>.

(i) Resignation/Disagreement

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

Compensation of Directors and Executive Officers

(a) Summary of Compensation Table

Aggregate compensation paid to the Company's Chief Executive Officer and the four most highly compensated executive officers as a group, as well as the aggregate compensation paid to all other officers and directors of the Company, 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 President and CEO				
Giovanni C. Ng Treasurer				
Maria Carla T. Uykim Corporate Secretary				
Englebert G. Teh Chief Financial Officer				
Vladimir B. Bumatay Asst. Corporate Secretary ¹³				
President and 4 Most Highly Compensated Officers	Actual 2020 ¹⁴	n/a	n/a	n/a
	Actual 2021 ¹⁵	Php5.20m	Php1.075m	P6.275m
	Projected 2022	Php10.90m	Php2.25m	P13.15m
All Other Officers and Directors as a Group	Actual 2020 ¹⁶	n/a	n/a	n/a
	Actual 2021 ¹⁷	Php1.75m	Php0.37m	Php2.12m
	Projected 2022	Php3.69m	Php0.77m	Php4.46m

¹³ Resigned effective 7 March 2022.

¹⁴ The officers did not receive compensation from the Company for the period ending 30 June 2021. The officers started receiving compensation from the Company beginning only in fiscal year 2021, the period when the Company was listed in the Philippine Stock Exchange.

¹⁵ Officers' compensation for 6 months (from July to December 2021).

¹⁶ The officers did not receive compensation from the Company for the period ending 30 June 2021. The officers started receiving compensation from the Company beginning only in fiscal year 2021, the period when the Company was listed in the Philippine Stock Exchange.

¹⁷ Officers' compensation for 6 months (from July to December 2021).

(b) Compensation of Directors

The members of the Board will receive a standard per diem for attendance in Board meetings. For 2022, the Company has allocated Php700,000 for directors' per diem. 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 December 31, 2021 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	
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	
Kingson U. Sian ¹⁸		Per diem	
Maria Carla T. Uykim ¹⁹		Per diem	
Total Annual Director's Per Diem	2020		n/a
	2021		n/a
	2022		700,000

(c) 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.

(d) 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

On 1 April 2022, upon the recommendation of the Company's Related Party Transaction Committee, the Board of Directors of the Company approved the subscription by Megaworld to 263.7 million common shares of the Company to be paid for by way of transfer to the Company of four (4) Grade A Asset Buildings of Megaworld located in PEZA-registered zones, namely: 100% ownership of Two Global Center and Festive Walk 1B, which are located in Iloilo Business Park, and 80% pro indiviso ownership of One West Campus and Five West Campus, which are located in McKinley Hill in Fort Bonifacio, Taguig. Based on the valuation report and fairness opinion issued by independent consultants of MREIT and Megaworld, the Related Party Transaction Committee recommended, and

¹⁸ Resigned as director and replaced by Jesus B. Varela in April 2021.

¹⁹ Resigned as director and replaced by Sergio R. Ortiz-Luis, Jr. in April 2021.

Board of Directors approved, the subscription price of Php5.274 billion.²⁰ The Company and Megaworld shall implement the property-for-shares swap upon the Securities and Exchange Commission's confirmation of the valuation of the properties to be transferred by Megaworld to the Company. The approval of the stockholders of the Company is not required to implement the transaction since the transaction price for the shares subscribed is set at a premium over the prevailing market price of the shares of the Company.

As of 28 February 2022, prior to the implementation of the transaction, the capital structure of the Company and total issued and outstanding common shares is 2,532,121,381 with par value of P1.00 per share, are as follows:

Shareholder	Subscribed Shares	Amount of Subscription (in Php)	Amount Paid-In (in Php)	Percentage of Ownership
Megaworld Corporation	1,572,282,881	1,572,282,881.00	1,572,282,881.00	62.09%
PCD Nominee Corp. (Filipino)	931,708,400	931,708,400.00	931,708,400.00	36.80%
PCD Nominee Corp. (Non-Filipino)	28,107,100	28,107,100.00	28,107,100.00	1.11%
Myra P. Villanueva	10,000	10,000.00	10,000.00	0.00%
Milagros P. Villanueva	4,000	4,000.00	4,000.00	0.00%
Myrna P. Villanueva	4,000	4,000.00	4,000.00	0.00%
Marietta V. Cabreza	1,000	1,000.00	1,000.00	0.00%
Antonio E. Llantada, Jr.	1,000	1,000.00	1,000.00	0.00%
Sergio R. Ortiz-Luis, Jr.	1,000	1,000.00	1,000.00	0.00%
Katherine L. Tan	1,000	1,000.00	1,000.00	0.00%
Jesus B. Varela	1,000	1,000.00	1,000.00	0.00%
TOTAL	2,532,121,381	Php2,532,121,381.00	Php2,532,121,381.00	100.00%

Upon the Securities and Exchange Commission's confirmation of the valuation the properties to be transferred in exchange for 263,700,000 unissued common shares, the capital structure of the Company shall be as follows:

Shareholder	Subscribed Shares	Amount of Subscription (in Php)	Amount Paid-In (in Php)	Percentage of Ownership
Megaworld Corporation	1,835,982,881	1,835,982,881.00	1,835,982,881.00	65.67%
PCD Nominee Corp. (Filipino)	931,708,400	931,708,400.00	931,708,400.00	33.33%

²⁰ Copies of the fairness opinion and valuation reports can be viewed in the Company's website through this link: <https://mreit.com.ph/disclosures/financial-reports/>.

PCD Nominee Corp. (Non-Filipino)	28,107,100	28,107,100.00	28,107,100.00	1.01%
Myra P. Villanueva	10,000	10,000.00	10,000.00	0.00%
Milagros P. Villanueva	4,000	4,000.00	4,000.00	0.00%
Myrna P. Villanueva	4,000	4,000.00	4,000.00	0.00%
Marietta V. Cabreza	1,000	1,000.00	1,000.00	0.00%
Antonio E. Llantada, Jr.	1,000	1,000.00	1,000.00	0.00%
Sergio R. Ortiz-Luis, Jr.	1,000	1,000.00	1,000.00	0.00%
Katherine L. Tan	1,000	1,000.00	1,000.00	0.00%
Jesus B. Varela	1,000	1,000.00	1,000.00	0.00%
TOTAL	2,795,821,381	Php2,795,821,381.00	Php2,795,821,381.00	100.00%

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 2022.

Mr. Renan A. Piamonte of Punongbayan and Araullo was designated as handling partner for the audit of the financial statements of the Company starting the year ending 30 June 2021. Punongbayan & Araullo was also the auditor of the Company for 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 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 28 May 2021 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 2021 Annual Stockholders Meeting had 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 2,532,121,381 common shares issued and outstanding. 62.09% of the issued and outstanding shares is held by the Sponsor, Megaworld Corporation, while the remaining 37.51% is held by the public. Each common share is entitled to one (1) vote with respect to all matters to be taken up during the annual meeting of stockholders.

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 28 May 2021 through 27 May 2022. These include, among others, the following matters:

1. Offering of Common Shares to the Public by way of Initial Public Offering
2. Acquisition of Assets
3. Obtaining a Term Loan
4. Election of Officers
5. Organization of Board Committees and Adoption of Board Committee Charters
6. Adoption of Manuals and Company Policies
7. Approval of the Audited Financial Statements as of 31 December 2021 and 30 June 2021
8. Appointment of Contract Signatories
9. Application for, or Renewal of, Permits, Licenses, Clearances and Accreditations
10. Opening and Operation of Bank Accounts and other Bank Transactions
11. Declaration of Cash Dividends
12. Holding of 2022 Annual Meeting of Stockholders

These also include the approval of the amended By-Laws and the internal procedures for participation in meetings and voting through remote communication or in absentia, 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 two (2) 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 will be done by 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 2022 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 2022 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.

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 5 May 2022.

MREIT, INC.

By:



Englebert G. Teh
Chief Financial Officer



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 2 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 14 office, hotel, retail and other assets across the Philippines and an aggregate GLA of of 280,175 sqm as of 31 December 2021.

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 1 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 Php47.35 billion based on the closing price of Php18.7 per common share on 31 March 2022, the last trading day of the year. As of the date of this report, the Company has 2,532,121,381 common shares issued and outstanding. 62.09% of the issued and outstanding shares is held by the Sponsor, Megaworld Corporation, while the remaining 37.51% is held by the public.

Current Asset Portfolio

MREIT 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 MREIT is to invest in income-generating real estate that meets a select set of criteria, such as location, property grade and type, and tenant profile. In 2021, the Company acquired a total of fourteen (14) mixed-use buildings from Megaworld, with a total gross leasable area of 280,175 sqm, 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

Iloilo City

Richmonde Hotel Iloilo and Richmonde Iloilo Office Tower
One Techno Place
Two Techno Place
Three Techno Place
One Global Center

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. In 2021, the Company started earning rental income from the Properties.

As a commercial REIT, MREIT will focus on expanding its office, mall, and hotel properties. However, if the opportunity arises, MREIT may also explore other types of real estate properties available in the market. MREIT 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 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. As of 31 December 2021, the Company owns fourteen (14) mixed used buildings located in Quezon City, Taguig City and Iloilo City leased out to various entities as office, retail and hotel. All of the Properties were developed by Megaworld. All of the Properties are owned by the Company and stand on land leased from Megaworld for an aggregate period of 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. Due to the sustained growth from the BPO sector, the Company has secured a number of major BPO customers as long-term tenants in the properties. As of 31 December 2021, 94% or 254,227 sqm of the total available GLA of the portfolio was occupied by BPOs and traditional offices, and 6% or 15,381 sqm of the total available GLA of the portfolio was occupied by retail and other tenants including 6,769 sqm pertaining to the hotel GLA.

In spite of the community quarantine imposed by the Government due to the coronavirus pandemic, the Properties enjoy pre-COVID-19 occupancy levels due largely to the sustained operations of the BPO office tenants. The Properties have enjoyed consistently high occupancy rates thus earning stable rental revenues. 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, we require three months' deposit and three months' advance rental. For retail properties, we require six months' deposit and one month advance rental. Rentals, as well as common use service area (CUSA) fee of the maintenance upkeep of the buildings, are billed monthly or quarterly, and are collected every fifth of the month or first month of the quarter. 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, 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 2022:

Year		Q1	Q2	Q3	Q4
2021	High	-	-	-	19.70
	Low	-	-	-	16.12
2022	High	23.40	-	-	-
	Low	18.32	-	-	-
2022 Q1	Close	18.70			

Market price of the Issuer's Shares as at 31 March 2022 was ₱18.70 per share.

III. HOLDERS

As of 31 March 2022, the Company had 11 shareholders of record. The following table sets forth the twenty largest shareholders of the Company as of 31 March 2022.

Rank	Name of Stockholder	Number of Common Shares	Percentage of Ownership
1.	Megaworld Corporation	1,572,282,881	62.09%
2.	PCD Nominee Corp. (Filipino)	932,165,700	36.81%
3.	PCD Nominee Corp. (Non-Filipino)	27,649,800	1.09%
4.	Myra P. Villanueva	10,000	0.00%
5.	Milagros P. Villanueva	4,000	0.00%
6.	Myrna P. Villanueva	4,000	0.00%
7.	Marietta V. Cabreza	1,000	0.00%
8.	Antonio E. Llantada Jr.	1,000	0.00%
9.	Sergio R. Ortiz-Luis Jr.	1,000	0.00%
10.	Katherine L. Tan	1,000	0.00%
11.	Jesus B. Varela	1,000	0.00%

IV. 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 Securities and Exchange Commission (SEC) within five working days from receipt of the request for approval. If the 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 may be entitled to receive at least 90.0% of the Company's annual Distributable Income. The Company intends to declare and pay out dividends on a quarterly basis each year.

The Company's distributable income as of 31 December 2021 is Php1,098,164,684, computed by deducting the fair value adjustment of investment properties and unrealized gains from the Company's net income.

Out of the distributable net income for 2021, the Company declared total cash dividends on the Company's common shares amounting to Php1,215,165,050.74 broken down as follows;

Payment Date	Amount	Amount per Share
From Income Generated for the 6-months ending June, 2021		
November 15, 2021	Php139,013,463.82	Php0.0549
From Income Generated for the 6-months ending December, 2021		
November 15, 2021	Php468,695,667.62	Php0.1851
March 31, 2022	Php607,455,919.30	Php0.2399
Total	Php1,215,165,050.74	Php0.4799

The Company has distributed a total of Php1,076,269,087.92 out of its income generated for the six months ending December 31, 2021 or 98% of its distributable income for the period.

On 22 April 2022, the Company declared cash dividends of P0.2430 per outstanding common share for the quarter ending 31 March 2022. The dividends shall be paid on 31 May 2022 to stockholders of record as of 10 May 2022.

V. RECENT SALES OF UNREGISTERED OR EXEMPT SECURITIES

As of the date of this report, the Company has not issued unregistered or exempt securities.

VI. 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 were elected during the annual meeting of stockholders held on 28 May 2021, 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 March 2022.

Name	Age	Citizenship	Position
Francisco C. Canuto	64	Filipino	Director and Chairman
Kevin Andrew L. Tan	42	Filipino	Director, President and CEO
Katherine L. Tan	70	Filipino	Director
Lourdes T. Gutierrez-Alfonso	58	Filipino	Director and COO
Antonio E. Llantada, Jr.	66	Filipino	Independent Director
Jesus B. Varela	65	Filipino	Independent Director
Sergio R. Ortiz-Luis, Jr.	78	Filipino	Independent Director

The table below sets forth the Company's executive officers in addition to its executive directors listed above as of 31 March 2022.²¹

²¹ The Company's Assistant Corporate Secretary resigned effective 7 March 2022 and the position remains vacant as of the date of this report.

Name	Age	Citizenship	Position
Giovanni C. Ng	48	Filipino	Treasurer
Englebert G. Teh	30	Chinese	Chief Financial Officer
Maria Carla T. Uykim	45	Filipino	Corporate Secretary
Vladimir B. Bumatay ²²	49	Filipino	Assistant Corporate Secretary
Cheryll B. Sereno	42	Filipino	Compliance Officer and DPO
Dave Michael V. Valeriano	42	Filipino	Investor Relations Officer

Francisco C. Canuto

Chairman of the Board

Mr. Canuto is a Certified Public Accountant and is currently the Chairman of the Board of Directors. He has served as a director of the Company for 1 year and 6 months. He 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 of Megaworld Corporation (publicly-listed), Director of Megaworld Global-Estate, 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, Oceantown Properties, Inc., Megaworld Resort Estates, Inc., Megaworld Land, Inc., Megaworld-Daewoo Corporation, Eastwood Cyber One Corporation, and Prestige Hotels & Resorts, Inc. He serves as a Director and President of Arcovia Properties, Inc., Lucky Chinatown Cinemas, Inc., Festive Walk Cinemas, Inc., Southwoods Cinemas, Inc., McKinley Cinemas, Inc., Uptown Cinemas, Inc. and Gilmore Property Marketing Associates, 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.

Kevin Andrew L. Tan

Director, President and Chief Executive Officer

Mr. Tan is a Director and the President and Chief Executive Officer of the Company. He has served as a director of the Company for 1 year and 6 months. 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 Resorts World Manila in Pasay City, Lucky Chinatown Mall in Binondo, Manila and Uptown Mall in Bonifacio Global City. He is also the Chief Executive Officer and Vice Chairman of Alliance Global Group, Inc (public-listed). He is also the concurrently a Director of Empire East Land Holdings, Inc., Emperor 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., Emperor Distillers, Inc., Alliance Global Brands, Inc., Anglo Watsons Glass, Inc., Yorkshire Holdings, Inc., The Bar Beverage, Inc., Emperor Brandy, Inc., and New Town Land Partners, Inc. He is also a trustee and an Executive Director of Megaworld Foundation, Inc.

Katherine L. Tan

Director

Ms. Tan is a Director of the Company. She has served as a director of the Company for 10 months. She is concurrently a Director of Megaworld Corporation (publicly-listed) and a Director and Treasurer of Alliance Global Group, Inc. and Emperor 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

²² Resigned effective 7 March 2022.

Andresons Group, Inc. and Choice Gourmet Banquet, Inc. She is also a Director and Treasurer of Alliance Global Brands, Inc. and Emperador Distillers, Inc.

Lourdes T. Gutierrez-Alfonso

Director

Ms. Gutierrez is a Director of the Company. She has served as a director of the Company for 1 year and 6 months. 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 Chief Operating Officer of Megaworld Corporation, where she also previously held the position of Senior Executive Vice President for Finance and Administration. Ms. Gutierrez is also the Chairman of the property management company, First Oceanic Property Management, Inc. She serves as Director in numerous affiliate companies including Global-Estate Resorts, Inc. (publicly-listed), Suntrust Properties, Inc., Twin Lakes Corporation, Southwoods Mall, Inc., Mactan Oceanview Properties and Holdings, Inc., Megaworld Resort Estates, Inc., Megaworld Cebu Properties, Inc., 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., Savoy Hotel Manila, Inc. She is also a trustee and a Corporate Secretary of Megaworld Foundation, Inc.

Jesus B. Varela

Independent Director

Mr. Varela is an Independent Director of the Company and has served as such since April 2021. He has served as an independent director of the Company for 11 months. He concurrently serves as independent director in the boards of Megaworld Corporation (publicly-listed), Global-Estate Resorts, Inc. (publicly-listed), and Travellers International Hotel Group, Inc. He is also the Chairman of the Philippine Chamber of Commerce and Industry, and New Lights Technologies, Inc. He is the President and CEO of the Advancement of Workers' Awareness Regarding Employment (AWARE) Foundation, Inc., and President of Foundation for Crime Prevention, Philippine Greek Business Council and Philippine Peru Business Council. He is also the Director General of the International Chamber of Commerce Philippines (ICC-Philippine), Receiver of J-Phil Marine Shipping Inc., and Member of the Committee for Accreditation of Cargo Surveying Companies. 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. Mr. Varela obtained his bachelor's degree in Economics from Ateneo De Manila University. 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.

Antonio E. Llantada, Jr.

Independent Director

Mr. Llantada is an Independent Director of the Company and has served as such since May 2021. He has served as an independent director of the Company for 10 months. 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). He is a member of the Philippine Institute of Certified Public Accountants and Institute of Internal Auditors. Mr. Llantada obtained his Bachelor of Science degree in Accounting and Bachelor of Arts degree in Behavioral Science in De La Salle University of Manila, and his Master's Degree in Business Administration in the Ateneo Graduate School of Business.

Sergio R. Ortiz-Luis, Jr.
Independent Director

Mr. Ortiz-Luis is an Independent Director of the Company and has served as such since April 2021. He has served as an independent director of the Company for 11 months. 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 Honorary Chairman of Integrated Concepts & Solutions, Inc. and 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., 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. and 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 VI 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.

Englebert G. Teh
Chief Financial Officer

Mr. Teh is the Chief Financial Officer of the Company. Mr. Teh also served as the Corporate Planning Officer of MREIT Fund Managers, Inc. and the Assistant Vice President for Business Research and Development under the Office of Corporate Strategy of Megaworld Corporation, the Parent and Sponsor of the Company. His experience includes investment banking in Primeiro Partners, Inc. and business development for San Miguel Holdings Inc. Mr. Teh graduated in Ateneo De Manila University with a degree of BS Management Engineering.

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 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 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.

Vladimir B. Bumatay²³
Assistant Corporate Secretary

Atty. Bumatay is the Assistant Corporate Secretary of the Company. He is concurrently the Head of Litigation and Labor in Megaworld Corporation (publicly-listed), the Company's Parent and Sponsor. He was previously the Director for Labor, General Counsel Group in publicly-listed companies JG Summit Holdings, Inc. and Universal Robina Corporation. He also previously served as Assistant Vice President for Legal in publicly-listed company Lepanto Consolidated Mining Company, and Legal Manager in Manila Mining Corporation. Atty. Bumatay obtained his Bachelor of Arts degree in Philosophy and Letters, and his Bachelor of Laws degree, from San Beda University. Atty. Bumatay is also an arbitrator in the Philippine Dispute Resolution Center, Inc. and a member of the Philippine Bar Association and the Alliance for Alternative Action in San Beda Law.

Cheryll B. Sereno
Compliance Officer and Data Privacy Officer

Ms. Sereno is the Compliance Officer and Data Privacy Officer of the Company. She is concurrently the Chief Risk Officer of Megaworld Corporation (publicly-listed), the Company's Parent and Sponsor, and is the Head of the Opportunity and Risk Management Department. Ms. Sereno previously worked in the field of external audit, finance and has extensive experience handling Enterprise Risk Management and Business Continuity Management for the real estate industry. She graduated from Ateneo de Naga University with the degree of Bachelor of Science in Accountancy. Ms. Sereno is a Certified Public Accountant and a Certified Business Continuity Professional.

