



## **Three-Year Investment Strategy**

December 31, 2021

This document was prepared by DDMP REIT FUND MANAGERS, INC for DDMP REIT, INC. ("DDMPR" or the "Company") in compliance with the reportorial requirements of the REIT Implementing Rules & Regulations under Republic Act No. 9856.

## Notice to Readers

### *Use of this Document*

This document was prepared by DDMP REIT FUND MANAGERS, INC for DDMP REIT, INC. (“DDMPR” or the “Company”) in compliance with the reportorial requirements of the REIT Implementing Rules and Regulations under Republic Act No. 9856, and is being submitted to the Securities and Exchange Commission (“SEC”) and the Philippine Stock Exchange (“PSE”).

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

### *Forward-Looking Statements*

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

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

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

- any amendment of the REIT Law or of any other laws or regulations affecting the Company;
- any unforeseen changes in the domestic, regional, or global economy that result in reduced occupancy or rental rates for the Company’s properties;
- any fluctuations in the competitive landscape in the Philippine property market;
- any substantial change in the quality of the Company’s tenants;
- any changes to available interest rates, inflation rates, and the value of the Peso against the U.S. dollar and other currencies;
- any material changes to any planned renovations or improvements to the Company’s properties, resulting from market demands, financial conditions, and legal requirements,

among others; the condition of and changes to the Philippines, Asian, or global economies; the general political, social, and economic conditions in the Philippines;

- any changes in government regulations, including tax laws, or licensing in the Philippines; and competition in the property investment and development industries in the Philippines; and
- any other matters not yet known to the Fund Manager or not currently considered material by the Fund Manager.

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

In particular, in light of the ongoing COVID-19 pandemic and associated uncertainties in the global financial markets and their contagion effect on the real economy, any forward-looking statements and forward-looking financial information contained in this REIT Plan must be considered with significant caution and reservation.

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

This Investment Strategy includes statements regarding expectations and projections for future operating performance and business prospects. In addition, all statements other than statements of historical facts included in this Investment Strategy are forward-looking statements. Statements in the Investment Strategy as to the opinions, beliefs, and intentions of DDMPR accurately reflect in all material respects the opinions, beliefs, and intentions of its management as to such matters as of the date of this Investment Strategy, although the Company gives no assurance that such opinions or beliefs will prove to be correct or that such intentions will not change. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on behalf of the Company are expressly qualified in their entirety by the above cautionary statements.

## TABLE OF CONTENTS

|      |   |    |
|------|---|----|
| I.   | OVERVIEW.....   | 5  |
| II.  | DDMPR'S THREE (3)-YEAR INVESTMENT STRATEGY AND INVESTMENT CRITERIA..... | 7  |
| III. | INVESTMENT OBJECTIVES.....  | 9  |
| IV.  | PERFORMANCE METRICS.....  | 10 |
| V.   | FUTURE ASSET ACQUISITION.....   | 13 |
| VI.  | FINANCING STRATEGY.....   | 13 |

## I. OVERVIEW

DDMP REIT, INC. (DDMPR, or the Company), formerly DD-Meridian Park Development Corp., is a real estate company established in the Philippines and incorporated on October 27, 2014. DDMPR is a real estate investment trust formed primarily to own and invest in an income-producing commercial portfolio of office, retail, hotel and industrial properties in the Philippines.

On March 24, 2021, DDMPR listed on the Philippine Stock Exchange as the second REIT in the Philippines. DDMPR is managed by DDMP REIT FUND MANAGERS, INC. (the “Fund Manager”) and DDMP REIT PROPERTY MANAGERS, INC. (the “Property Manager”), both are subsidiaries of DoubleDragon Corporation (DD), the Sponsor of DDMPR.

DDMPR seeks to offer to Shareholders stable distributions and the potential for sustainable long-term growth, distributing more than 90% of its distributable income. The principal investment strategy of DDMPR is to invest in income-generating real estate that meet a select set of criteria and is focused on a long-term target portfolio of mainly office and retail leasing.

As of December 15, 2021, DDMP REIT, INC.’s property portfolio consists of 3 operational office buildings with retail components in DD Meridian Park. DD Meridian Park is DD’s flagship project in Metro Manila and is located along the corners of the main roads of Macapagal Avenue, EDSA Extension and Roxas Boulevard in the Bay Area of Metro Manila. DD Meridian Park is being developed as an office-led mixed-use development.