Dave Michael V. Valeriano
Investor Relations Officer

Mr. Valeriano is the Investor Relations Officer of the Company. He is concurrently the Investor Relations Head of Megaworld Corporation (publicly-listed), the Company's Parent and Sponsor. Prior to joining the Megaworld group, Mr. Valeriano had notable stints as Treasury and Investor Relations Head for Manila Water Company, Investor Relations Head for Aboitiz Equity Ventures and Aboitiz Power Corporation, and General Manager for WeatherPhilippines Foundation and Lima Water Corporation. Mr. Valeriano graduated with the degree of Bachelor of Science in Civil Engineering from UP Diliman and a Master's degree in Business Administration from De La Salle University. He passed the Civil Engineering licensure examination in 2001.

EXTERNAL AUDIT FEES AND SERVICES

The external auditors of the Company billed the amounts of Php627,000 for the 6-month period ending 31 December 2021, Php444,500 for the 6-month period ending 30 June 2021, and Php77,000 for 2020 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 2021 and 2020.

Except as disclosed above, no other services were rendered or fees billed by the external auditors of the Company for the years 2021 and 2020.

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.

²³ Resigned effective 7 March 2022. The position of Assistant Corporate Secretary is vacant as of the date of this report.

VII. 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.

Audit Committee

The Audit Committee is responsible for ensuring that all financial reports comply with internal financial management and accounting standards, performing oversight financial management functions, pre-approving 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 members of the Audit Committee are Antonio E. Llantada, Jr., Chairman, Kevin Andrew L. Tan and Sergio R. Ortiz-Luis, Jr., members.

Corporate Governance Committee

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 members of the Corporate Governance Committee are Sergio R. Ortiz-Luis, Jr., Chairman, Jesus B. Varela and Antonio E. Llantada, Jr., members.

Board Risk Oversight Committee

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 members of the Board Risk Oversight Committee are Jesus B. Varela, Chairman, Francisco C. Canuto and Sergio R. Ortiz-Luis, Jr., members.

Related Party Transaction Committee

The Related Party Transaction Committee is responsible for reviewing all material related party transactions of the company. 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 members of the Related Party Transaction Committee are Sergio R. Ortiz-Luis, Jr., Chairman, Lourdes T. Gutierrez-Alfonso and Jesus B. Varela, members.

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. The first Integrated Annual Corporate Governance (I-ACGR) of the Company will be submitted to the SEC on or

before 30 June 2022.²⁴

The Company shall also establish an appraisal and evaluation system to measure or determine the level of compliance of the Board and top-level management with its Manual of Corporate Governance, including a Board Performance Assessment which is accomplished by the Board indicating the compliance ratings.

Deviations from Manual and Sanctions Imposed

In 2021, 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.

²⁴ Pursuant to the SEC Memorandum Circular No. 13, series of 2021, a public company's or registered issuer's I-ACGR shall be submitted on or before June 30 of the following year.

VIII. 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 (March 31, 2022)

Results of Operations (Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

Review of Three Months ending March 31, 2022 versus Three Months Ending March 31, 2021

In the three months ending March 31, 2021, the Company saw its net income significantly increase to Php687.2 million from a net loss of Php12.5 million in the same period last year. The increase was mainly driven by the transfer of the initial ten (10) Prime, Grade A office buildings located in PEZA-Registered Zones, in exchange for shares of stock in the Company (the Initial Properties), in June 2021 as well as the acquisition of additional four (4) buildings in December 2021.

Revenues

Rental income grew to Php742.7 million from nil while income from dues – net grew to Php158.8 million from nil in the same period last year both increases are also attributable to the transfer of the initial ten buildings and the acquisition of additional four buildings.

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.

On the other hand, the Company's other operating expenses declined from Php12.5 million in the first quarter last year to Php4.7 million due to the one-time payment of documentary stamp tax for the subscription of shares in Q1 of 2021 which was no longer an expense in Q1 of 2022.

Tax Expense

Tax expense grew to Php0.5 million from nil in the first quarter last year due to tax payments arising from the taxable income generated from the leasing activities of the fourteen buildings.

Financial Condition as of the end of March 31, 2022

The Company maintains a prudent financial policy and has a healthy balance sheet to support its financial and operational requirements. As of March 31, 2022, the Company's total assets stand at Php61.0 billion, a 0.2% increase from the previous period.

The Company's total current assets now stand Php1,592 million compared to Php1,493 million in December 31, 2021. The change was driven by an increase in the company's prepaid expenses.

Interest bearing loans, net of capitalized transaction costs, remain at Php7.2 billion as of March 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:

	March 31, 2022	December 31, 2021
Current Ratio ¹	3.11	3.43
Debt to Equity Ratio ²	0.14	0.14
Net Debt to Equity Ratio ³	0.11	0.11
	March 31, 2022	March 31, 2021

Return on Assets ⁴	1.13%	-2.00%
Return on Equity ⁵	1.32%	-2.00%

*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 (March 31, 2022 vs December 31, 2021)

Item	Mar. 31, 2022	Dec. 31, 2021	Increase/ Decrease	% Change	Causes
Other current assets	121,413,432	71,262,351	50,151,081	70.4%	Due to increase in prepaid expenses
Accounts and other payables	244,473,360	172,191,343	72,282,017	42.0%	Due to increase in Property Management Fees arising from the

Statement of Income (March 31, 2022 vs March 31, 2021)

Item	Mar. 31, 2022 (Three Months)	Mar. 31, 2021 (Three Months)	Increase/ Decrease	% Change	Causes
Rental income	742,725,059	-	742,725,059	N/A	Increase due to transfer of ten (10) office assets on June 2, 2021 in relation to a Property for Share Swap transaction and the transfer of additional four (4) office assets on December 21, 2021 in relation to a Property Acquisition transaction
Income from dues - net	158,841,045	-	158,841,045	N/A	
Cost Of Services	132,345,708	-	132,345,708	N/A	

Other Operating Expenses	7,597,833	12,477,000	(4,879,167)	-39.1%	Decrease primarily due to the one-time DST payment for the issuance of shares for the subscription of shares in the first quarter of 2021 which is no longer an expense in the first quarter of 2022
Interest Expense	(76,730,751)	-	(76,730,751)	N/A	Increase primarily due to the interest payments and accruals arising from the interest bearing loan obtained by the Company
Interest Income	2,791,855	-	2,791,855	N/A	Increase due to interest earned from short term placements
Others	7,748	-	7,748	N/A	Increase primarily due to other income earned from properties transferred on June 2, 2021 and December 21, 2021
Tax Expense	(520,639)	-	(520,639)	N/A	Increase due to tax payments arising from the Company's operations

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.

Management's Discussion and Analysis of Results of Operations and Financial Condition (December 31, 2021)

Results of Operations (Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

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	0.00
Net Debt to Equity Ratio ³	0.11	-0.05
	December 31, 2021	June 30, 2021
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 re-appraisal 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
Deposits 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%	

Income from dues - net	263,215,987	32,151,176	231,064,811	719%	Increase due to recognition of income from the Initial Properties which were acquired June 2021
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 one-time 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

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.

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 2021 is as follows:

Name	No. of Meetings held during the year	No. of Meetings Attended	Percentage of Attendance
Francisco C. Canuto	28	28	100%
Kevin Andrew L. Tan	28	28	100%
Katherine L. Tan	21	21	100%
Lourdes T. Gutierrez-Alfonso	28	28	100%
Antonio E. Llantada, Jr.	21	21	100%
Jesus B. Varela	25	25	100%

Sergio R. Ortiz-Luis, Jr.	25	25	100%
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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 and 2021.

The Company undertakes shall provide, without charge, to each stockholder a copy of its annual report on SEC Form 17-A and SEC Form 17-Q for the First Quarter of 2022, 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.



Procedures and Requirements for Voting and Participation in the 2022 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, and to conform with the government's regulations on social distancing and prohibition on mass gatherings and to protect the safety of its stockholders during the COVID-19 pandemic crisis, MREIT, Inc. (the "Company") will dispense with the physical attendance of its stockholders for the 2022 Annual Stockholders' Meeting ("Annual Meeting"). Instead, the Company will conduct the Annual Meeting scheduled on 27 May 2022 at 9:00 AM by remote communication and will conduct electronic voting *in absentia*.

Only stockholders of record as of 27 April 2022 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 from 9:00 AM of 6 May 2022 until 5:00 PM of 18 May 2022 to signify his/her/its intention to participate in the Annual Meeting by remote communication. The registration steps and requirements are available the Company's website: <https://mreit.com.ph/asm2022>.
- 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 livestreaming 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 of 18 May 2022. 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.
- C. 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.
- D. Registered stockholders shall have until 5:00 PM of 18 May 2022 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/asm2022>.
- B. For stockholders holding 'scripless' shares, or shares held under a PCD Participant/Broker – Download the proxy form that is available at <https://www.megaworldcorp.com/asm2021>. 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/asm2022>. 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/asm2022>.
- 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 **18 May 2022**.
- (3) Validation of proxies will be on **20 May 2022**.
- (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 17 May 2022**.
- 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.

MREIT, INC.
 MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING
 28 May 2021 / 9:00 a.m.
 by livestream access via <https://zoom.com/MREITInc-ASM>

STOCKHOLDERS PRESENT:

<u>Name</u>	<u>No. of Shares</u>
KEVIN ANDREW L. TAN	
As Proxy for Megaworld Corporation	1,240,000,000
As Stockholder	9,995,000
KATHERINE L. TAN	1,000
LOURDES T. GUTIERREZ-ALFONSO	1,000
FRANCISCO C. CANUTO	1,000
JESUS B. VARELA	1,000
SERGIO R. ORTIZ-LUIS, JR.	1,000
ANTONIO E. LLANTADA, JR.	1,000

Total Common Shares	1,250,001,000
Percentage of Shares Present	100%

ALSO PRESENT:

MARIA CARLA T. UYKIM
 GIOVANNI C. NG

I. CALL TO ORDER

The Presiding Officer, Mr. Kevin Andrew L. Tan, called the meeting to order at 9:00 a.m. and presided over the same. The Corporate Secretary, Atty. Maria Carla T. Uykim, recorded the proceedings of the meeting.

II. QUORUM

The Corporate Secretary, Atty. Maria Carla T. Uykim, certified that (i) a quorum was present for the transaction of business by the stockholders, there being present in person or by proxy stockholders holding at least two-thirds (2/3) of the issued and outstanding capital stock of the Corporation; and, (ii) a quorum was present for the valid transaction of business by the Directors, there being present at least a majority of the members of the Board of Directors.

III. PRESIDENT'S REPORT

The President gave a brief report on the operations of the Corporation for the year in review.

IV. FINANCIAL STATEMENTS

The Treasurer presented the audited financial statements of the Corporation for the period ended **31 December 2020**, which was duly noted by the stockholders present.

V. RATIFICATION OF CORPORATE ACTS

Upon motion duly made and seconded, the following resolution was approved:

“RESOLVED, as it is hereby resolved, that each and every act, proceeding, contract or deed performed, entered into or executed by the Corporation’s Board of Directors and Officers for the period commencing on **02 October 2020** to the date of this meeting be, as they hereby are, approved, confirmed and ratified as if such acts, proceedings, contracts or deeds had been performed, entered into, or executed, with the specific and special authorization of the stockholders in a meeting duly convoked and held.”

VII. ELECTION OF DIRECTORS

Upon motion duly made and seconded, the following were duly nominated and elected as members of the Corporation’s Board of Directors for the ensuing year:

KEVIN ANDREW L. TAN	-	Director
KATHERINE L. TAN	-	Director
LOURDES T. GUTIERREZ-ALFONSO	-	Director
FRANCISCO C. CANUTO	-	Director
JESUS B. VARELA	-	Independent Director
SERGIO R. ORTIZ-LUIS, JR.	-	Independent Director
ANTONIO E. LLANTADA, JR.	-	Independent Director

VIII. APPOINTMENT OF EXTERNAL AUDITORS

Upon motion duly made and seconded, the firm of **PUNONGBAYAN & ARAULLO** was appointed as the Corporation’s external auditor for the ensuing year.

IX. ADJOURNMENT

There being no further business to transact, upon motion duly made and seconded, the meeting was thereupon adjourned.


MARIA CARLA T. UYKIM
Secretary of the Meeting

ATTEST:


FRANCISCO C. CANUTO
Chairman of the Meeting



SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City, 1307 Metro Manila Philippines

Tel: (632) 818-0921 Fax: (632) 818-5293 Email: mis@sec.gov.ph



The following document has been received:

Receiving: Jyrod Genova

Receipt Date and Time: March 04, 2022 06:36:58 PM

Company Information

SEC Registration No.: CS202052294

Company Name: MEGAWORLD HOLDINGS, INC.

Industry Classification: K64200

Company Type: Stock Corporation

Document Information

Document ID: OST1030420228244887

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2021

Submission Type: Annual

Remarks: no supplemental written statement



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

**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 six months ended December 31, 2021 and June 30, 2021, and for the period October 2 to December 31, 2020 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, have 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

GIOVANNI C. NG
Treasurer

Signed this 24th day of February 2022.

04 MAR 2022

SUBSCRIBED AND SWORN to before me this _____ day of _____ at
MAKATI CITY, Philippines, affiants exhibiting to me their Tax Identification Nos. as follows:

Francisco C. Canuto	102-956-483-000
Kevin Andrew L. Tan	224-803-734-000
Giovanni C. Ng	164-662-351-000

Doc. No. 394;
Page No. 8;
Book No. 204;
Series of 2022


ATTY RAYMOND A. RAMOS
COMMISSION NO M-239
NOTARY PUBLIC FOR MAKATI CITY
UNTIL JUNE 30, 2022 PER B.M. NO 3795
11 KALAYAAN AVENUE EXTENSION,
BARANGAY WEST REMBO, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO 171365/01-03-2022/Pasig City
PTR NO MKT 8852502/01-03-2022/Makati City
MCLE Compliance No. VI-0007878/4-06-2018



FOR SEC FILING

Financial Statements and
Independent Auditors' Report

MREIT, Inc.

For the Six Months Ended December 31, 2021
and June 30, 2021 and the Three Months Ended
December 31, 2020

Report of Independent Auditors

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

MREIT, Inc.

(Formerly Megaworld Holdings, Inc.)

(A Subsidiary of Megaworld Corporation)

18th Floor, Alliance Global Tower

36th Street cor. 11th Avenue

Uptown Bonifacio, Taguig City

Opinion

We have audited the financial statements of MREIT, Inc. (the Company), which comprise the statements of financial position as of December 31, 2021 and June 30, 2021, and the statements of comprehensive income, statements of changes in equity (capital deficiency) and statements of cash flows for the six months ended December 31, 2021 and June 30, 2021, and the three months ended December 31, 2020, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and June 30, 2021, and its financial performance and its cash flows for the six months ended December 31, 2021 and June 30, 2021, and the three months ended December 31, 2020, in accordance with Philippine Financial Reporting Standards (PFRS).

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.

Emphasis of a Matter

As more fully described on Note 1 to the financial statements, the Company was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 2, 2020. Subsequently, the Company applied with the SEC in October 2021 for the amendments in its By-laws for a change in its reporting period from fiscal year beginning July 1 and ending June 30 to calendar year beginning January 1 and ending December 31, and such amendment was approved by the SEC and Bureau of Internal Revenue (BIR) on November 4, 2021 and November 25, 2021, respectively.

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.

Valuation of Investment Properties***Description of the Matter***

The fair value of investment properties 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 compensates the risks associated with a particular investment. The total fair value of investment properties as of December 31, 2021 is P59.3 billion, which represents 97% of the total assets of the Company. The valuation of investment properties is significant to our audit because of the significance of the amount and because the measurement involves application of significant judgments and estimates.

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 methods used are fully described in Note 21 to the financial statements.

How the Matter was Addressed in the Audit

We have evaluated the independence and competence of the appraiser by obtaining an understanding of their qualifications, experience and track record. 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 key inputs used such as lease rates and lease terms by agreeing a sample 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 period ended December 31, 2021, 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 period ended December 31, 2021 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, 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.

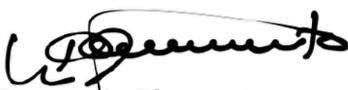
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation 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

The supplementary information for the period ended December 31, 2021 required by the BIR is presented by the management of the Company in a supplementary schedule filed separately from the basic financial statements. The BIR requires the information to be presented in the notes to financial statements. The supplementary information is not a required part of the basic financial statements prepared in accordance with PFRS; it is also not a required disclosure under Revised Securities Regulation Code Rule 68 of the SEC. Such supplementary information is the responsibility of management. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule.

The engagement partner on the audits resulting in this independent auditors' report is Renan A. Piamonte.

PUNONGBAYAN & ARAULLO



By: Renan A. Piamonte
Partner

CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 8852342, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 107805-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-037-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 24, 2022

MREIT, INC.
(Formerly Megaworld Holdings, Inc.)
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND JUNE 30, 2021
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	4	P 1,333,805,607	P 2,308,916,531
Trade and other receivables	5	88,118,786	9,339,619
Other current assets	7	<u>71,262,351</u>	<u>1,194,220</u>
Total Current Assets		<u>1,493,186,744</u>	<u>2,319,450,370</u>
NON-CURRENT ASSETS			
Trade receivables	5	56,558,890	12,300,122
Investment properties	6	59,261,000,000	49,443,000,000
Other non-current assets	7	<u>54,441,929</u>	<u>54,923,129</u>
Total Non-current Assets		<u>59,372,000,819</u>	<u>49,510,223,251</u>
TOTAL ASSETS		<u>P 60,865,187,563</u>	<u>P 51,829,673,621</u>
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Accounts and other payables	8	P 172,191,343	P 63,879,299
Deposits and other liabilities	9	<u>263,008,802</u>	<u>179,944,909</u>
Total Current Liabilities		<u>435,200,145</u>	<u>243,824,208</u>
NON-CURRENT LIABILITIES			
Interest-bearing loan	10	7,195,789,259	-
Deposits and other liabilities	9	1,072,876,081	729,865,666
Deferred tax liabilities	14	<u>-</u>	<u>101,168,724</u>
Total Non-current liabilities		<u>8,268,665,340</u>	<u>831,034,390</u>
Total Liabilities		<u>8,703,865,485</u>	<u>1,074,858,598</u>
EQUITY			
Capital stock	16	2,532,121,381	2,532,121,381
Additional paid-in capital	16	47,907,466,035	47,907,466,035
Retained earnings		<u>1,721,734,662</u>	<u>315,227,607</u>
Equity		<u>52,161,322,078</u>	<u>50,754,815,023</u>
TOTAL LIABILITIES AND EQUITY		<u>P 60,865,187,563</u>	<u>P 51,829,673,621</u>

See Notes to Financial Statements.

MREIT, INC.
(Formerly Megaworld Holdings, Inc.)
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 AND JUNE 30, 2021
AND THE THREE MONTHS ENDED DECEMBER 31, 2020*
(Amounts in Philippine Pesos)

	Notes	December 31, 2021 (Six Months)	June 30, 2021 (Six Months)	December 31, 2020 (Three Months)
REVENUES				
Rental income	11	P 1,197,497,661	P 195,044,232	P -
Income from dues - net	2	<u>263,215,987</u>	<u>32,151,176</u>	<u>-</u>
		1,460,713,648	227,195,408	-
COST OF SERVICES				
	12	<u>222,987,792</u>	<u>20,469,415</u>	<u>-</u>
GROSS PROFIT				
		1,237,725,856	206,725,993	-
OTHER OPERATING EXPENSES				
	13	<u>9,630,912</u>	<u>18,761,149</u>	<u>10,278,820</u>
OPERATING PROFIT				
		<u>1,228,094,944</u>	<u>187,964,844</u>	<u>(10,278,820)</u>
OTHER INCOME (CHARGES) - NET				
Fair value gains on investment properties	6	702,000,000	240,592,380	-
Interest expense	9, 10	(23,833,140)	(2,403,391)	-
Interest income	4, 7	<u>8,374,430</u>	<u>637,045</u>	<u>-</u>
		<u>686,541,290</u>	<u>238,826,034</u>	<u>-</u>
PROFIT (LOSS) BEFORE TAX				
		1,914,636,234	426,790,878	(10,278,820)
TAX INCOME (EXPENSE)				
	14	<u>99,579,952</u>	<u>(101,284,451)</u>	<u>-</u>
NET PROFIT (LOSS)				
		2,014,216,186	325,506,427	(10,278,820)
OTHER COMPREHENSIVE INCOME				
		<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS)				
		<u>P 2,014,216,186</u>	<u>P 325,506,427</u>	<u>(P 10,278,820)</u>
BASIC AND DILUTED EARNINGS				
(LOSS) PER SHARE	17	<u>P 0.80</u>	<u>P 0.13</u>	<u>(P 1.03)</u>

* The Company was incorporated on October 2, 2020 and has started its commercial operations on June 2, 2021.

See Notes to Financial Statements.

MREIT, INC.
(Formerly Megaworld Holdings, Inc.)
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF CHANGES IN EQUITY (CAPITAL DEFICIENCY)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 AND JUNE 30, 2021
AND THE THREE MONTHS ENDED DECEMBER 31, 2020*
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>December 31, 2021</u> <u>(Six Months)</u>	<u>June 30, 2021</u> <u>(Six Months)</u>	<u>December 31, 2020</u> <u>(Three Months)</u>
CAPITAL STOCK				
Balance at beginning of period		P 2,532,121,381	P 10,000,000	P -
Issuance of shares during the period	1	<u>-</u>	<u>2,522,121,381</u>	<u>10,000,000</u>
Balance at end of period		<u>2,532,121,381</u>	<u>2,532,121,381</u>	<u>10,000,000</u>
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning of period		47,907,466,035	-	-
Addition during the period	1, 16	<u>-</u>	<u>47,907,466,035</u>	<u>-</u>
Balance at end of period		<u>47,907,466,035</u>	<u>47,907,466,035</u>	<u>-</u>
RETAINED EARNINGS (DEFICIT)				
Balance at beginning of period		315,227,607	(10,278,820)	-
Net profit (loss) during the period		2,014,216,186	325,506,427	(10,278,820)
Dividends declared during the period	16	<u>(607,709,131)</u>	<u>-</u>	<u>-</u>
Balance at end of period		<u>1,721,734,662</u>	<u>315,227,607</u>	<u>(10,278,820)</u>
EQUITY (CAPITAL DEFICIENCY)		<u>P 52,161,322,078</u>	<u>P 50,754,815,023</u>	<u>(P 278,820)</u>

* The Company was incorporated on October 2, 2020 and has started its commercial operations on June 2, 2021.

See Notes to Financial Statements.

MREIT, INC.
(Formerly Megaworld Holdings, Inc.)
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021 AND JUNE 30, 2021
AND THE THREE MONTHS ENDED DECEMBER 31, 2020*
(Amounts in Philippine Pesos)

	Notes	December 31, 2021 (Six Months)	June 30, 2021 (Six Months)	December 31, 2020 (Three Months)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) before tax		P 1,914,636,234	P 426,790,878	(P 10,278,820)
Adjustments for:				
Fair value gains on investment properties	6	(702,000,000)	(240,592,380)	-
Interest expense	9, 10	23,833,140	2,403,391	-
Interest income	4, 7	(8,374,430)	(637,045)	-
Operating profit (loss) before working capital changes		1,228,094,944	187,964,844	(10,278,820)
Increase in trade and other receivables		(122,916,877)	(21,639,741)	-
Increase in other current assets		(70,068,131)	(1,184,980)	(9,240)
Decrease (increase) in other non-current assets		858,355	(54,864,716)	-
Increase (decrease) in due to parent company		-	(201,820)	201,820
Increase in accounts and other payables		100,316,824	63,793,059	86,240
Increase in deposits and other liabilities		410,400,646	907,407,184	-
Cash generated from (used in) operations		1,546,685,761	1,081,273,830	(10,000,000)
Interest received		7,876,217	578,632	-
Income tax paid		(1,588,771)	(115,727)	-
Net Cash From (Used in) Operating Activities		1,552,973,207	1,081,736,735	(10,000,000)
CASH FLOW FROM AN INVESTING ACTIVITY				
Acquisition of investment properties	6	(9,116,000,000)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of loan, net of transaction costs	10	7,195,625,000	-	-
Dividends paid	16	(607,709,131)	-	-
Proceeds from issuance of shares, net of shares issuance costs	16	-	1,227,179,796	10,000,000
Net Cash From Financing Activities		6,587,915,869	1,227,179,796	10,000,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(975,110,924)	2,308,916,531	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		2,308,916,531	-	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD		P 1,333,805,607	P 2,308,916,531	P -

* The Company was incorporated on October 2, 2020 and has started its commercial operations on June 2, 2021.

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 and was presented as Investment Properties in the June 30, 2021 statement of financial position (see Note 6). 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.

MREIT, INC.
(Formerly Megaworld Holdings, Inc.)
(A Subsidiary of Megaworld Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND JUNE 30, 2021
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

MREIT, Inc. (the Company, formerly Megaworld Holdings, Inc.) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 2, 2020. The Company's primary purpose, as amended in April 2021, 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.

On February 1, 2021, Megaworld Corporation (MC or the Parent Company) obtained control over the Company by subscribing to 12,400,000 shares of the Company's authorized capital stock with par value of P100 per share or a total of P1,240,000,000. Accordingly, MC acquired 99.20% direct ownership of the Company's total issued and outstanding capital stock (see Note 16).

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, which include, among others, the following:

- change of name of the Company from Megaworld Holdings, Inc. to MREIT, Inc.;
- change in primary purpose of the Company from engaging in investment activities as an investment holdings company to engaging in the business of a real estate investment trust, as provided under the REIT Act and other applicable laws, which business includes: dealing with (1) income-generating real estate; (2) real estate, real estate-related assets, investments and instruments; and, (3) rent, interest, dividends and income arising from its property and investments;
- change in the secondary purposes of the Company to align with its primary purpose;
- change of principal office of the Company from 30th Floor, Alliance Global Tower to 18th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City;
- change in number of directors from five to seven;
- change in par value of common shares from P100 to P1, resulting to an increase in the number of common shares from 50,000,000 to 5,000,000,000; and,
- 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.

Likewise, on April 7, 2021, the Board of Directors (BOD) and stockholders of the Company approved the Property-for-Share Swap transaction with the Parent Company (see Notes 6 and 16.1).

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.

Both MC and AGI are publicly-listed companies in the Philippines.

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.

On October 1, 2021, the Company offered and sold 949,837,500 of its common shares, with a par value of P1 per share (the Offer) through an initial public offering. The Offer was comprised of secondary offer of shares held by MC. The effective ownership of MC was reduced to 62.09% as a result of the Offer.

On December 20, 2021, the Company acquired additional four properties from MC for cash (see Note 6).

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 financial statements of the Company as of and for the six months ended December 31, 2021 (including the comparative financial statements as of and for the six months ended June 30, 2021 and for the three months period ended December 31, 2020) were authorized for issue by the Company's BOD on February 24, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies 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). PFRS are adopted by the Financial Reporting Standards Council (FRSC) 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 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.

The Company presents Accounts and Other Payables as a separate line item in its statement of financial position as of December 31, 2021. This account was previously presented as part of Deposits and Other Liabilities but is now presented separately as the amount is considered material as of December 31, 2021. As a result, accrued expenses and other payables amounting to P63.8 million as of June 30, 2021, previously presented within Deposits and Other Liabilities, was reclassified and presented as part of Accounts and Other Payables. The reclassification did not have a significant impact on the Company's statement of financial position as of December 31, 2020; hence, the comparative statement of financial position is not presented.

(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

(a) *Effective in the Six Months Period Ended December 31, 2021 that is Relevant to the Company*

The Company adopted for the first time the application of the amendments to *PFRS 16, Leases – COVID-19-Related Rent Concessions beyond June 30, 2021*, which is effective from April 1, 2021. The amendment extends for one year the use of practical expedient of not assessing whether rent concessions reducing payments up until June 30, 2022 occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The application of these amendments had no significant impact to the Company's financial statements.

(b) *Effective Subsequent to Fiscal Year 2021 but not Adopted Early*

There are pronouncements effective for annual periods subsequent to 2021, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Company's financial statements.

- (i) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract* (effective from January 1, 2022). The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor and materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
- (ii) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, only PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities* (effective from January 1, 2022), is relevant to the Company. The improvements clarify the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- (iii) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023). The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.
- (iv) PAS 1 (Amendments), *Presentation of Financial Statements* and PFRS Practice Statement 2 (Amendments), *Making Materiality Judgments – Disclosure of Accounting Policies* (effective from January 1, 2023). The amendments specify the requirement for an entity to disclose its material accounting policies instead of its significant accounting policies and provide guidance and examples with regards to application of the four-step materiality process in the identification of material accounting policy disclosures.

- (v) PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates* (effective from January 1, 2023). The amendments clarify the definition of accounting estimates as monetary amounts in the financial statements that are subject to measurement uncertainty and the difference of changes in accounting estimates from changes in accounting policies and corrections of prior period errors.

2.3 Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

(a) Financial Assets

For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

(i) Classification and Measurement of Financial Assets

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Currently, the relevant financial asset classification applicable to the Company is financial assets at amortized cost.

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit loss.

The Company's financial assets at amortized cost are presented as Cash and Cash Equivalents, Trade and Other Receivables and Security deposit (presented under Other Non-current Assets) in the statement of financial position. Cash and cash equivalents include demand deposits and short-term placements with original maturities of three months or less from the date of acquisition. Demand deposits maintained in a local bank are unrestricted and readily available for use in the Company's operations. Short-term placements include short-term, highly-liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Financial assets measured at amortized cost are included in current assets, except for those with maturities greater than 12 months after the end of reporting period, which are classified as non-current assets.

(ii) *Impairment of Financial Assets*

The Company assesses expected credit losses (ECL) on a forward-looking basis associated with its financial assets carried at amortized cost. The measurement of ECL involves consideration of broader range of information that is available without undue cost or effort at the reporting date about past events, current conditions, and reasonable and supportable forecasts of future economic conditions (i.e., forward-looking information) that may affect the collectability of the future cash flows of the financial assets. Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments evaluated based on a range of possible outcome.

The Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade and other receivables and security deposit. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Company uses its historical experience, external indicators, forward-looking information, and other qualitative factors (including possible offsetting) to calculate the ECL using a provision matrix. The Company also assesses impairment of trade and other receivables and security deposit on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the days past due.

For cash and cash equivalents, the Company applies low credit risk simplification and measures the ECL on the financial assets based on a 12-month ECL basis unless there has been a significant increase in credit risk since origination, in which case, the loss allowance will be based on lifetime ECL.

The key elements used in the calculation of ECL are as follows:

- *Probability of default* – It is an estimate of likelihood of a counterparty defaulting at its financial obligation over a given time horizon, either over the next 12 months or the remaining lifetime of the obligation.
- *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Company would expect to receive, including the realization of any collateral or effect of any credit enhancement.
- *Exposure at default* – It represents the gross carrying amount of the financial instruments in the event of default which pertains to its amortized cost.

The Company recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through an allowance for impairment account. Subsequent recoveries of amounts previously written off are credited against the same line item.

(iii) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(b) Financial Liabilities

Financial liabilities, which pertain to Security deposits (presented under Deposits and Other Liabilities), Accounts and Other Payables (except tax-related liabilities), and Interest-bearing Loan are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

All interest-related charges, except any capitalized borrowing costs, are recognized as expense in profit or loss under Interest Expense account in the statement of comprehensive income.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

(c) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when the Company currently has legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and, must be legally enforceable for both entity and all counterparties to the financial instruments.

2.4 Other Assets

Other current assets pertain to other resources controlled by the Company as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the Company and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Company beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified as non-current assets.

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

Investment properties are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from their disposal.

2.6 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.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases, 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, probable 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.

2.7 Revenue and Expense Recognition

Revenue comprises revenue from leasing activities.

To determine whether to recognize revenue, the Company follows a five-step process:

1. identifying the contract with a customer;
2. identifying the performance obligation;
3. determining the transaction price;
4. allocating the transaction price to the performance obligations; and,
5. recognizing revenue when/as performance obligations are satisfied.

The Company determines whether a contract with customer exists by evaluating whether the following gating criteria are present:

- (i) the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
- (ii) each party's rights regarding the goods or services to be transferred or performed can be identified;
- (iii) the payment terms for the goods or services to be transferred or performed can be identified;
- (iv) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
- (v) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- (a) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- (c) the Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods or services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied. The Company uses the practical expedient in PFRS 15 with respect to non-disclosure of the aggregate amount of the transaction price allocated to unsatisfied or partially satisfied performance obligations as of the end of the reporting period and the explanation of when such amount will be recognized.

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 [see Note 2.8(b)].

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.

Finance costs are reported on an accrual basis, except any capitalized borrowing costs which are included as part of the cost of the related qualifying asset (see Note 2.11).

2.8 Leases

The Company accounts for leases as follows:

- (a) *Company as a Lessee*

For any new contracts entered into, the Company considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

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*

Leases wherein the Company substantially transfers to the lessee all risks and benefits incidental to ownership of the leased item are classified as finance leases and are presented as receivable at an amount equal to the Company's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Company's net investment outstanding in respect of the finance lease.

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset, are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

The Company determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific or identified asset or assets and the arrangement conveys a right to use the asset for a period of time in exchange for consideration.

2.9 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.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.10 Employee Benefits

The Company provides post-employment benefits to employees through defined contribution plans and other employee benefits which are recognized as follows:

(a) Defined Contribution Plans

A defined contribution plan is a post-employment plan under which the Company pays fixed contributions into an independent entity. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(b) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in Trade and Other Payables account in the statement of financial position at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

2.11 Borrowing Costs

For financial reporting purposes, borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of the cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

For income tax purposes, interest and other borrowing costs are charged to expense when incurred.

2.12 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or current tax liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods, that are uncollected or unpaid at the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the period. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred tax asset can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

2.13 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Based on the requirement of SEC Memorandum Circular 2019-10, *Rules of Material Related Party Transactions of Publicly-listed Companies*, transactions amounting to 10% or more of the total assets based on its latest financial statements that were entered into with related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds (2/3) vote of the Company's board of directors, with at least a majority of the independent directors, 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-thirds of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of ten percent of the Company's total assets based on the latest financial statements, the same board approval would be required for the transactions that meet and exceeds the materiality threshold covering the same related party.

2.14 Equity (Capital Deficiency)

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital (APIC) includes any premiums received on the issuance of capital. Any transaction costs associated with the issuance of shares are deducted from APIC, net of any related income tax benefits.

Retained earnings (deficit) represents all current and prior period results of pre-operations and operations as reported in the statement of comprehensive income.

2.15 Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net profit (loss) by the weighted average number of shares issued and outstanding, adjusted retrospectively for any share dividend declared, share split and reverse share split during the current year, if any.

Diluted earnings (loss) per share is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of potential dilutive common shares. Currently, the Company does not have potential dilutive shares outstanding; hence, the diluted earnings (loss) per share is equal to the basic earnings (loss) per share.

2.16 Events After the End of the Reporting Period

Any event after the end of the reporting period that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Events after the end of the reporting period that are not adjusting events, if any, are disclosed when material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS 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 has just started its operations during the period; hence, no historical default is available for the Company. 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 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 amount of utility revenues and utility expenses which were set off against each other is presented as part of Income from dues under Revenues section of the statements of comprehensive income for the six months ended December 31, 2021 and June 30, 2021.

(e) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Accounting policies on recognition and disclosure of provision are discussed in Note 2.6 and disclosures on relevant provisions and contingencies are presented in Note 18.

3.2 Key Sources of Estimation Uncertainty

Presented below 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) *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 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 (NOLCO). As a result, no deferred tax asset was recognized as of December 31, 2021 and June 30, 2021.

The carrying amount of the unrecognized deferred tax asset as at December 31, 2021, and June 30, 2021 is disclosed in 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. Also, the Company's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.9. 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 six months ended December 31, 2021 and June 30, 2021, and the three months ended December 31, 2020 based on management's assessment.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Cash on hand and in bank	P 832,127,010	P 1,308,559,864
Short-term placements	<u>501,678,597</u>	<u>1,000,356,667</u>
	<u>P 1,333,805,607</u>	<u>P 2,308,916,531</u>

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

Short-term placements are made for varying periods from 30 to 44 days and earn effective interest of 0.5% to 1.125%.

Interest earned from cash in bank and short-term placements for the six months ended December 31, 2021 and June 30, 2021 amounted to P8.0 million and P0.6 million, respectively, and is presented as Interest income under Other Income (Charges) section in the statements of comprehensive income for the six months ended December 31, 2021 and June 30, 2021.

5. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Current		
Trade receivables:		
Billed	P 70,763,275	P 7,793,613
Accrued	14,112,404	85,318
Others	<u>3,243,107</u>	<u>1,460,688</u>
	88,118,786	9,339,619
Non-current –		
Trade receivables –		
Accrued	<u>56,558,890</u>	<u>12,300,122</u>
	<u>P 144,677,676</u>	<u>P 21,639,741</u>

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

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.

All trade and other receivables are subject to credit risk exposure. However, there was no impairment losses recognized for the six months ended December 31, 2021 and June 30, 2021 as management believes that the remaining receivables are fully collectible [see Note 19.2(b)].

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 at the beginning and end of the six-month periods ended December 31, 2021 and June 30, 2021 of investment properties is shown below.

Balance at January 1, 2021	P -
Additions for the period	49,202,407,620
Fair value gains	<u>240,592,380</u>
Balance at June 30, 2021	49,443,000,000
Additions for the period	9,116,000,000
Fair value gains	<u>702,000,000</u>
Balance at December 31, 2021	<u>P 59,261,000,000</u>

In May 2021, ten properties were transferred to the Company in accordance with the Property-for-Share Swap transaction (the Assigned Properties) entered into by the Company and MC as approved by its BOD and stockholders on April 7, 2021 (see Note 1).

On May 19, 2021, in furtherance of the transfer, assignment and conveyance in favor of MREIT of all of MC's rights, title and interests in the Assigned Properties in exchange for MREIT's common shares, MC and MREIT entered into a Deed of Assignment of Leases assigning all of MC's rights and interests in and to the Contracts of Lease over portions of the Assigned Properties leased out to various entities effective upon the issuance of MREIT's common shares in the name of the Company under the Deed of Exchange of Property and Shares.

On June 1, 2021, SEC has certified the approval of the valuation of the Assigned Properties under the Deed of Exchange of Property and Shares. Consequently, on June 2, 2021, the Company issued 1,282,120,381 common shares to MC, and the Deed of Assignment of Leases was consummated (see Note 16.1).

On December 20, 2021, the Company purchased four additional prime, Grade A buildings located in zones registered with the Philippine Economic Zoning Authority (PEZA) from MC for a total acquisition price of P9,116.0 million (the Additional Properties). The acquisition was partially financed by a loan obtained from a local bank (see Note 10). MC and MREIT likewise entered into a Deed of Assignment of Leases assigning all of MC's rights and interests in and to the Contracts of Lease over portions of the Additional Properties.

As of December 31, 2021, the Company has a total of 14 assets 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

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

For the six months ended December 31, 2021 and June 30, 2021, rental income from investment properties amounted to P1,197.5 million and P195.0 million, respectively (see Note 11). All investment properties generate rental income.

The direct operating costs incurred relating to investment properties, which pertains to repairs and maintenance and real property taxes, amounted to P10.7 million and P4.4 million for the six months ended December 31, 2021 and June 30, 2021, respectively.

The fair values of the investment properties as of December 31, 2021 and June 30, 2021 amounted to P59.3 billion and P49.4 billion, respectively, 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 amounting to P702.0 million and P240.6 million is presented as Fair value gains on investment properties in the Other Income (Charges) section of the statement of comprehensive income for the six months ended December 31, 2021 and June 30, 2021, respectively.

The Company does not have contractual commitments for purchase of investment properties. The operating lease commitments of the Company as lessor are fully disclosed in Note 18.1.

7. OTHER ASSETS

The Company's other assets consist of the following:

	<u>December 31,</u> <u>2021</u>	<u>June 30,</u> <u>2021</u>
Current:		
Creditable withholding taxes	P 35,522,343	P 1,140,880
Prepaid expenses	24,595,487	-
Deferred input value added tax (VAT)	<u>11,144,521</u>	<u>53,340</u>
	<u>71,262,351</u>	<u>1,194,220</u>
Non-current:		
Security deposit	12,704,475	12,327,320
Deferred charges	<u>41,737,454</u>	<u>42,595,809</u>
	<u>54,441,929</u>	<u>54,923,129</u>
	<u>P 125,704,280</u>	<u>P 56,117,349</u>

Security deposit is related to the lease of certain parcels of land on which the investment properties stand (see Note 15.3). The related interest income recognized from subsequent amortization of the security deposit is presented as part of Interest income under Other Income (Charges) section in the statements of comprehensive income for the six months ended December 31, 2021 and June 30, 2021.

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 for the six months ended December 31, 2021 and June 30, 2021 (see Note 12).

8. ACCOUNTS AND OTHER PAYABLES

The details of this account are as follows:

	<u>Notes</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Accounts payable	15.4	P 84,743,687	P -
Accrued expenses		54,791,622	55,497,840
Deferred output VAT		11,618,604	917,509
Interest payable	10	7,995,219	-
Withholding taxes payable		7,083,822	1,480
Others		<u>5,958,389</u>	<u>7,462,470</u>
		<u>P 172,191,343</u>	<u>P 63,879,299</u>

Other payables include output VAT payable.

9. DEPOSITS AND OTHER LIABILITIES

The details of this account are as follows:

	<u>Notes</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Current:			
Advance rent	15.1, 18.1	P 139,154,738	P 47,908,232
Security deposits	15.1,18.1	87,085,752	102,285,171
Deferred credits		<u>36,768,312</u>	<u>29,751,506</u>
		<u>263,008,802</u>	<u>179,944,909</u>
Non-current:			
Security deposits	15.1, 18.1	588,129,870	405,187,680
Advance rent	15.1, 18.1	411,374,176	259,071,270
Deferred credits		<u>73,372,035</u>	<u>65,606,716</u>
		<u>1,072,876,081</u>	<u>729,865,666</u>
		<u>P 1,335,884,883</u>	<u>P 909,810,575</u>

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.

A reconciliation of security deposits as of December 31, 2021 and June 30, 2021 is shown below:

	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Balance at beginning of period	P 507,472,851	P -
Additions	152,069,109	505,069,460
Accretion of interest	<u>15,673,662</u>	<u>2,403,391</u>
Balance at end of period	<u>P 675,215,622</u>	<u>P 507,472,851</u>

Accretion of interest is presented as part of Interest expense under Other Income (Charges) section of the statements of comprehensive income for the six months ended December 31, 2021 and June 30, 2021.

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.

	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Balance at beginning of period	P 95,358,222	P -
Additions	31,323,170	97,977,031
Amortization	<u>(16,541,045)</u>	<u>(2,618,809)</u>
Balance at end of period	<u>P 110,140,347</u>	<u>P 95,358,222</u>

Amortization of deferred credits is presented as part of Rental income under Revenues section in the statements of comprehensive income for the six months ended December 31, 2021 and June 30, 2021 (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 instalment 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 on December 2024. Interest incurred amounted to P8.0 million and is presented as part of Interest Expense in the statement of comprehensive income for the six months ended December 31, 2021. The related accrual is presented as Interest payable under Accounts and Other Payables in the statement of financial position as of December 31, 2021 (see Note 8).

Total capitalized loan origination costs amounted to P54.4 million. Amortization for the six months ended December 31, 2021 amounted to P0.1 million and is presented as part of Interest Expense in the statement of comprehensive income for the six months ended December 31, 2021.

11. RENTAL INCOME

The Company derives its revenues from contracts with customers through leasing real properties. The breakdown of rental income for the six months ended December 31, 2021 and June 30, 2021 reported in the statements of comprehensive income is shown below.

	<u>December 31,</u> <u>2021</u>	<u>June 30,</u> <u>2021</u>
Office	P 1,106,101,576	P 180,906,954
Commercial	45,839,766	6,715,759
Hotel	28,200,000	4,700,000
Parking	629,980	102,710
Advertising	185,294	-
Amortization of deferred credits	<u>16,541,045</u>	<u>2,618,809</u>
	<u>P 1,197,497,661</u>	<u>P 195,044,232</u>

Rental income from office, retail and advertising includes income from straight-line method of recognizing rental income amounting to P58.3 million and P12.4 million, for the six months ended December 31, 2021 and June 30, 2021, respectively.

Rental income also includes variable lease payments amounting to P8.2 million and P1.4 million for the six months ended December 31, 2021 and June 30, 2021, respectively, which do not depend on an index or a rate.

12. COST OF SERVICES

The following are the details of direct costs and expenses from rendering of services for the six months ended December 31, 2021 and June 30, 2021:

	<u>Note</u>	<u>December 31,</u> <u>2021</u>	<u>June 30,</u> <u>2021</u>
Outside services		P 79,955,624	P 9,308,668
Management fees	15.4	63,807,804	-
Utilities		54,410,175	4,370,148
Taxes and licenses		11,434,498	3,485,621
Repairs and maintenance		2,469,379	2,966,060
Miscellaneous		<u>10,910,312</u>	<u>338,918</u>
		<u>P 222,987,792</u>	<u>P 20,469,415</u>

13. OTHER OPERATING EXPENSES

Presented below are the details of other operating expenses.

	Note	December 31, 2021	June 30, 2021	December 31, 2020
Outside services	15.5	P 3,376,257	P 1,100,342	P -
Taxes and licenses		2,967,914	17,017,937	10,201,820
Professional fees		1,069,812	444,500	77,000
Advertising and promotion		920,130	-	-
Office supplies		692,044	3,630	-
Salaries and employee benefits		197,218	37,500	-
Miscellaneous		407,537	157,240	-
		<u>P 9,630,912</u>	<u>P 18,761,149</u>	<u>P 10,278,820</u>

14. INCOME TAXES

The components of tax expense (income) as reported in the statements of comprehensive income for the six months ended December 31, 2021 and June 30, 2021 (nil for the three months ended December 31, 2020) are as follows:

	December 31, 2021	June 30, 2021
Current tax expense –		
Final tax at 20%	P 1,588,771	P 115,727
Deferred tax expense (income) related to origination and reversal of temporary differences	(101,168,723)	101,168,724
	<u>(P 99,579,952)</u>	<u>P 101,284,451</u>

A reconciliation of tax on pretax profit or loss computed at the applicable statutory rates to tax expense or income reported in the statement of comprehensive income for the six months ended December 31, 2021 and June 30, 2021 is as follows:

	December 31, 2021	June 30, 2021
Tax on pretax profit at 25%	P 478,659,059	P 106,697,720
Adjustment for income subjected to lower income tax rate	(410,548)	(28,931)
Application of unrecognized NOLCO	-	(2,144,401)
Tax effects of:		
Deductible expenses	(280,417,757)	(3,205,301)
Reversal of deferred tax liabilities	(101,168,724)	-
Non-taxable income	(194,301,013)	(669,305)
Excess of optional standard deductions (OSD) over itemized deductions	(6,514,902)	-
Non-deductible expenses	4,573,933	634,669
	<u>(P 99,579,952)</u>	<u>P 101,284,451</u>

The deferred tax liabilities as at June 30, 2021 relate to the following:

Fair value gains on investment properties	P	60,148,095
Depreciation of investment properties		37,924,269
Rent income differential		<u>3,096,360</u>
	P	<u>101,168,724</u>

In 2021, the Company is subject to regular corporate income tax (RCIT) of 25% of net taxable income. However, the Company did not recognize RCIT in 2021 since the Company reported zero net taxable income for the six months ended December 31, 2021 and June 30, 2021. On the other hand, the Company is in a tax loss position for the three months ended December 31, 2020 as the Company has not yet started commercial operations during such time; hence, there was no RCIT reported.

The Company availed of tax-free incentives available under the REIT Act and no deferred taxes were recognized on temporary differences.

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

The Company opted to claim OSD for the six months ended December 31, 2021 while the Company claimed itemized deductions in computing for its income tax due for the six months ended June 30, 2021 and for the three months ended December 31, 2020. In addition, the Company's dividend distribution can be claimed as a special deduction in computing for taxable income both under OSD and itemized deductions.

In 2020, the Company incurred NOLCO amounting to P10.3 million, of which P8.6 million was claimed as a deduction from the Company's taxable income for the period ended June 30, 2021. The remaining NOLCO incurred in 2020, which can be claimed as a deduction from the future taxable income until 2025 in accordance with R.A. No. 11494, *Bayaniban to Recover as One Act*, amounted to P1.7 million as at June 30, 2021. Deferred tax asset on NOLCO amounting to P0.4 million both as at December 31, 2021 and June 30, 2021 and P3.1 million as at December 31, 2020, respectively, was not recognized [see Note 3.2(c)].

On March 26, 2021, R.A. No. 11534, *Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act*, amending certain provisions of the National Internal Revenue Code of 1997, as amended, was signed into law with veto on certain provisions and shall be effective 15 days after its publication. The CREATE Act has several provisions with retroactive effect beginning July 1, 2020. The CREATE Act aims to lower certain corporate taxes and rationalize tax incentives given to certain taxpayers. The CREATE Act has no impact on the Company's financial statements.

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 in the succeeding page.

Related Party Category	Notes	Amount of Transaction		Outstanding Receivable (Payable)	
		December 31,	June 30,	December 31,	June 30,
		2021	2021	2021	2021
Parent Company					
Property-for-share swap	6	P -	P 49,202,440,620	P -	P -
Purchase of properties	6	9,116,000,000	-	-	-
Rendering of services	15.1	73,776,308	12,296,051	10,897,960	1,556,851,
Advance rent	15.1	(13,527,808)	13,527,808	-	(13,527,808)
Security deposits received	15.1	(18,117,600)	-	(18,117,600)	-
Security deposits paid	15.3	377,155	12,327,320	12,704,475	12,327,320
Accommodation of expenses	15.2	-	(201,820)	-	-
Related parties under common ownership					
Advance rent	15.1	(96,529)	8,713,747	(8,617,218)	(8,713,747)
Security deposits received	15.1	10,674,337	12,195,962	(22,870,299)	(12,195,962)
Rendering of services	15.1	61,122,501	9,938,898	21,192,835	3,655,623
Management services	15.4	63,807,804	-	(53,860,004)	-
Key management personnel –					
Compensation	15.5	2,734,890	455,815	-	-

15.1 Rendering of Services to Related Parties

The Company leases some of its investment properties to 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 for the six months ended December 31, 2021 and June 30, 2021 (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 under the current and non-current portion of Deposits and Other Liabilities account in the statements of financial position (see Note 9).

15.2 Accommodation of Expenses

In 2020, portion of the SEC registration fees amounting to P0.2 million was paid by the Parent Company on behalf of the Company. Such amount is still outstanding as of December 31, 2020 and is presented as Due to Parent Company in the 2020 statement of financial position. This outstanding balance is unsecured, noninterest-bearing and is payable in cash on demand or through offsetting arrangement. As of June 30, 2021, the outstanding balance was fully paid.

15.3 Land Lease Agreement

In 2021, 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, 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 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 P55.0 million.

15.4 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 P63.8 million management fees for the six months ended December 31, 2021 (nil for the six months ended June 30, 2021), which is presented as part of Cost of Services in the statement of comprehensive income for the six months ended December 31, 2021. The outstanding balance of P53.9 million as of December 31, 2021 is presented as part of Accounts payable under Accounts and Other Payables account in the statement of financial position as of December 31, 2021 (see Note 8).

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 (see Note 13). There was no similar transaction for the three months ended December 31, 2020.

16. EQUITY

16.1 Capital Stock

Capital stock consists of:

	Shares			Amount		
	December 31, 2021	June 30, 2021	December 31 2020	December 31, 2021	June 30, 2021	December 31, 2020
Common shares						
Authorized						
Balance at beginning of the period	5,000,000,000	50,000,000	50,000,000	P 5,000,000,000	P 5,000,000,000	P 5,000,000,000
Change in par value	-	4,050,000,000	-	-	-	-
Balance at end of the period	<u>5,000,000,000</u>	<u>5,000,000,000</u>	<u>5,000,000,000</u>	<u>P 5,000,000,000</u>	<u>P 5,000,000,000</u>	<u>P 5,000,000,000</u>
Issued and outstanding						
Balance at beginning of the period	2,532,121,381	100,000	-	P 2,532,121,381	P 10,000,000	P -
Issuance	-	1,294,521,381	100,000	-	2,522,121,381	10,000,000
Change in par value	-	1,237,500,000	-	-	-	-
Balance at end of the period	<u>2,532,121,381</u>	<u>2,532,121,381</u>	<u>100,000</u>	<u>P 2,532,121,281</u>	<u>P 2,532,121,381</u>	<u>P 10,000,000</u>

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 (see Note 1).

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.

As of December 31, 2021, there are 12,900 holders of at least one board lot of the listed shares, which closed at P19.70 per share as of that date.

16.2 Dividends

On October 25, 2021, the BOD approved the declaration of cash dividends of P0.24 per share (P607.7 million) to stockholders on record as of November 9, 2021. The dividends were declared out of the unrestricted retained earnings for the fiscal year ending June 30, 2021 and earnings for the quarter ending September 30, 2021. The cash dividends were paid on November 15, 2021.

16.3 Distributable Income

The computation of the distributable income of the Company as at December 31, 2021 is shown below.

Net income	P	2,014,216,186
Fair value adjustment of investment property resulting to gain	(	702,000,000)
Unrealized gains or adjustments to income as a result of certain transactions accounted for under PFRS	(	214,909,856)
Adjustments due to any prescribed accounting standard which result to a loss		<u>858,354</u>
Distributable income	<u>P</u>	<u>1,098,164,684</u>

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

17. EARNINGS (LOSS) PER SHARE

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

	December 31, 2021	June 30, 2021	December 31, 2020
	<u>(Six Months)</u>	<u>(Six Months)</u>	<u>(Three Months)</u>
Net profit (loss) for the period	P 2,014,216,186	P 325,506,427	(P 10,278,820)
Divided by weighted number of outstanding common shares	<u>2,532,121,381</u>	<u>2,532,121,381</u>	<u>10,000,000</u>
Basic and diluted earnings (loss) per share	<u>P 0.80</u>	<u>P 0.13</u>	<u>(P 1.03)</u>

The Company has no potential dilutive common shares as of December 31, 2021, June 30, 2021 and December 31, 2020.

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, 2021 and June 30, 2021 are shown below.

	December 31, 2021	June 30, 2021
Within one year	P 2,911,615,030	P 2,072,833,070
After one year but not more than two years	2,876,435,530	1,913,175,479
After two years but not more than three years	2,090,182,820	1,281,609,300
After three years but not more than four years	1,424,419,672	927,994,622
After four years but not more than five years	749,643,195	456,827,297
More than five years	<u>2,946,449,745</u>	<u>2,321,048,522</u>
	<u>P 12,998,745,992</u>	<u>P 8,973,488,290</u>

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 over the land on which its investment properties stood for a period of 25 years, renewable for another 25 years. (see Note 15.3). Variable lease payments will commence on July 1, 2023. The lease agreement do not contain any fixed lease payments. In addition, the lease agreement involves payment for security deposit (see Note 7).

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 and in the succeeding pages.

19.1 Market Risk

As of December 31, 2021 and June 30, 2021, 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 incorporate 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 statement of financial position (or in the detailed analysis provided in the notes to financial statements), as summarized below.

	<u>Notes</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Cash and cash equivalents	4	P 1,333,805,607	P 2,308,916,531
Trade and other receivables	5	144,677,676	21,639,741
Security deposit	7	<u>12,704,475</u>	<u>12,327,320</u>
		<u>P 1,491,187,758</u>	<u>P 2,342,883,592</u>

(a) *Cash and Cash Equivalents*

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

(b) *Trade and Other Receivables*

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

The Company has just started its operation during the current period; hence, no historical information is available for the Company. In addition, 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.

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, 2021 and June 30, 2021 is presented below.

	<u>Gross Maximum Exposure</u>	<u>Fair Value of Collaterals</u>	<u>Net Exposure</u>
As of December 31, 2021	<u>P 144,677,676</u>	<u>P 1,225,744,536</u>	<u>P -</u>
As of June 30, 2021	<u>P 21,639,741</u>	<u>P 814,452,353</u>	<u>P -</u>

(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, 2021 and June 30, 2021, the Company's financial liabilities have contractual maturities which are presented below.

	<u>Within 1 Year</u>	<u>1 to 5 Years</u>	<u>More than 5 Years</u>
<u>December 31, 2021</u>			
Interest-bearing loan	P 202,226,142	P 1,062,378,362	P 8,558,008,771
Security deposits	80,283,620	624,904,157	81,250,993
Accounts payable	84,743,687	-	-
Accrued expenses	<u>54,791,622</u>	<u>-</u>	<u>-</u>
	<u>P 422,045,071</u>	<u>P 1,687,282,519</u>	<u>P 8,639,259,764</u>
<u>June 30, 2021</u>			
Security deposits	P 12,163,230	P 475,158,733	P 115,724,527
Accrued expenses	<u>55,497,840</u>	<u>-</u>	<u>-</u>
	<u>P 67,661,070</u>	<u>P 475,158,733</u>	<u>P 115,724,527</u>

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

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 and in the succeeding page.

	Notes	<u>December 31, 2021</u>		<u>June 30, 2021</u>	
		<u>Carrying Values</u>	<u>Fair Values</u>	<u>Carrying Values</u>	<u>Fair Values</u>
Financial assets					
Financial assets at amortized cost:					
Cash and cash equivalents	4	P 1,333,805,607	P 1,333,805,607	P 2,308,916,531	P 2,308,916,531
Trade and other receivables	5	144,677,676	144,677,676	21,639,741	21,639,741
Security deposit	7	<u>12,704,475</u>	<u>14,998,475</u>	<u>12,327,320</u>	<u>12,443,514</u>
		<u>P 1,491,187,758</u>	<u>P 1,493,481,758</u>	<u>P 2,342,883,592</u>	<u>P 2,342,999,786</u>

	Notes	December 31, 2021		June 30, 2021	
		Carrying Values	Fair Values	Carrying Values	Fair Values
Financial liabilities					
Financial liabilities at amortized cost:					
Interest-bearing loan	10	P 7,195,789,259	P 7,195,789,259	P -	P -
Security deposits	9	675,215,622	755,115,600	507,472,851	507,990,352
Accounts payable	8	84,743,687	84,743,687	-	-
Accrued expenses	8	54,791,622	54,791,622	55,497,840	55,497,840
Interest payable	8	7,995,219	7,995,219	-	-
		<u>P 8,018,535,409</u>	<u>P 8,098,435,387</u>	<u>P 562,970,691</u>	<u>P 563,488,192</u>

See Note 2.3 for the description of the accounting policies for each category of financial instruments. 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 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, 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 include cash and cash equivalents, which are categorized as Level 1, and trade and other receivables and security deposit, which are categorized as Level 3. Financial liabilities which are not measured at fair value but for which fair value is disclosed pertain to security deposits, accrued expenses and due to parent company, which 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, 2021 and June 30, 2021, the Company's investment properties amounting to P59.3 billion and P49.4 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 Santos Knight Frank, Inc., an independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. To some extent, the valuation process was conducted by the appraiser in discussion with the Company's management with respect to the determination of the inputs such as the size, age, and condition of the properties (buildings), and the comparable prices in the corresponding property location. 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 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 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 unobservable inputs used in this model are the estimated expected future annual cash inflows and outgoing expenses, which runs for an average period of 10 years. Cash inflows include the contractual rents that are based on existing lease contracts, as presented in Note 18.1, with an assumption of renewal for a period of 5 years and an annual escalation of 5% until the end of the term. Aside from rentals, cash inflows also include income from dues with 15% of the average expected costs are assumed to be recovered. The costs and expenses are assumed to be at an average of 10% to 15% of the total net revenues. In addition, the discount rates and terminal growth rates used range from 4.5% to 9%. A reasonably possible change in the inputs to different amounts or rates would not cause the fair values of the investment properties to increase or decrease significantly.

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.

	December 31, 2021	June 30, 2021
Total liabilities	P 8,703,865,485	P 1,074,858,598
Total equity	52,161,322,078	50,754,815,023

Under REIT Act, the Company is subject to external capital requirement to have a minimum paid-up capital of P300.0 million.

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**

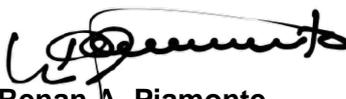
Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

**The Board of Directors and Stockholders
MREIT, Inc.**
(A Subsidiary of Megaworld Corporation)
(Formerly Megaworld Holdings, Inc.)
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 December 31, 2021 and for the six months then ended, and have issued our report thereon dated February 24, 2022. 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. 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: Renan A. Piamonte
Partner

CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 8852342, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 107805-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-037-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 24, 2022

MREIT, INC.
List of Supplementary Information
December 31, 2021

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

Other Required Information

Reconciliation of Retained Earnings Available for Dividend Declaration

Map Showing the Relationship Between the Company and its Related Entities

MREIT, Inc.
Schedule A - Financial Assets
December 31, 2021

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, 2021.

MREIT, Inc.
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders
(Other than Related Parties)
December 31, 2021

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, 2021.

MREIT, Inc.
 Schedule C - Amounts Receivable/ Payable from/ to Related Parties which are Eliminated
 During the Consolidation of Financial Statements
 December 31, 2021

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

MREIT, Inc.
Schedule D - Long-Term Debt
December 31, 2021

<i>Title of Issue and Type of Obligation</i>	<i>Amount Authorized by Indenture</i>	<i>Amount shown under Caption "Current Portion of Long-term Debt" in related Balance Sheet</i>	<i>Amount shown under Caption "Long-term Debt" in related Balance Sheet</i>
Long -term loan (Domestic)	P 7,250,000,000	p -	P 7,195,789,259

MREIT, Inc.
Schedule E - Indebtedness to Related Parties (Long-term Loans from Related Companies)
December 31, 2021

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

MREIT, Inc.
Schedule F - Guarantees of Securities of Other Issuers
December 31, 2021

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

MREIT, Inc.
Schedule G - Capital Stock
December 31, 2021

<i>Title of Issue</i>	<i>Number of Shares Authorized</i>	<i>Number of Shares Issued and Outstanding as shown under the related Balance Sheet Caption</i>	<i>Number of Shares Reserved for Options, Warrants, Conversion and other Rights</i>	<i>Number of Shares Held by</i>		
				<i>Related Parties</i>	<i>Directors, Officers and Employees</i>	<i>Others</i>
Common shares - P1 par value	5,000,000,000	2,532,121,381	-	1,572,282,881	10,001,000	949,837,500

MREIT, INC.
(Formerly Megaworld Holdings, Inc.)
(A Subsidiary of Megaworld Corporation)

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

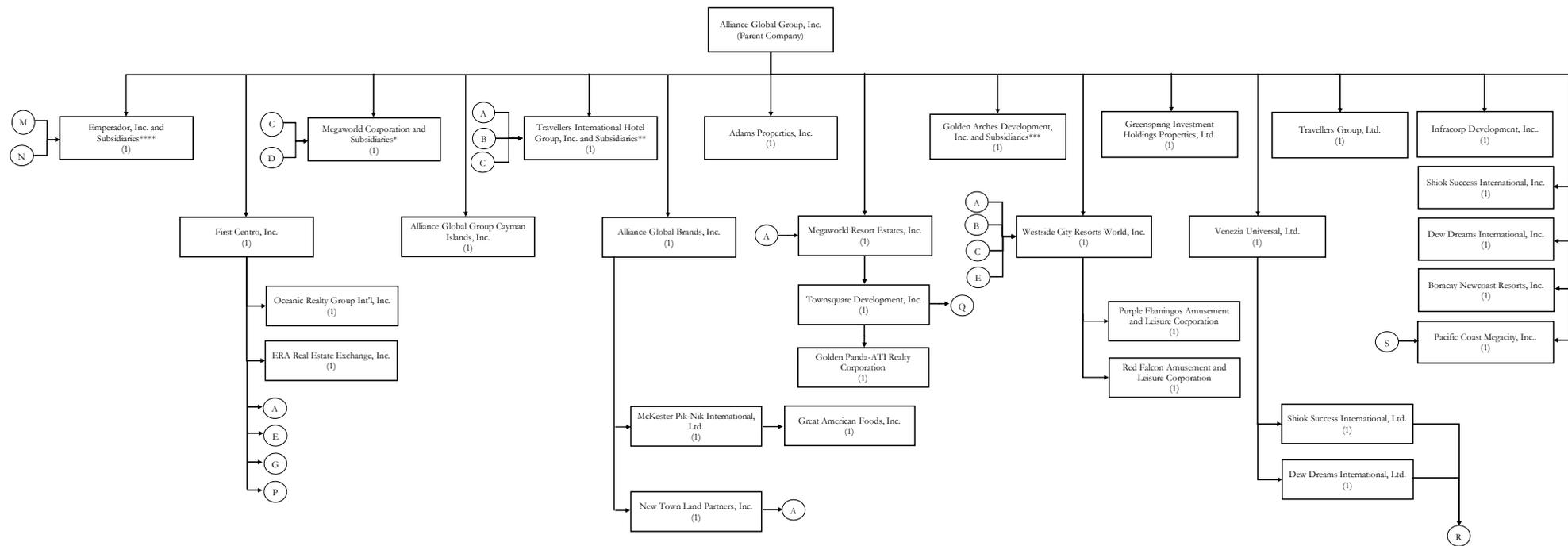
Reconciliation of Retained Earnings Available for Dividend Declaration
For the Six Months Ended December 31, 2021

Unappropriated Retained Earnings at Beginning of the Period		P	315,227,607
Prior Period Outstanding Reconciling Items:			
Fair value adjustments of investment properties	(P	240,592,380)	
Deferred tax expense		101,168,724	
PFRS 16 straight-line adjustment on rental income	(	12,385,440)	
Rent income on amortization of deferred credits	(	2,618,809)	
Interest expense on amortization of security deposit (liability)		2,403,391	
Rent expense on amortization of deferred charges		135,284	
Interest income on amortization of security deposit (asset)	(	<u>58,413)</u>	(<u>151,947,643)</u>
Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Period, as Adjusted			163,279,964
Net Profit Realized during the period			
Net profit per audited financial statements			2,014,216,186
Non-actual/unrealized income			
Fair value adjustments of investment properties	(	702,000,000)	
Deferred tax income	(	101,168,724)	
PFRS 16 straight-line adjustment on rental income	(	58,285,853)	
Loan transaction costs	(	54,210,741)	
Rent income on amortization of deferred credits	(	16,541,045)	
Interest expense on amortization of security deposit (liability)		15,673,662	
Rent expense on amortization of deferred charges		858,354	
Interest income on amortization of security deposit (asset)	(	<u>377,155)</u>	(<u>916,051,502)</u>
Dividends declared during the period			(<u>607,709,131)</u>
Unappropriated Retained Earnings Available for Dividend Declaration at End of Period		P	<u>653,735,517</u>

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES

Map Showing the Relationship Between Alliance Global Group, Inc. and its Related Parties

December 31, 2021

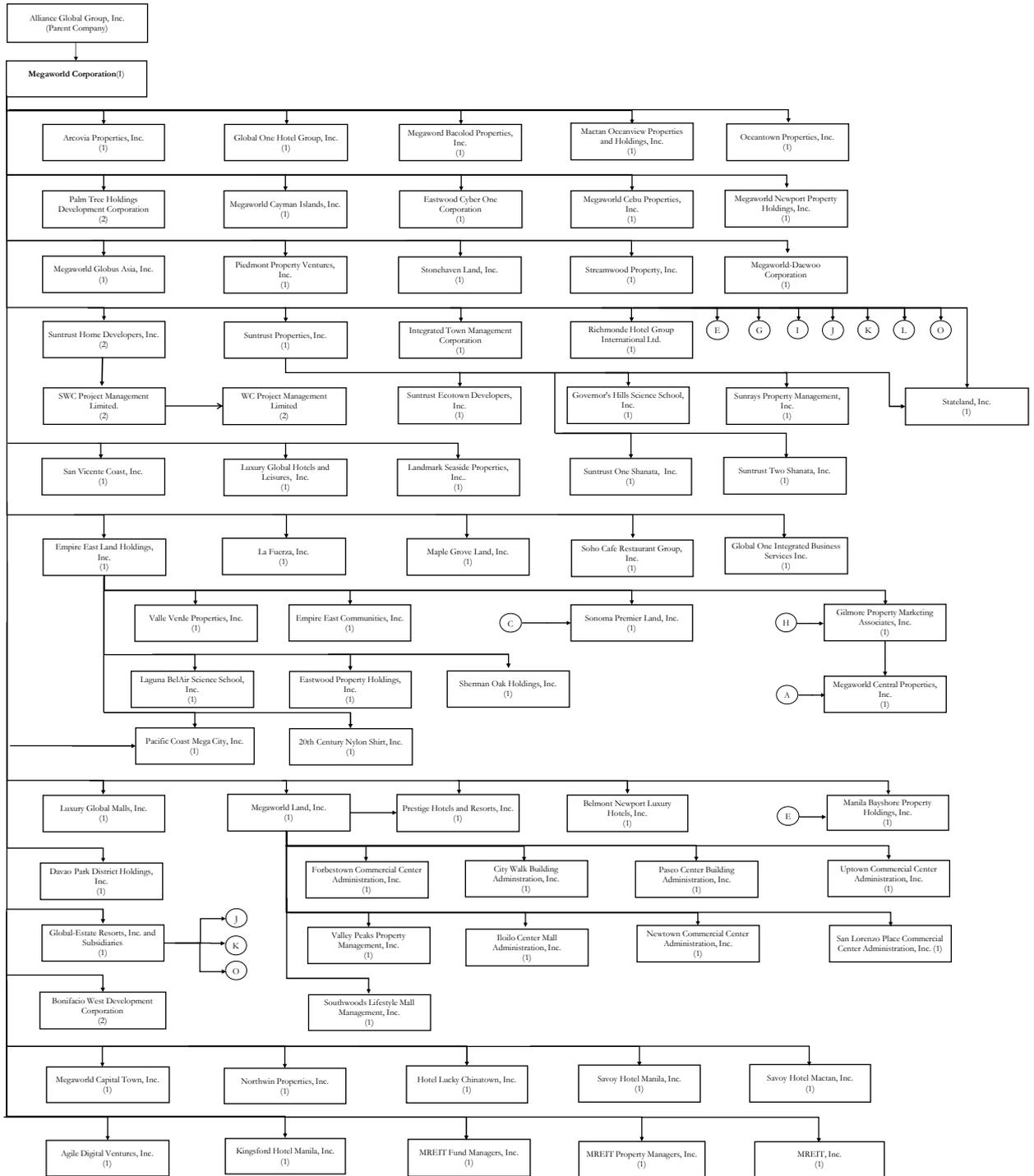


Legend					
(1)	Subsidiary	A	Megaworld Corporation	F	Manila Bayshore Property Holdings, Inc.
(2)	Associate	B	Adams Properties, Inc.	G	Westside City Resorts World, Inc.
(3)	Jointly Controlled Entity	C	First Centro, Inc.	H	Townsquare Development, Inc.
		D	Newtown Land Partners, Inc.	I	Megaworld Resort Estates, Inc.
		E	Travellers International Hotel Group, Inc.	J	Twin Lakes Corporation
				K	Megaworld Global Estates, Inc.
				L	Megaworld Central Properties, Inc.
				M	Shioik Success International, Ltd.
				N	Dew Dreams International, Ltd.
				O	Southwoods Mall, Inc.
				P	Sonoma Premier Land, Inc.
				Q	Gilmore Property Marketing Associates, Inc.
				R	Emperor 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 Megaworld Corporation Group

December 31, 2021



Legend

Relationship with Megaworld Corporation

(1) Subsidiary

(2) Associate

(3) Jointly Controlled Entity

A Megaworld Corporation
B Adams Properties, Inc.
C First Centro, Inc.
D Newtown Land Partners, Inc.

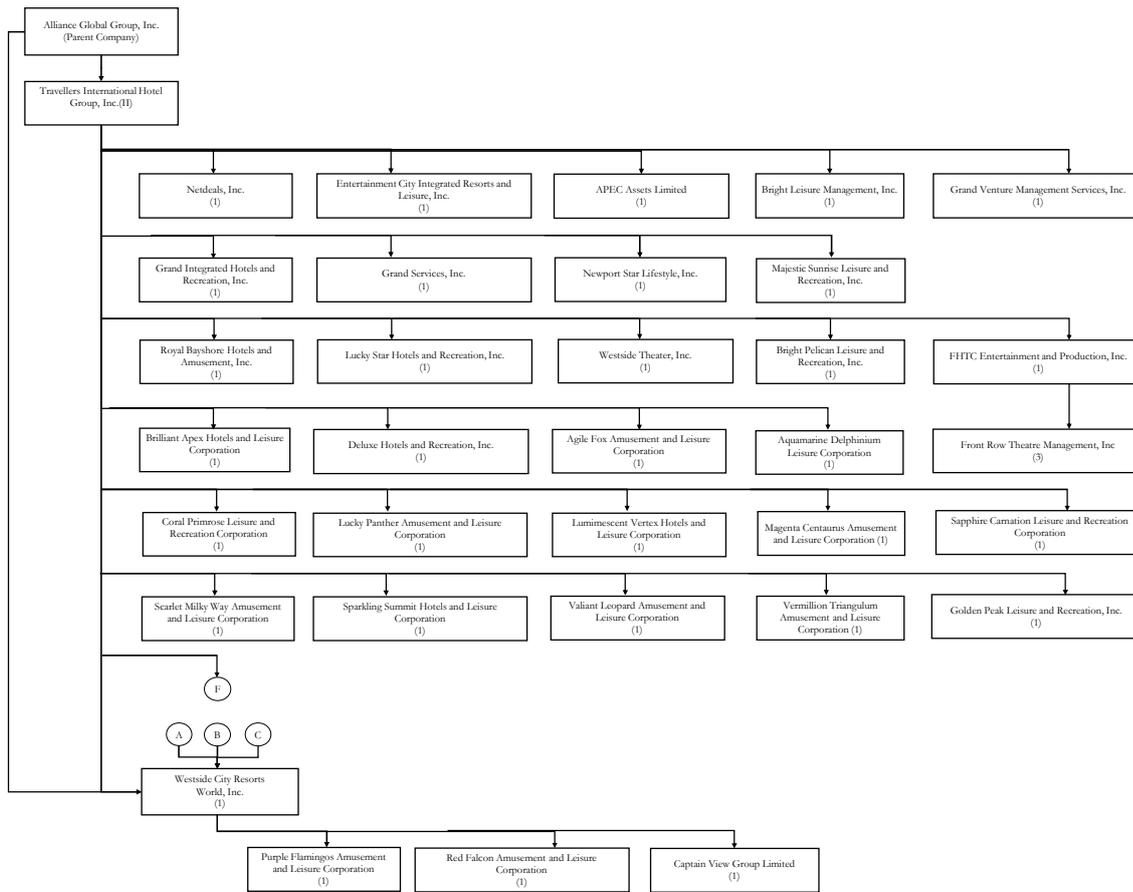
E Travellers International Hotel Group, Inc.
F Manila Bayside Property Holdings, Inc.
G Westside City Resorts World, Inc.
H Townsquare Development, Inc.

I Megaworld Resort Estates, Inc.
J Twin Lakes Corporation
K Megaworld Global Estates, Inc.
L Megaworld Central Properties, Inc.

M Shioh Success International, Ltd.
N Dew Dreams International, Ltd.
O Southwoods Mall, Inc.
P Sonoma Premier Land, Inc.

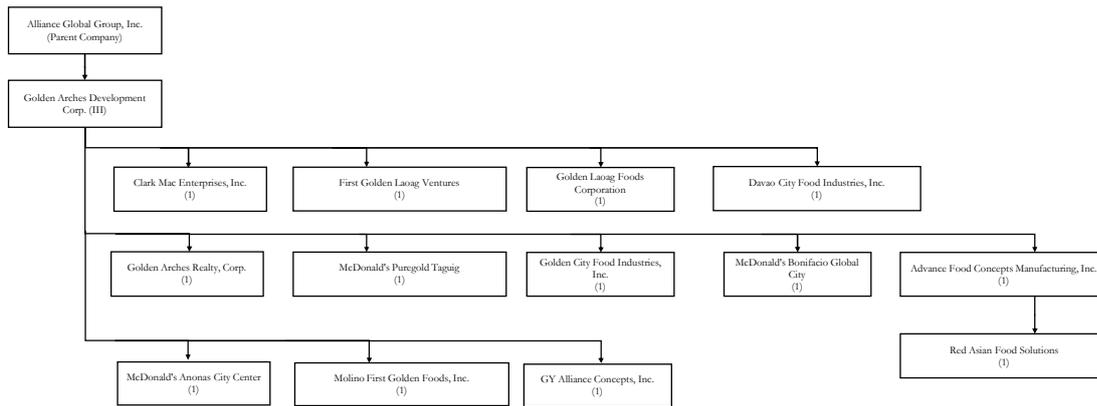
Q Gilmore Property Marketing Associates, Inc.
R Emperador Inc.
S Empire East Land Holdings, Inc.
T Suntrust Home Developers, Inc.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
 Map Showing the Relationship Between Alliance Global Group, Inc.
 and Travellers Group
 December 31, 2021



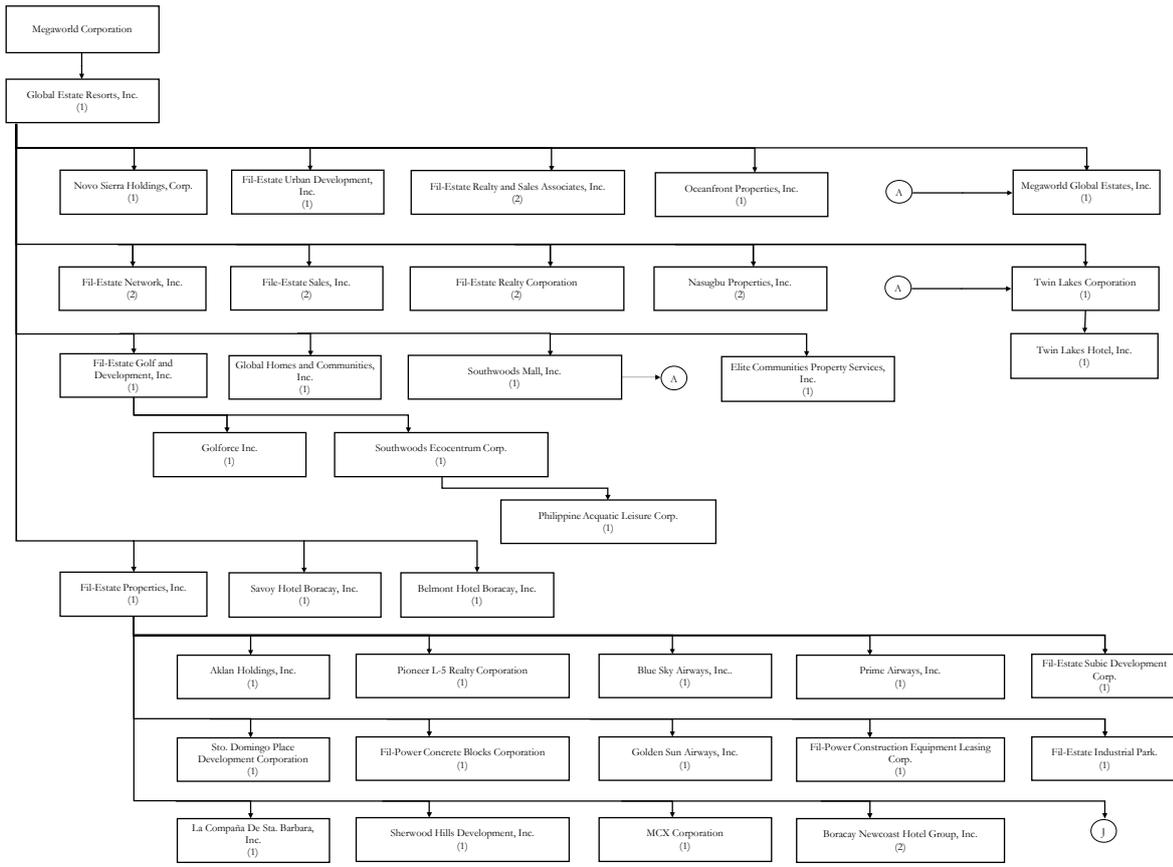
Legend	
<i>Relationship with Travellers International Hotel Group, Inc.</i>	
(1)	Subsidiary
(2)	Associate
(3)	Jointly Controlled Entity
A	Megaworld Corporation
B	Adams Properties, Inc.
C	First Centro, Inc.
D	Nesttown Land Partners, Inc.
E	Travellers International Hotel Group, Inc.
F	Manila Bayshore Property Holdings, Inc.
G	Westside City Resorts World, Inc.
H	Townsquare Development, Inc.
I	Megaworld Resort Estates, Inc.
S	Empire East Land Holdings, Inc.
J	Twin Lakes Corporation
K	Megaworld Global Estates, Inc.
L	Megaworld Central Properties, Inc.
M	Shirk Success International, Ltd.
N	Dew Dreams International, Ltd.
O	Southwoods Mall, Inc.
P	Sonoma Premier Land, Inc.
Q	Gilmore Property Marketing Associates, Inc.
R	Empirestar Inc.
T	Sunwest 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, 2021



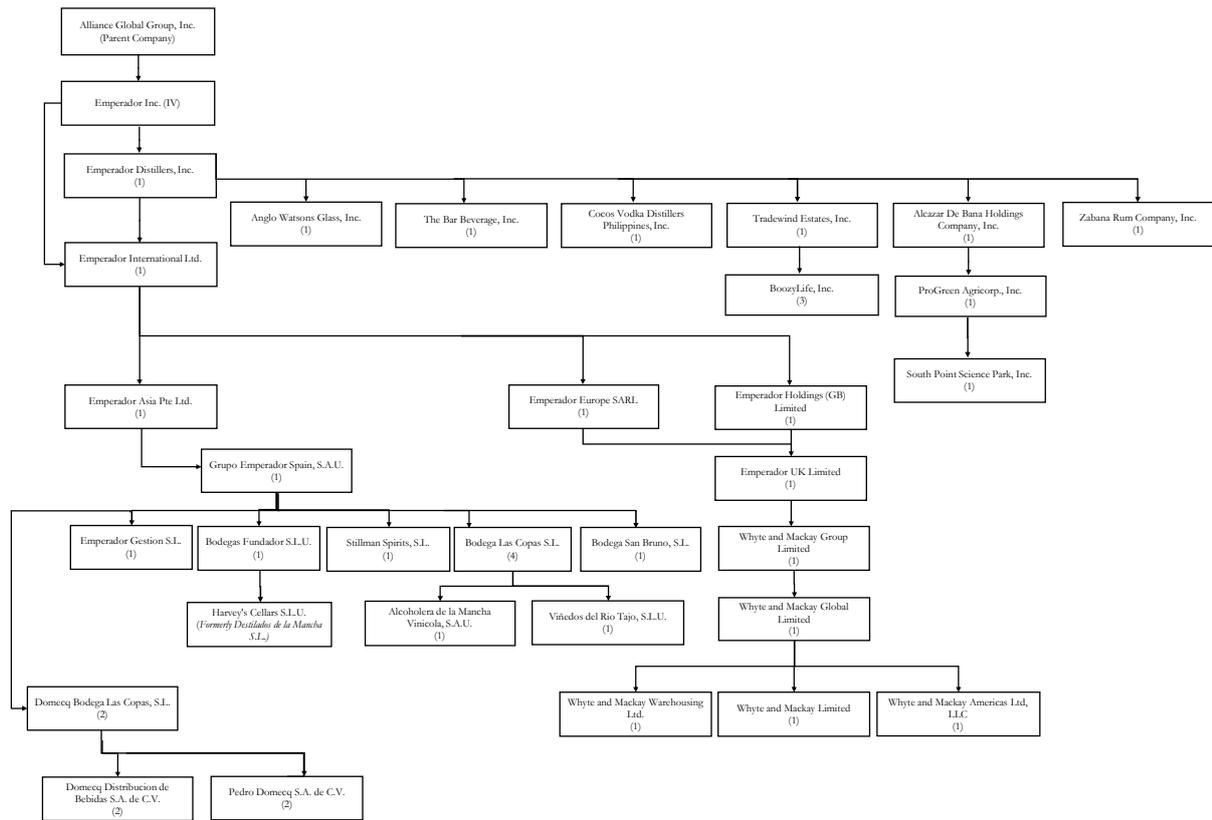
Legend	
<i>Relationship with Golden Arches Development Corporation</i>	
(1)	Subsidiary
(2)	Associate
(3)	Jointly Controlled Entity
A	Megaworld Corporation
B	Adams Properties, Inc.
C	First Centre, Inc.
D	Newtown Land Partners, Inc.
E	Travellers International Hotel Group, Inc.
F	Manila Bayshore Property Holdings, Inc.
G	Westside City Resorts World, Inc.
H	Townsquare Development, Inc.
I	Megaworld Resort Estates, Inc.
S	Empire East Land Holdings, Inc.
J	Twin Lakes Corporation
K	Megaworld Global Estates, Inc.
L	Megaworld Central Properties, Inc.
M	Shuk Success International, Ltd.
N	Dew Dreams International, Ltd.
O	Southwoods Mall, Inc.
P	Sonoma Premier Land, Inc.
Q	Gilmore Property Marketing Associates, Inc.
R	Empirestar 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, 2021



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	Travellers International Hotel Group, Inc.
F	Manila Bayshore Property Holdings, Inc.
G	Westside City Resorts World, Inc.
H	Townsquare Development, Inc.
I	Megaworld Resort Estates, Inc.
S	Empire East Land Holdings, Inc.
J	Twin Lakes Corporation
K	Megaworld Global Estates, Inc.
L	Megaworld Central Properties, Inc.
M	Shirk Success International, Ltd.
N	Dew Dreams International, Ltd.
O	Southwoods Mall, Inc.
P	Sonoma Premier Land, Inc.
Q	Gilmore Property Marketing Associates, Inc.
R	Empendor Inc.
T	Suntrust Home Developers, Inc.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
 Map Showing the Relationship Between Alliance Global Group, Inc.
 and Emperor Group
 December 31, 2021



Legend	
Relationship with Emperor Inc.	
(1)	Subsidiary (100%)
(2)	Subsidiary (50%)
(3)	Subsidiary (51%)
(4)	Jointly Controlled Entity

Report of Independent Auditors on Components of Financial Soundness Indicator

The Board of Directors and Stockholders
MREIT, Inc.

*(A Subsidiary of Megaworld Corporation)
(Formerly Megaworld Holdings, Inc.)*

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

Punongbayan & Araullo

20th Floor, Tower 1

The Enterprise Center

6766 Ayala Avenue

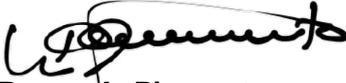
1200 Makati City

Philippines

T +63 2 8988 2288

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of MREIT, Inc. (the Company) as at December 31, 2021 and for the six months then ended, and have issued our report thereon dated February 24, 2022. 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) 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. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2021 and for the six months then ended and no material exceptions were noted.

PUNONGBAYAN & ARAULLO



By: **Renan A. Piamonte**
Partner

CPA Reg. No. 0107805

TIN 221-843-037

PTR No. 8852342, January 3, 2022, Makati City

SEC Group A Accreditation

Partner - No. 107805-SEC (until Dec. 31, 2023)

Firm - No. 0002 (until Dec. 31, 2024)

BIR AN 08-002511-037-2019 (until Sept. 4, 2022)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 24, 2022

MREIT, INC.
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
For the six months ended December 31, 2021*

Ratio	Formula	December 31, 2021 (Six Months)	June 30, 2021 (Six Months)	December 31, 2020 (Three Months)
Current ratio	Current assets / Current liabilities	3.43	9.51	0.03
Acid test ratio	Quick assets / Current liabilities (Quick assets include cash and current portion of trade receivables - net)	3.27	9.51	0.00
Solvency ratio	EBITDA / Total debt (Total debt includes interest bearing loans and borrowings and bonds and notes payable)**	0.27	N/A	N/A
Debt-to-equity ratio	Total debt / Total stockholders' equity (Total debt includes interest bearing loans and borrowings and bonds and notes payable)**	0.14	N/A	N/A
Asset-to-equity ratio	Total assets / Total stockholders' equity	1.17	1.02	-0.03
Interest rate coverage ratio	EBIT / Total Interest (Total interest includes interest expense and capitalized interest)***	81.34	178.58	N/A
Return on equity	Net profit (loss) / Average total stockholders' equity (capital deficiency)	0.04	0.01	36.87
Return on assets	Net profit (loss) / Average total assets	0.04	0.01	-1,112.43
Net profit margin	Net profit (loss) / Total revenues****	1.38	1.43	N/A

*The Company was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 2, 2020. Subsequently, the Company applied with the SEC in October 2021 for the amendments in its By-laws for a change in its reporting period from fiscal year beginning July 1 and ending June 30 to calendar year beginning January 1 and ending December 31, and such amendment was approved by the SEC and Bureau of Internal Revenue (BIR) in November 2021.

**The Company has no interest bearing loans and borrowings and bonds and notes payable as of June 30, 2021 and December 31, 2020.

***The Company did not incur any interest expense for the three months ended December 31, 2020.

****The Company did not earn any revenue for the three months ended December 31, 2020.



Your BIR AFS eSubmission uploads were received

1 message

eafs@bir.gov.ph <eafs@bir.gov.ph>
To: MEGAWORLDHOLDINGSINC@gmail.com
Cc: MEGAWORLDHOLDINGSINC@gmail.com

Fri, Mar 4, 2022 at 5:51 PM

Hi MREIT, INC.,

Valid files

- EAFS502228971RPTTY122021.pdf
- EAFS502228971OTHTY122021.pdf
- EAFS502228971ITRTY122021.pdf
- EAFS502228971AFSTY122021.pdf
- EAFS502228971TCRTY122021-01.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-QMZ1PVTS0P1NRVS1RPNRWRPZM03VM2QTWV**
Submission Date/Time: **Mar 04, 2022 05:51 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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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 2022)

(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 2022
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	2,532,121,381

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

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.

Yes **No**

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

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 2022
- Exhibit 2 - Consolidated Statements of Income and Consolidated Statements of Comprehensive Income for the Three Months Ended 31 March 2022 and 2021
- Exhibit 3 - Consolidated Statements of Changes in Equity for the Three Months Ended 31 March 2022 and 2021
- Exhibit 4 - Consolidated Statements of Cash Flows for the Three Months Ended 31 March 2022 and 2021
- Exhibit 5 - Notes to Interim Financial Information for the Three Months Ended 31 March 2022

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:



ENGLEBERT G. TEH
Chief Financial Officer
02 May 2022

MREIT, INC.
(Formerly Megaworld Holdings, Inc.)
(A Subsidiary of Megaworld Corporation)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
MARCH 31, 2022
(With Comparative Figures as of December 31, 2021)
(Amounts in Philippine Pesos)

EXHIBIT 1

	Notes	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	4	P 1,394,299,440	P 1,333,805,607
Trade and other receivables	5	76,537,257	88,118,786
Other current assets	7	<u>121,413,432</u>	<u>71,262,351</u>
Total Current Assets		<u>1,592,250,129</u>	<u>1,493,186,744</u>
NON-CURRENT ASSETS			
Trade receivables	5	110,509,650	56,558,890
Property and equipment		76,983	-
Investment properties	6	59,261,000,000	59,261,000,000
Other non-current assets	7	<u>54,210,741</u>	<u>54,441,929</u>
Total Non-current Assets		<u>59,425,797,374</u>	<u>59,372,000,819</u>
TOTAL ASSETS		<u>P 61,018,047,503</u>	<u>P 60,865,187,563</u>
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Accounts and other payables	8	P 244,473,360	P 172,191,343
Deposits and other liabilities	9	<u>267,750,583</u>	<u>263,008,802</u>
Total Current Liabilities		<u>512,223,943</u>	<u>435,200,145</u>
NON-CURRENT LIABILITIES			
Interest-bearing loan	10	7,197,133,229	7,195,789,259
Deposits and other liabilities	9	<u>1,067,653,396</u>	<u>1,072,876,081</u>
Total Non-current liabilities		<u>8,264,786,625</u>	<u>8,268,665,340</u>
Total Liabilities		<u>8,777,010,568</u>	<u>8,703,865,485</u>
EQUITY			
Capital stock	12	2,532,121,381	2,532,121,381
Additional paid-in capital	12	47,907,466,035	47,907,466,035
Retained earnings		<u>1,801,449,519</u>	<u>1,721,734,662</u>
Equity		<u>52,241,036,935</u>	<u>52,161,322,078</u>
TOTAL LIABILITIES AND EQUITY		<u>P 61,018,047,503</u>	<u>P 60,865,187,563</u>

See Selected Explanatory Notes to Condensed Interim Financial Statements.

MREIT, INC.
(Formerly Megaworld Holdings, Inc.)
(A Subsidiary of Megaworld Corporation)
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Amounts in Philippine Pesos)

EXHIBIT 2

	<u>Notes</u>	<u>March 31, 2022</u> (Unaudited)	<u>March 31, 2021</u> (Audited)
REVENUES			
Rental income	9	P 742,725,059	P -
Income from dues - net		<u>158,841,045</u>	<u>-</u>
		901,566,104	-
COST OF SERVICES			
	7	<u>132,345,708</u>	<u>-</u>
GROSS PROFIT			
		769,220,396	-
OTHER OPERATING EXPENSES			
		<u>7,597,833</u>	<u>12,477,000</u>
OPERATING PROFIT (LOSS)			
		<u>761,622,563</u>	<u>(12,477,000)</u>
OTHER INCOME (CHARGES) - NET			
Interest expense	9, 10	(76,730,751)	-
Interest income	4, 7	2,791,855	-
Others		<u>7,748</u>	<u>-</u>
		(73,931,148)	<u>-</u>
PROFIT (LOSS) BEFORE TAX			
		687,691,415	(12,477,000)
TAX EXPENSE			
		(520,639)	<u>-</u>
NET PROFIT (LOSS)			
		687,170,776	(12,477,000)
OTHER COMPREHENSIVE INCOME			
		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS)			
		P 687,170,776	(P 12,477,000)
BASIC AND DILUTED EARNINGS			
(LOSS) PER SHARE	13	P 0.27	(P 0.01)

* The Company was incorporated on October 2, 2020 and has started its commercial operations on June 2, 2021.

See Selected Explanatory Notes to Condensed Interim Financial Statements.

MREIT, INC.
(Formerly Megaworld Holdings, Inc.)
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Amounts in Philippine Pesos)

EXHIBIT 3

	Note	March 31, 2022 (Unaudited)	March 31, 2021 (Audited)
CAPITAL STOCK	12		
Balance at beginning of period		P 2,532,121,381	P 10,000,000
Issuance of shares during the period		<u>-</u>	<u>1,240,000,000</u>
Balance at end of period		<u>2,532,121,381</u>	<u>1,250,000,000</u>
ADDITIONAL PAID-IN CAPITAL		<u>47,907,466,035</u>	<u>-</u>
RETAINED EARNINGS (DEFICIT)			
Balance at beginning of period		1,721,734,662	(10,278,820)
Net profit (loss) during the period		687,170,776	(12,477,000)
Dividends declared during the period	12	(<u>607,455,919</u>)	<u>-</u>
Balance at end of period		<u>1,801,449,519</u>	(<u>22,755,820</u>)
EQUITY		<u>P 52,241,036,935</u>	<u>P 1,227,244,180</u>

* The Company was incorporated on October 2, 2020 and has started its commercial operations on June 2, 2021.

See Selected Explanatory Notes to Condensed Interim Financial Statements.

MREIT, INC.
(Formerly Megaworld Holdings, Inc.)
(A Subsidiary of Megaworld Corporation)

EXHIBIT 4

STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>March 31, 2022</u> <u>(Unaudited)</u>	<u>March 31, 2021</u> <u>(Audited)</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		P 687,691,415	(P 12,477,000)
Adjustments for:			
Interest expense	9, 10	76,730,751	-
Interest income	4, 7	(2,791,855)	-
Operating profit (loss) before working capital changes		761,630,311	(12,477,000)
Increase in trade and other receivables		(42,290,080)	-
Increase in other current assets		(50,151,081)	(9,240)
Decrease in other non-current assets		419,848	-
Increase in accounts and other payables		72,221,600	12,486,240
Decrease in deposits and other liabilities		(9,897,518)	-
Cash generated from operations		731,933,080	-
Interest received		2,524,044	-
Income tax paid		(520,639)	-
Net Cash From Operating Activities		<u>733,936,485</u>	<u>-</u>
CASH FLOW FROM AN INVESTING ACTIVITY			
Acquisition of property and equipment	6	(76,983)	-
Deposit made for future acquisition of real properties	11	-	(1,240,000,000)
Cash Used in Investing Activity		(76,983)	(1,240,000,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	12	(607,455,919)	-
Interest paid		(65,909,750)	-
Proceeds from issuance of shares	12	-	1,240,000,000
Net Cash From (Used in) Financing Activities		(673,365,669)	1,240,000,000
NET INCREASE IN CASH AND CASH EQUIVALENTS		60,493,833	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		<u>1,333,805,607</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD		<u>P 1,394,299,440</u>	<u>P -</u>

* The Company was incorporated on October 2, 2020 and has started its commercial operations on June 2, 2021.

See Selected Explanatory Notes to Condensed Interim Financial Statements.

MREIT, INC.
(Formerly Megaworld Holdings, Inc.)
(A Subsidiary of Megaworld Corporation)
SELECTED EXPLANATORY NOTES TO CONDENSED
INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(With Comparative Figures as of December 31, 2021)
(Amounts in Philippine Pesos)
(Unaudited)

1. GENERAL INFORMATION

MREIT, Inc. (the Company, formerly Megaworld Holdings, Inc.) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 2, 2020. The Company's primary purpose, as amended in April 2021, 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 (MC or the Parent Company) who holds 62.09% of the Company's issued and outstanding shares as of March 31, 2022 and December 31, 2021. 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.

Both MC and AGI are publicly-listed companies in the Philippines.

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 condensed interim financial statements of the Company as of and for the three months ended March 31, 2022 (including the comparative financial statements as at December 31, 2021 and the three months ended March 31, 2021) were authorized for issue by the Company's Board of Directors (BOD) on April 29, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these condensed interim financial statements are consistent with those applied in the audited financial statements as of and for the period ended December 31, 2021.

2.1 Basis of Preparation of Condensed Interim Financial Statements

These condensed interim financial statements for the three months ended March 31, 2022 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the audited financial statements of the Company as at and for the period ended December 31, 2021.

The preparation of condensed interim financial statements in accordance with Philippine Financial Reporting Standards (PFRS) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

These condensed interim financial statements are presented in Philippine peso, the functional and presentation currency of the Company, and all values represent absolute amounts except when otherwise indicated.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2022 that are Relevant to the Company

The Company adopted for the first time the following amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2022:

PAS 16 (Amendments)	:	Property, Plant and Equipment – Proceeds Before Intended Use
PAS 37 (Amendments)	:	Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to PFRS 2018-2020 Cycle		
PFRS 9 (Amendments)	:	Financial Instruments – Fees in the '10 percent' for Derecognition of Liabilities
PFRS 16 (Amendments)	:	Illustrative Example

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

- (i) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use*. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The application of these amendments had no significant impact to the Company's condensed interim financial statements.

- (ii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*. The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor and materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The application of these amendments had no significant impact to the Company’s condensed interim financial statements.
- (iii) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments are relevant to the Company:
- PFRS 9 (Amendments), *Financial Instruments – Fees in the ‘10 per cent’ Test for Derecognition of Liabilities*. The improvements clarify the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. The application of these amendments had no significant impact to the Company’s condensed interim financial statements.
 - Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives*. The amendment removes from the example the illustration of the reimbursement of leasehold improvements by the lessor. The application of the amendment had no significant impact to the Company’s condensed interim financial statements.

(b) *Effective Subsequent to 2022 but not Adopted Early*

There are pronouncements effective for annual periods subsequent to 2022, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Company’s financial statements.

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023)
- (ii) PAS 1 (Amendments), *Presentation of Financial Statements* and PFRS Practice Statement 2 (Amendments), *Making Materiality Judgments – Disclosure of Accounting Policies* (effective from January 1, 2023)
- (iii) PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates* (effective from January 1, 2023)

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, 2021.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	March 31, 2022 (Unaudited)	December 30, 2021 (Audited)
Cash on hand and in bank	P 393,299,784	P 832,127,010
Short-term placements	<u>1,000,999,656</u>	<u>501,678,597</u>
	<u>P 1,394,299,440</u>	<u>P 1,333,805,607</u>

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

Short-term placements are made for varying periods of up to three months depending on the cash requirements of the Company and earn annual interest at the respective short-term placement rates.

Interest earned from cash in bank and short-term placements for the three months ended, March 31, 2022 amounted to P2.6 million (nil for the three months ended March 31, 2021), and is presented as Interest income under Other Income (Charges) section in the condensed interim statements of comprehensive income.

5. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Note	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Current			
Trade receivables:	11.1		
Billed		P 63,295,939	P 70,763,275
Accrued		8,178,975	14,112,404
Others		<u>5,062,343</u>	<u>3,243,107</u>
		76,537,257	88,118,786
Non-current –			
Trade receivables –	11.1		
Accrued		<u>110,509,650</u>	<u>56,558,890</u>
		<u>P 187,046,907</u>	<u>P 144,677,676</u>

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

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.

All trade and other receivables are subject to credit risk exposure. However, there was no impairment losses recognized as management believes that the remaining receivables are fully collectible.

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 at the beginning and end of the three-month ended March 31, 2022, and six-month ended December 31, 2021, of investment properties is shown below.

	March 31, 2022	December 31, 2021
	<u>(Unaudited)</u>	<u>(Audited)</u>
Balance at beginning of the period	P 59,261,000,000	P 49,443,000,000
Additions for the period	-	9,116,000,000
Fair value gains	-	<u>702,000,000</u>
Balance at end of the period	<u>P 59,261,000,000</u>	<u>P 59,261,000,000</u>

As of March 31, 2022, and December 31, 2021, the Company has a total of 14 assets 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

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

For the three months ended March 31, 2022, rental income from investment properties amounted to P742.7 million.

The direct operating costs incurred relating to investment properties, which pertains to repairs and maintenance and real property taxes amounted to P7.2 million for the three months ended March 31, 2022. All investment properties generate rental income.

There was no rental income earned and direct operating costs incurred relating to investment properties for the three months ended March 31, 2021 as the commercial operations of the Company started on June 2, 2021.

The fair values of the investment properties as of March 31, 2022 and December 31, 2021 amounted to P59.3 billion were determined based on the latest appraisal reports by an independent real property appraiser, which uses the income approach. Fair value gains or losses on investment properties are presented under Other Income (Charges) section of the condensed interim statements of comprehensive income.

On April 1, 2022, the Board of Directors of the Company approved the subscription by MC of additional shares in the Company, to be paid for by way of transfer of four prime, grade A, office properties in PEZA-accredited zones (see Note 19.1).

7. OTHER ASSETS

The Company's other assets consist of the following:

	Note	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Current:			
Prepaid expenses		P 56,202,690	P 24,595,487
Creditable withholding taxes		48,588,814	35,522,343
Deferred input value-added tax (VAT)		11,736,214	11,144,521
Advances to suppliers		4,885,714	-
		<u>121,413,432</u>	<u>71,262,351</u>
Non-current:			
Security deposit	11.2	12,893,134	12,704,475
Deferred charges	11.2	41,317,607	41,737,454
		<u>54,210,741</u>	<u>54,441,929</u>
		<u>P 175,624,173</u>	<u>P 125,704,280</u>

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) section in the condensed 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 Cost of Services account in the condensed interim statements of comprehensive income.

8. ACCOUNTS AND OTHER PAYABLES

The details of this account are as follows:

	Notes	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Accounts payable	11.3	P 141,530,924	P 84,743,687
Accrued expenses		75,150,521	54,791,622
Withholding taxes payable		9,545,531	7,083,822
Interest payable	10	8,055,636	7,995,219
Deferred output VAT		1,274,558	11,618,604
Others		8,916,190	5,958,389
		P 244,473,360	P 172,191,343

Other payables include output VAT payable.

9. DEPOSITS AND OTHER LIABILITIES

The details of this account are as follows:

	Notes	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Current:			
Advance rent	11.1, 14.1	P 150,143,864	P 139,154,738
Security deposits	11.1, 14.1	94,175,303	87,085,752
Deferred credits		23,431,416	36,768,312
		267,750,583	263,008,802
Non-current:			
Security deposits	11.1, 14.1	586,562,672	588,129,870
Advance rent	11.1, 14.1	400,444,123	411,374,176
Deferred credits		80,646,602	73,372,035
		1,067,653,397	1,072,876,081
		P 1,335,403,980	P 1,335,884,883

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.

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, P7.25 billion term loan from a local bank to finance the acquisition of investment properties. The principal is payable quarterly in instalment 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 December 2024. Interest incurred for three months ended March 31, 2022 amounted to P66.0 million (nil for the three months ended March 31, 2021), and is presented as part of Interest Expense in the condensed interim statements of comprehensive income. The related accrual is presented as Interest payable under Accounts and Other Payables in the statement of financial position as of March 31, 2022 and December 31, 2021 (see Note 8).

Total capitalized loan origination costs amounted to P54.4 million. Amortization for the three months ended March 31, 2022 amounted to P1.3 million (nil for the three months ended March 31, 2021), and is presented as part of Interest Expense in the condensed interim statements of comprehensive income.

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 and in the succeeding page.

Related Party Category	Notes	Amount of Transaction		Outstanding Receivable (Payable)	
		March 31, 2022 (Unaudited)	March 31, 2021 (Audited)	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Parent Company					
Deposit made for future acquisition of real properties	11.4	P -	P 1,240,000,000	P -	P -
Rendering of services	11.1	52,581,645	-	15,568,514	10,897,960
Advance rent	11.1	-	-	-	-
Security deposits received	11.1	-	-	(18,117,600)	(18,117,600)
Security deposits paid	11.2	188,659	-	12,893,134	12,704,475
Related parties under common ownership					
Advance rent	11.1	(96,529)	-	(8,713,747)	(8,617,218)
Security deposits received	11.1	(2,150,640)	-	(25,020,939)	(22,870,299)
Rendering of services	11.1	31,996,008	-	29,982,487	21,192,835
Management services	11.3	49,586,136	-	(71,218,402)	(53,860,004)
Key management personnel –					
Compensation	11.5	1,367,445	-	-	-

11.1 Rendering of Services to Related Parties

The Company leases some of its investment properties to 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 condensed interim statement of comprehensive income for the three months ended March 31, 2022 (nil for the three months ended March 31, 2021). 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 and Other Receivables account in the statements of financial position (see Note 5). Advance rent and security deposits relating to this transaction are presented under the 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

In 2021, 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, 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 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 P55.0 million.

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 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 P49.6 million for the three months ended March 31, 2022 (nil for the three months ended March 31, 2021), which is presented as part of Cost of Services in the condensed interim statements of comprehensive income. The outstanding balance of P71.2 million as of March 31, 2022 and P53.9 million as of December 31, 2021 is presented as part of Accounts payable under Accounts and Other Payables account in the condensed interim statements of financial position (see Note 8).

11.4 Deposit for Future Acquisition of Real Properties

Relative to the subscription agreement executed between the Company and the Parent Company on February 1, 2021 (see Note 12.1), the Company entered into option agreements with the Parent Company to purchase certain real properties of the Parent Company. Accordingly, the entire proceeds from the issuance of shares amounting to P1,240.0 million was subsequently deposited to the Parent Company for the future acquisition of real properties.

On May 3, 2021, termination agreements were executed between the Company and the Parent Company directing the Parent Company to refund the option money to the Company. On May 6, 2021, the option money was fully refunded by the Parent Company to the Company.

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.

11.6 Others

On April 1, 2022, the Board of Directors of the Company approved the subscription by MC of additional shares in the Company, to be paid for by way of transfer of four prime, grade A, office properties in PEZA-accredited zones (see Note 19.1).

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 (see Note 11.4).

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. 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 Note 6). In addition, the Company recognized APIC amounting to P47,920,287,239, less shares issuance costs amounting to P12.8 million.

As of March 31, 2022, there are 19,292 holders of at least one board lot of the listed shares, which closed at P18.70 per share as of that date.

12.2 Dividends

On March 4, 2022, the BOD approved the declaration of cash dividends of P0.2399 per share (P607.5 million) to stockholders on record as of March 18, 2022. The dividends were declared out of the unrestricted retained earnings for the year ending December 31, 2021. The cash dividends were paid on March 31, 2022.

12.3 Distributable Income

The computation of the distributable income of the Company as at March 31, 2022 is shown below.

Net income	P	687,170,776
Unrealized gains or adjustments to income as a result of certain transactions accounted for under PFRS	(	49,899,906)
Adjustments due to any prescribed accounting standard which result to a loss		<u>1,763,817</u>
Distributable income	P	<u>639,034,687</u>

13. EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share amounts for the three months ended March 31 were computed as follows:

	<u>2022</u>	<u>2021</u>
Net profit (loss) for the period	P 687,170,776	(P 12,477,000)
Divided by weighted number of outstanding common shares	<u>2,532,121,381</u>	<u>836,666,667</u>
	P <u>0.27</u>	(P <u>0.01</u>)

The Company has no potential dilutive common shares as of March 31, 2022 and 2021.

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 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 will commence on July 1, 2023. The lease agreement do 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 and in the succeeding pages.

15.1 Market Risk

As of March 31, 2022 and December 31, 2021, 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 incorporate 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 statement of financial position (or in the detailed analysis provided in the notes to financial statements), as summarized below.

	Notes	March 31, 2022	December 31, 2021
Cash and cash equivalents	4	P 1,394,299,440	P 1,333,805,607
Trade and other receivables	5	187,046,907	144,677,676
Security deposit	7	<u>12,893,134</u>	<u>12,704,475</u>
		<u>P 1,594,239,481</u>	<u>P 1,491,187,758</u>

(a) *Cash and Cash Equivalents*

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

(b) *Trade and Other Receivables*

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

The Company has just started its operation during the current period; hence, no historical information is available for the Company. In addition, 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.

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.

(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, 2022 and December 31, 2021, the Company's financial liabilities have contractual maturities which are presented below.

	<u>Within 1 Year</u>	<u>1 to 5 Years</u>	<u>More than 5 Years</u>
<u>March 31, 2022</u>			
Interest-bearing loan	P 265,420,826	P 1,082,468,074	P 8,483,364,900
Security deposits	140,205,119	588,479,802	64,117,576
Accounts payable	141,530,924	-	-
Accrued expenses	<u>75,150,521</u>	<u>-</u>	<u>-</u>
	<u>P 621,307,390</u>	<u>P 1,670,947,876</u>	<u>P 8,547,482,476</u>
<u>December 31, 2021</u>			
Interest-bearing loan	P 202,226,142	P 1,062,378,362	P 8,558,008,771
Security deposits	80,283,620	624,904,157	81,250,993
Accounts payable	84,743,687	-	-
Accrued expenses	<u>54,791,622</u>	<u>-</u>	<u>-</u>
	<u>P 422,045,071</u>	<u>P 1,687,282,519</u>	<u>P 8,639,259,764</u>

The 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 AND FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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	<u>March 31, 2022 (Unaudited)</u>		<u>December 31, 2021 (Audited)</u>	
	<u>Carrying Values</u>	<u>Fair Values</u>	<u>Carrying Values</u>	<u>Fair Values</u>
<i>Financial assets</i>				
Financial assets at amortized cost:				
Cash and cash equivalents	4 P 1,394,299,440	P 1,394,299,440	P 1,333,805,607	P 1,333,805,607
Trade and other receivables	5 187,046,907	187,046,907	144,677,676	144,677,676
Security deposit	7 12,893,134	13,995,251	12,704,475	14,998,475
	<u>P 1,594,239,481</u>	<u>P 1,595,341,598</u>	<u>P 1,491,187,758</u>	<u>P 1,493,481,758</u>
<i>Financial liabilities</i>				
Financial liabilities at amortized cost:				
Interest-bearing loan	10 P 7,197,133,229	P 7,197,133,229	P 7,195,789,259	P 7,195,789,259
Security deposits	9 680,737,975	731,653,449	675,215,622	755,115,600
Accounts payable	8 141,530,924	141,530,924	84,743,687	84,743,687
Accrued expenses	8 75,150,521	75,150,521	54,791,622	54,791,622
Interest payable	8 8,055,636	8,055,636	7,995,219	7,995,219
	<u>P 8,102,608,285</u>	<u>P 8,153,523,759</u>	<u>P 8,018,535,409</u>	<u>P 8,098,435,387</u>

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 include cash and cash equivalents, which are categorized as Level 1, and trade and other receivables and security deposit, which are categorized as Level 3. Financial liabilities which are not measured at fair value but for which fair value is disclosed pertain to security deposits, accrued expenses and due to parent company, which are categorized under Level 3.

Financial assets with fair values included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values.

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, 2022 and December 31, 2021, the Company's investment properties amounting to P59.3 billion 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 Santos Knight Frank, Inc., an independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. To some extent, the valuation process was conducted by the appraiser in discussion with the Company's management with respect to the determination of the inputs such as the size, age, and condition of the properties (buildings), and the comparable prices in the corresponding property location. 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 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 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. A reasonably possible change in the inputs to different amounts or rates would not cause the fair values of the investment properties to increase or decrease significantly.

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, 2022 (Unaudited)	December 31, 2021 (Audited)
Total liabilities	P 8,777,010,568	P 8,703,865,485
Total equity	52,241,036,935	52,161,322,078

Under REIT Act, the Company is subject to external capital requirement to have a minimum paid-up capital of P300.0 million.

19. EVENTS AFTER THE END OF THE REPORTING PERIOD

19.1 Acquisition of Assets

On April 1, 2022, the BOD of MC 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.

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

	<u>Ownership</u>
Two Global Center, Megaworld Blvd. and Enterprise Rd., Iloilo Business Park, Manduriao Iloilo City	100%
Festive Walk 1B, Lot 5 Buhang Taft North 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

The transaction, once completed, will result to an increase of control and ownership of MC over the Company from 62.09% to 65.67%. As of the date of approval of the condensed interim financial statements, the Company is yet to obtain the SEC's confirmation of the valuation of the properties transferred in exchange for the shares.

19.2 Dividends Declaration

On April 22, 2022, the BOD of the Company approved the declaration of cash dividends of P0.2430 per share to stockholders on record as of May 10, 2022. The cash dividends will be paid on May 31, 2022.

Management's Discussion and Analysis of Results of Operations and Financial Condition (March 31, 2022)

Results of Operations (Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

Review of Three Months ending March 31, 2022 versus Three Months Ending March 31, 2021

In the three months ending March 31, 2021, the Company saw its net income significantly increase to Php687.2 million from a net loss of Php12.5 million in the same period last year. The increase was mainly driven by the transfer of the initial ten (10) Prime, Grade A office buildings located in PEZA-Registered Zones, in exchange for shares of stock in the Company (the Initial Properties), in June 2021 as well as the acquisition of additional four (4) buildings in December 2021.

Revenues

Rental income grew to Php742.7 million from nil while income from dues – net grew to Php158.8 million from nil in the same period last year both increases are also attributable to the transfer of the initial ten buildings and the acquisition of additional four buildings.

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.

On the other hand, the Company's other operating expenses declined from Php12.5 million in the first quarter last year to Php4.7 million due to the one-time payment of documentary stamp tax for the subscription of shares in Q1 of 2021 which was no longer an expense in Q1 of 2022.

Tax Expense

Tax expense grew to Php0.5 million from nil in the first quarter last year due to tax payments arising from the taxable income generated from the leasing activities of the fourteen buildings.

Financial Condition as of the end of March 31, 2022

The Company maintains a prudent financial policy and has a healthy balance sheet to support its financial and operational requirements. As of March 31, 2022, the Company's total assets stand at Php61.0 billion, a 0.2% increase from the previous period.

The Company's total current assets now stand Php1,592 million compared to Php1,493 million in December 31, 2021. The change was driven by an increase in the company's prepaid expenses.

Interest bearing loans, net of capitalized transaction costs, remain at Php7.2 billion as of March 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:

	March 31, 2022	December 31, 2021
Current Ratio ¹	3.43	3.43
Debt to Equity Ratio ²	0.14	0.14
Net Debt to Equity Ratio ³	0.11	0.11
	March 31, 2022	March 31, 2021
Return on Assets ⁴	1.13%	-2.00%
Return on Equity ⁵	1.32%	-2.00%

*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 significant element of income arising from continuing operations.
- 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 (March 31, 2022 vs December 31, 2021)

Item	Mar. 31, 2022	Dec. 31, 2021	Increase/ Decrease	% Change	Causes
Other current assets	121,413,432	71,262,351	50,151,081	70.4%	Due to increase in prepaid expenses
Accounts and other payables	244,473,360	172,191,343	72,282,017	42.0%	Due to increase in Property Management Fees arising from the

Statement of Income (March 31, 2022 vs March 31, 2021)

Item	Mar. 31, 2022 (Three Months)	Mar. 31, 2021 (Three Months)	Increase/ Decrease	% Change	Causes
Rental income	742,725,059	-	742,725,059	N/A	Increase due to transfer of ten (10) office assets on June 2, 2021 in relation to a Property for Share Swap transaction and the transfer of additional four (4) office assets on December 21, 2021 in relation to a Property Acquisition transaction
Income from dues - net	158,841,045	-	158,841,045	N/A	
Cost Of Services	132,345,708	-	132,345,708	N/A	
Other Operating Expenses	7,597,833	12,477,000	(4,879,167)	-39.1%	Decrease primarily due to the one-time DST payment for the issuance of shares for the subscription of shares in the first quarter of 2021 which is no longer an expense in the first quarter of 2022

EXHIBIT 6

Interest Expense	(76,730,751)	-	(76,730,751)	N/A	Increase primarily due to the interest payments and accruals arising from the interest bearing loan obtained by the Company
Interest Income	2,791,855	-	2,791,855	N/A	Increase due to interest earned from short term placements
Others	7,748	-	7,748	N/A	Increase primarily due to other income earned from properties transferred on June 2, 2021 and December 21, 2021
Tax Expense	(520,639)	-	(520,639)	N/A	Increase due to tax payments arising from the Company's operations

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
March 31, 2022

EXHIBIT 7

Type of Receivables:	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	
a. Trade receivables	181,984,564	144,183,594	12,939,830	10,206,286	9,322,688	1,535,496	3,796,670	-
b. Other receivable	5,062,343	463,542	456,824	1,673,582	2,468,395	-	-	-
TOTAL	<u>187,046,907</u>	<u>144,647,136</u>	<u>13,396,654</u>	<u>11,879,868</u>	<u>11,791,083</u>	<u>1,535,496</u>	<u>3,796,670</u>	<u>-</u>

Ratio	Formula	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Current ratio	Current assets / Current liabilities	3.11	3.43
Acid test ratio	Quick assets / Current liabilities (Quick assets include cash and current portion of trade receivables - net)	2.87	3.27
Debt-to-equity ratio	Total debt / Total stockholders' equity (Total debt includes interest bearing loans and borrowings and bonds and notes payable)	0.14	0.14
Asset-to-equity ratio	Total assets / Total stockholders' equity	1.17	1.17
		<u>March 31, 2022</u>	<u>March 31, 2021</u>
Solvency ratio	EBITDA / Total debt (Total debt includes interest bearing loans and borrowings and bonds and notes payable)*	0.11	N/A
Interest rate coverage ratio	EBIT / Total Interest (Total interest includes interest expense and capitalized interest)*	9.96	N/A
Return on equity	Net profit (loss) / Average total stockholders' equity	0.01	-0.02
Return on assets	Net profit (loss) / Average total assets	0.01	-0.02
Net profit margin	Net profit / Total revenues**	0.76	N/A

*The Company has no interest bearing loan and interest expense for the three months ended March 31, 2021.

**The Company did not earn any revenues for the three months ended March 31, 2021.

Disclosures for REIT Companies¹

(a) Real Estate Transactions for the First Quarter of 2022

The Company did not enter into any real estate transaction during the first quarter of 2022.

(b) Schedule of Properties as of 31 March 2022

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	7,836	49.25	34,738	34,704	100%	93.8	122.2	17.4	104.8
1880 Eastwood Avenue	6,749	6,814	49.25	33,744	29,751	88%	66.8	90.1	14.2	75.9
E-Commerce Plaza	4,188	4,289	49.25	20,940	16,636	79%	41.2	48.9	7.8	41.1
McKinley Hill, Taguig										
One World Square	7,529	8,047	49.25	30,482	30,224	99%	96.5	112.8	14.1	98.7
Two World Square	5,258	5,554	49.25	21,286	20,630	97%	76.3	91.4	14.7	76.7
Three World Square	5,241	5,208	49.25	21,217	21,144	100%	63.0	78.1	13.1	65.0
8/10 Upper McKinley	4,925	5,000	49.25	19,938	19,938	100%	72.8	83.6	10.0	73.6
18/20 Upper McKinley	4,795	4,460	49.25	19,414	19,413	100%	55.1	63.4	7.5	55.8
World Finance Plaza**	5,153	5,265	49.75	25,067	25,006	100%	79.5	89.3	9.8	79.5
Iloilo Business Park, Iloilo										
Richmonde Tower	2,062	1,709	49.25	13,124	13,124	100%	28.0	30.9	5.6	25.3
One Techno Place	1,509	1,228	49.25	9,549	9,041	95%	14.5	19.2	4.5	14.8
Two Techno Place**	1,465	1,498	49.75	10,809	10,653	99%	20.5	26.0	4.8	21.2
Three Techno Place**	1,242	1,244	49.75	9,568	9,305	97%	17.2	22.3	4.1	18.1
One Global Center**	1,256	1,274	49.75	10,301	10,043	97%	17.4	23.4	4.6	18.8
Total	58,318	59,426		280,177	269,610	96%	742.7	901.6	132.3	769.2

¹ Pursuant to Section 6.2 of the Amended Listing Rules for REITs

(c) Reinvestment Plan Progress Reports as of 31 March 2022

Copies of the Reinvestment Plan Progress Reports as of 31 March 2022 are attached as Annexes 1 and 2.



MEGAWORLD CORPORATION

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April 13, 2022

THE PHILIPPINE STOCK EXCHANGE
 Philippine Stock Exchange Plaza
 6th Floor, PSE Tower
 Bonifacio Global City, Taguig

Attention: Ms. Janet A. Encarnacion
 Head, Disclosure Department

Subject: 1st Quarter 2022 Progress Report on the Use of Proceeds from the Initial Public Offering ("IPO") of MREIT, Inc.

Dear Ms. Encarnacion ,

We hereby submit our Progress Report on the Use of Proceeds for the quarter ending March 31, 2022 duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

The IPO proceeds are fully from the Secondary Offer of shares owned by Megaworld Corporation. Please be advised that as of March 31, 2021, the remaining balance of the proceeds from the MREIT IPO amounts to Nine Billion Nine Hundred Million and One Hundred Seventy Thousand Seven Hundred Eighty Two Pesos and seventy-nine centavos (Php 9,900,170,782.79) as indicated below:

Net Balance of IPO proceeds as of December 31, 2021	13,236,353,830.30
less:	
Disbursement for Reinvestment Plan (Annex A)	(3,336,183,047.51)
<u>Net Balance of IPO proceeds as of March 31, 2021</u>	<u>9,900,170,782.79</u>

Thank you.

Respectfully yours,


 FRANCISCO C. CANUTO
 Treasurer



ANNEX A: Disbursements from the IPO Proceeds for the period covering January 1 to March 31, 2022

No	Project	Location	Investment Type	Product	Year to Date Total	Disbursing Entity
1	Enterprise One	Iloilo	Investment in Building	Office / Retail	74,181,166.01	Megaworld Corporation
2	Office - Iloilo	Iloilo	Investment in Building	Office / Retail	83,897,108.50	Megaworld Corporation
3	Eastwood City project	Quezon City	Investment in Building	Malls, Offices, Land developments and Other developments	350,000,000.00	Eastwood Cyberone Corp.
4	Hotel project	Quezon City	Investment in Building	Hotel	200,000,000.00	Prestige Hotels & Resorts, Inc.
5	Boracay Newcoast projects	Boracay	Investment in Building	Malls, Offices, Land developments and Other developments	220,000,000.00	Global Estate-Resorts, Inc
6	Twin Lakes Project	Batangas	Investment in Building	Malls, Offices, Land developments and Other developments	557,000,000.00	Twin Lakes Coporation
7	Office - Taguig	Taguig	Investment in Building	Office / Retail	500,000,000.00	Megaworld Corporation
8	Office / Commercial - Pampanga	Pampanga	Investment in Building	Office / Retail	1,051,104,773.00	Megaworld Capital Town
9	Arcovia City projects	Pasig	Investment in Building	Malls, Offices, Land developments and Other developments	300,000,000.00	Arcovia Properties, Inc.
					3,336,183,047.51	

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
_____Makati City METRO MANILA) SS

At _____Makati City City, Metro Manila, on this APR 18 2022 day of _____, 20____, before me personally appeared:

Name	Competent Evidence of Identity	Date and Place Issued
Fancisco C. Canuto	SSS ID#03-5188143-1	

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 _____ day of APR 18 2022

Doc. No. 43 ;
Page No. 10 ;
Book No. 99 ;
Series of 2022

NOTARY PUBLIC


MARIANNE L. MENDOZA
NOTARY PUBLIC
Until December 31, 2022
PTR No. 8852784 Makati City-01/04/22
IBP No. 178030 01-04-1017 Roll No. 31206
MCLE Compliance No. 11-0021653
500-A Madrigal Bldg. Ayala Ave., Makati City
Extended until June 30, 2022 per B.M No. 3795

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, 2022 on the application of proceeds from the secondary offer received by Megaworld Corporation (the Company) from the Initial Public Offering of MREIT, Inc. (MREIT) on October 1, 2021 (the Offering). 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, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*, applicable to 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 Offering; and,
 - c) Detailed schedule of utilization of proceeds for the quarter ended March 31, 2022.

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 Offering 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 progress billings, invoices, official receipts, bank statements and approval documents, of a sample 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 Offering for the quarter ended March 31, 2022, based on the information we obtained from the Company.

<u>Project Name</u>	<u>Township or Location</u>	<u>Products</u>	<u>Disbursing Entity</u>	<u>Amount</u>
Enterprise One	Iloilo Business Park	Office and Retail	Megaworld Corporation	P 74,181,166
Office - Iloilo	Iloilo Business Park	Office and Retail	Megaworld Corporation	83,897,109
Office - Taguig	Taguig	Office and Retail	Megaworld Corporation	500,000,000
Office / Commercial - Pampanga	Pampanga	Office and Retail	Megaworld Capital Town, Inc.	1,051,104,773
Hotel	Various	Hotel	Prestige Hotels and Resorts, Inc.	200,000,000
Eastwood City Projects	Eastwood City	Malls, Offices, Land developments and Other developments	Eastwood Cyber One Corporation	350,000,000
ArcoVia City Projects	ArcoVia City	Malls, Offices, Land developments and Other developments	Arcovia Properties, Inc.	<u>300,000,000</u>
<i>Balance carried forward</i>				<u>P 2,559,183,048</u>

<u>Project Name</u>	<u>Township or Location</u>	<u>Products</u>	<u>Disbursing Entity</u>	<u>Amount</u>
<i>Balance brought forward</i>				P 2,559,183,048
Boracay Newcoast Projects	Boracay Newcoast	Malls, Offices, Land developments and Other developments	Global-Estate Resorts, Inc.	220,000,000
Twin Lakes Projects	Twin Lakes	Malls, Offices, Land developments and Other developments	Twin Lakes Corporation	<u>557,000,000</u>
				<u>P 3,336,183,048</u>

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 Offering proceeds is in agreement with the amended Reinvestment Plan as approved by the Company's BOD on February 28, 2022.
4. With respect to item 4, we traced the utilization of the Offering proceeds for the quarter ended March 31, 2022 to supporting progress billings, invoices, official receipts, bank statements and approval documents.

We noted that the Company granted advances to the following disbursing entities to be used in the projects specified:

<u>Disbursing Entity</u>	<u>Project Name</u>	<u>Township or Location</u>	<u>Amount</u>
Megaworld Capital Town, Inc. Prestige Hotels and Resorts, Inc.	Office / Commercial – Pampanga Hotel	Capital Town Various	P 1,051,104,773 200,000,000
Eastwood Cyber One Corporation	Eastwood City Projects	Eastwood City	350,000,000
Arcovia Properties, Inc.	ArcoVia City Projects	ArcoVia City	300,000,000
Global-Estate Resorts, Inc.	Boracay Newcoast Projects	Boracay Newcoast	220,000,000
Twin Lakes Corporation	Twin Lakes Projects	Twin Lakes	<u>557,000,000</u>
			<u>P 2,678,104,773</u>

We traced the cash advances granted by the Company to supporting official receipts issued by the entities and bank statements. Moreover, we agreed the amounts to the accounting records of the Company.

We also traced the amounts disbursed by the Company for the following projects to supporting progress billings, invoices, official receipts, bank statements and approval documents:

<u>Project name</u>	<u>Amount</u>
Enterprise One	P 74,181,166
Office – Iloilo	83,897,109
Office – Taguig	<u>500,000,000</u>
	<u>P 658,078,275</u>

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 Offering 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



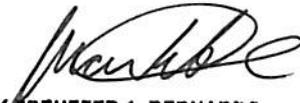
By: **Renan A. Pamonte**
Partner

CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 8852342, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 107805-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-037-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 13, 2022

SUBSCRIBED AND SWORN to before me the above-mentioned affiant on April 20, 2022 at the City of Makati exhibiting his Professional Regulatory Commission (PRC) License ID registration no. 0107805 valid until September 19, 2022.

Notary Public



ATTY. MARK EBENEZER A. BERNARDO

Notary Public for Makati City

Until December 31, 2022

Notarial Commission No. M-02

Roll No. 74096

IBP Number: 169485 01/03/2022, PPLM

PTR No. 8851839 01/03/2022, Makati City

MCLE Compliance No. VII-0011480 valid until April 14, 2025

Doc. No. 21 ;
Page No. 6 ;
Book No. 2 ;
Series of 2022.



MEGAWORLD CORPORATION

25/F Alliance Global Tower, 36th Street cor. 11th Avenue Uptown Bonifacio, Taguig City 1634
Trunkline: (632) 905-2900 • (632) 905-2800
www.megaworldcorp.com • E-mail: infodesk@megaworldcorp.com

April 13, 2022

THE PHILIPPINE STOCK EXCHANGE
Philippine Stock Exchange Plaza
6th Floor, PSE Tower
Bonifacio Global City, Taguig

Attention: Ms. Janet A. Encarnacion
Head, Disclosure Department

Subject: 1st Quarter 2022 Progress Report on the Use of Proceeds from sale to MREIT,
Inc. of four (4) prime, Grade A buildings located in PEZA-registered Zones

Dear Ms. Encarnacion ,

We hereby submit our Progress Report on the Use of Proceeds for the quarter ending March 31, 2022 duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

The proceeds are in connection with the sale to MREIT, Inc. of four (4) prime, Grade A buildings located in PEZA-registered Zones for the purchase price of Php 9.116 million last December . Please be advised that as of March 31, 2022, the remaining balance of the proceeds from the sale amounts to Seven Billion Nine Hundred Twenty Two Million Eight Hundred Thirty Thousand and Eight Hundred Thirty Pesos (Php 7,922,830,000.00) as indicated below:

Gross Proceeds from the Asset Sale	9,116,000,000.00
less:	
Disbursement for transaction costs	(458,170,000.00)
Disbursement for Reinvestment Plan (Annex A)	(735,000,000.00)
<u>Net Balance of Asset Sale proceeds as of March 31, 2022</u>	<u>7,922,830,000.00</u>

Thank you.

Respectfully yours,


FRANCISCO C. CANUTO
Treasurer



ANNEX A: Disbursements from the Proceeds of the sale for the period covering January 1 to March 31, 2022

Project	Location	Investment Type	Product	Year to Date Total	Disbursing Entity
Paragua Coastown Project	Palawan	Investment in Building	Malls, Offices, Land developments and Other developments	500,000,000.00	Megaworld San Vicente Coast, Inc
Mactan Newtown project	Cebu	Investment in Building	Malls, Offices, Land developments and Other developments	235,000,000.00	Oceantown Properties, Inc.
				735,000,000.00	

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
(METRO MANILA) SS

At Alatani City City, Metro Manila, on this APR 18 2022 day of , 20 , before me personally appeared:

Name	Competent Evidence of Identity	Date and Place Issued
Francisco C. Canuto	SSS ID#03-5188143-1	

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 day of APR 18 2022.

Doc. No 44;
Page No. 10;
Book No. 99;
Series of 2022

NOTARY PUBLIC
ELIZABETHA L. MENDICIA
NOTARY PUBLIC
Until December 31, 2022
PTR No. 8852784 Makati City-01/04/22
IBP No. 178030 01-04-1012-3rd No 31206
MCLE Compliance No. 1-0021653
500-A Madrigal Bldg. Ayala Ave., Makati City
Extended until June 30, 2022 per B.M No. 3795

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, 2022 on the application of proceeds received by Megaworld Corporation (the Company) from the sale of four prime, Grade A buildings located in Philippine Economic Zone Authority-registered zones on December 21, 2021 (the Asset Sale). 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, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*, applicable to 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 Asset Sale; and,
 - c) Detailed schedule of utilization of proceeds for the quarter ended March 31, 2022.

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 Asset 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 progress billings, invoices, official receipts, bank statements and approval documents, of a sample 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 Asset Sale for the quarter ended March 31, 2022, based on the information we obtained from the Company.

<u>Project Name</u>	<u>Location</u>	<u>Products</u>	<u>Disbursing Entity</u>	<u>Amount</u>
Paragua Coastown	Palawan	Malls, Office, Land developments and Other developments	Megaworld San Vicente Coast, Inc.	P 500,000,000
The Mactan Newtown	Mactan	Malls, Office, Land developments and Other developments	Oceantown Properties, Inc.	<u>235,000,000</u>
				<u>P 735,000,000</u>

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 Asset Sale proceeds is in agreement with the amended Reinvestment Plan as approved by the Company's BOD on February 28, 2022.

4. With respect to item 4, we traced the utilization of the Asset Sale proceeds for the quarter ended March 31, 2022 for the cash advances granted by the Company to the following disbursing entities to be used in the projects specified to supporting official receipts issued by the entities, bank statements and accounting records:

<u>Disbursing Entity</u>	<u>Project Name</u>	<u>Township or Location</u>	<u>Amount</u>
Megaworld San Vicente Coast, Inc.	Paragua Coastown	Palawan	P 500,000,000
Oceantown Properties, Inc.	The Mactan Newtown	Mactan	<u>235,000,000</u>
			<u>P 735,000,000</u>

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 Offering 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: **Renan A. Piamonte**
Partner

CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 8852342, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 107805-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-037-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 13, 2022

SUBSCRIBED AND SWORN to before me the above-mentioned affiant on April 20, 2022 at the City of Makati exhibiting his Professional Regulatory Commission (PRC) License ID registration no. 0107805 valid until September 19, 2022.

Notary Public


ATTY. MARK EBENEZER A. BERNARDO
Notary Public for Makati City
Until December 31, 2022
Notarial Commission No. M-02
Roll No. 74096
IBP Number: 169485 01/03/2022, PPLM
PTR No. 8851839 01/03/2022, Makati City
MCLE Compliance No. VII-0011480 valid until April 14, 2025

Doc. No. 20 :
Page No. 5 ;
Book No. 2 ;
Series of 2022.



SEC Main Office
Ground Floor, Secretariat Building, PICC Complex, Pasay City, Metro Manila

electronic Official Receipt

Transaction Details

eOR Number	20220411-PM-0010739-77
Transaction Number	210108434915
Payment Date	April 11, 2022 04:37 PM
Payment Scheme	visa
Status	COMPLETED
Payment Status	PAYMENT_SUCCESS

Payment Assessment Details

PAF No.	20220411-5139440
PAF Date	2022-04-11 08:43:05
Payor Name	MREIT, INC.
Payor Address	TAGUIG CITY

#	Nature of Collection	Account Code	Amount
1	Information Statement - Registrant	4020199099(678)	7,500.00
2	Legal Research Fee (A0823)	2020105000(131)	75.00
TOTAL			7,575.00

Total amount indicated herein does not include the convenience/service fee of the selected payment channel.

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
Alliance Global Group, Inc.	Independent Director
Employers' Confederation of the Philippines (ECOP)	President
Philippine Chamber of Commerce and Industry (PCCI)	Honorary Chairman and Treasurer
Philippine Exporters Confederation, Inc.	President and CEO
International Chamber of Commerce Philippines	Founding Director
The Wellex Group	Director
Forum Pacific, Inc.	Director
One Philippines Foundation, Inc.	President
Asia Pacific Chinese Media, Inc.	President
Philippine International Airways	Chairman
National Center for Mediation	Chairman
GS1 (Formerly Phil. Article Numbering Council)	Founding Director
Calapan Ventures, Inc.	Independent 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/Independent Director
World Trade Center	Director
Rural Bank of Baguio	Director

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 _____ day of _____, at _____.


SERGIO R. ORTIZ-LUIS, JR.
Affiant

SUBSCRIBED AND SWORN to before me this _____ day of **APR 12 2022** at **TAGUIG CITY**
_____, affiant personally appeared before me and exhibited to me his/her
_____ issued at _____ on
_____.

Doc. No. 410 ;
Page No. 84 ;
Book No. 46 ;
Series of WR


ATTY. EDUARDO P. BAROT
Notary Public for Taguig Roll No. 36248
Commission No. 3 until December 31, 2022
PTR No. 4863627 / 01.03.2022 / Mandaluyong City
IBP Lifetime No. 013895 / 06.02.15 / RSM
MCLE Compliance No. VI-0007875/ 04.14.2022
Unit 2A the Grand Hamptons Tower 2, 1st Avenue cor.
31st St. Bonifacio Global City, Taguig City

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
Megaworld Corporation	Independent Director	June 2016 to present
Global Estate Resorts, Inc.	Independent Director	June 2016 to present
Unibersidad de Manila	Board Regent	2019 to present
International Chamber of Commerce Philippines	Director General	2016 to present
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.

Done, this _____ day of _____, at _____.


JESUS B. VARELA
Affiant

APR 12 2022

SUBSCRIBED AND SWORN to before me this _____ day of **TAGUIG CITY** at _____, affiant personally appeared before me and exhibited to me his/her _____ issued at _____ on _____.

Doc. No. 406 ;
Page No. 87 ;
Book No. 46 ;
Series of W72 ;


ATTY. EDUARDO P. BAROT
Notary Public for Taguig Roll No. 36248
Commission No. 3 until December 31, 2022
PTR No. 4863627 / 01.03.2022 / Mandaluyong City
IBP Lifetime No. 013895 / 06.02.15 / RSM
MCLE Compliance No. VI-0007875/ 04.14.2022
Unit 2A the Grand Hamptons Tower 2, 1st Avenue cor.
31st St. Bonifacio Global City, Taguig City

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 School of Executive Education and Lifelong Learning	Guest Lecturer	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 _____ day of _____, at _____.



ANTONIO E. LLANTADA, JR.
Affiant

APR 12 2022

TAGUIG CITY

SUBSCRIBED AND SWORN to before me this _____ day of _____ at _____, affiant personally appeared before me and exhibited to me his/her _____ issued at _____ on _____.

Doc. No. 407 ;
Page No. 86 ;
Book No. 76 ;
Series of 1022 ;



ATTY. EDUARDO P. BAROT
Notary Public for Taguig Roll No. 36248

Commission No. 3 until December 31, 2022
PTR No. 4863627 / 01.03.2022 / Mandaluyong City
IBP Lifetime No. 013895 / 06.02.15 / RSM
MCLE Compliance No. VI-0007875/ 04.14.2022
Unit 2A the Grand Hamptons Tower 2, 1st Avenue cor.
31st St. Bonifacio Global City, Taguig City

Republic of the Philippines)
City of _____)

CERTIFICATION

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 1634, Philippines, after having been sworn in accordance with law, hereby state that:

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

2. Based on our records, no director and/or officer of the Corporation is engaged by the government of the Philippines in any capacity.

3. 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 _____ in _____,

MARIA CARLA T. UYKIM
Corporate Secretary

SUBSCRIBED AND SWORN to before me this **APR 12 2022** at **TAGUIG CITY**, Philippines, Affiant exhibiting to me her Driver's License No. H02-94-034162.

Doc. No. 108 ;
Page No. 5/5 ;
Book No. 45 ;
Series of 2022.

ATTY. EDUARDO P. BAROT
Notary Public for Taguig Roll No. 36248
Commission No. 3 until December 31, 2022
PTR No. 4863627 / 01.03.2022 / Mandaluyong City
IBP Lifetime No. 013895 / 06.02.15 / RSM
MCLE Compliance No. VI-0007875/ 04.14.2022
Unit 2A the Grand Hamptons Tower 2, 1st Avenue cor.
31st St. Bonifacio Global City, Taguig City

CERTIFICATION

I, **CHERYLL B. SERENO**, the duly appointed and qualified Compliance Officer of MREIT, INC. (the "Corporation"), a corporation duly registered under and by virtue of the laws of the Republic of the Philippines, with SEC registration number CS202052294 and principal office at the 18th Floor, Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City 1634, do hereby certify and state:

1. I have caused this SEC Form 20-IS to be prepared on behalf of the Corporation;
2. I read and understood its contents which are true and correct of my own personal knowledge and/or based on authentic records;
3. The Corporation will comply with the requirements set forth by the SEC for a complete and official submission of reports and/or documents through electronic mail;
4. That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee;
5. That the e-mail account designated by the Corporation pursuant to SEC Memorandum Circular No. 28, s. 2020 shall be used by the Corporation in its online submissions to the Securities and Exchange Commission.


CHERYLL B. SERENO
Compliance Officer

SUBSCRIBED and SWORN TO before me on the date and at the place indicated below.
The affiant exhibited to me her _____ issued on _____
in _____.

WITNESS MY HAND AND SEAL this MAY 05 2022 in TAGUIG CITY
Philippines.

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ATTY. EDUARDO P. BAROT
Notary Public for Taguig Roll No. 36248
Commission No. 3 until December 31, 2022
PTR No. 4863627 / 01.03.2022 / Mandaluyong City
IBP Lifetime No. 013895 / 06.02.15 / RSM
MCLE Compliance No. VI-0007875/ 04.14.2022
Unit 2A the Grand Hamptons Tower 2, 1st Avenue cor.
31st St. Bonifacio Global City, Taguig City