1. **DoubleDragon Plaza** is a commercial property in DD Meridian Park consisting of four (4) 11-storey towers (including a basement) with a retail area on the ground floor, parking on the basement, 2nd to 3rd levels, and offices from the 5th to the 11th levels.



|                    |                   |
|--------------------|-------------------|
| Building grade     | Grade A           |
| Number Towers      | 4 Office Towers   |
| Total GLA (sqm)    | 139,240           |
| Retail GLA (sqm)   | 11,377            |
| Number of Floors   | 10 surface levels |
|                    | 1 basement level  |
| LEED Certification | Gold              |

DoubleDragon Plaza has approximately 139,240 sq.m. of Gross Leasable Area. DoubleDragon Plaza has four office towers, with seven office floors per tower, which in total account for 127,863 sq.m of Gross Leasable Area, and a commercial retail area located on the ground floor, which accounts for 11,377 sq.m. of Gross Leasable Area. The retail area is dedicated to established food concepts, basic services, a supermarket and a themed food hall. In addition, DoubleDragon Plaza has 1,946 parking spaces.

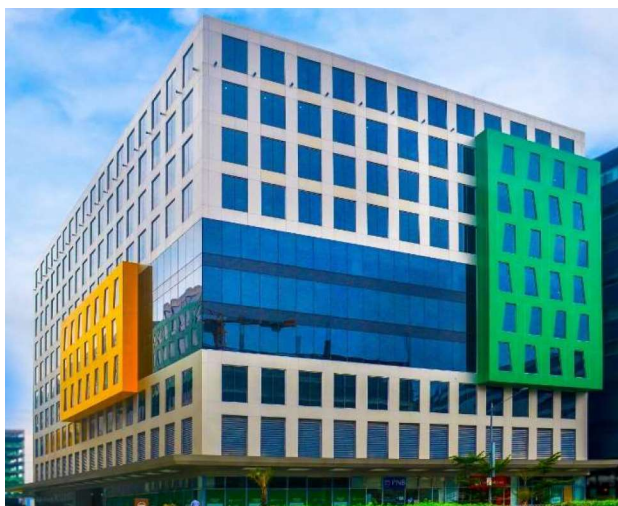
2. **DoubleDragon Center East** is a commercial property in DD Meridian Park consisting of an 11-storey tower (including a basement) with a retail area on the ground floor, parking on the basement and 2nd levels, and offices from the 3rd to the 11th levels.



|                    |  |
|--------------------|--|
| Building grade     | Grade A                                |
| Total GLA (sqm)    | 16,197                                 |
| Retail GLA (sqm)   | 1,073                                  |
| Number of Floors   | 10 surface levels<br>(7 office levels) |
|                    | 1 basement level                       |
| LEED Certification | Silver (pre-certified)                 |

DoubleDragon Center East has approximately 16,197 sq.m. of Gross Leasable Area. DoubleDragon Center East’s office tower consists of seven office floors and a total of 15,124 sq.m of Gross Leasable Area. The ground floor retail area consists of 1,073 sq.m. of Gross Leasable Area dedicated to established food concepts and banks. In addition, DoubleDragon Center East has 62 parking spaces.

3. **DoubleDragon Center West** is a commercial property in DD Meridian Park consisting of an 11-storey tower (including a basement) with a retail area on the ground floor, parking on the basement and 2nd levels, and offices from the 3rd to the 11th levels.



|                    |  |
|--------------------|--|
| Building grade     | Grade A                                |
| Total GLA (sqm)    | 16,815                                 |
| Retail GLA (sqm)   | 1,126                                  |
| Number of Floors   | 10 surface levels<br>(7 office levels) |
|                    | 1 basement level                       |
| LEED Certification | Silver (pre-certified)                 |

DoubleDragon Center West has approximately 16,815 sq.m. of leasable space. The office tower of DoubleDragon Center West consists of seven office floors and a total of 15,689 sq.m of Gross Leasable Area. The ground floor retail area consists of 1,126 sq.m. of Gross Leasable Area dedicated to established food concepts, banks and a financial service company. In addition, DoubleDragon Center West has 74 parking spaces.

In addition to the above commercial properties, the land on which these respective buildings are built form part of the Company’s asset portfolio and is owned by the Company on a freehold basis. DD Meridian Park is located on 47,474 sq.m. of prime commercial property.

DoubleDragon Plaza, DoubleDragon Center East and DoubleDragon Center West have exhibited strong and stable cash flows from rental revenue and have experienced a consistently high occupancy rate. Furthermore, all three properties (1) are situated in DD Meridian Park, which is located along the corners of the main roads of Macapagal Avenue, EDSA Extension and Roxas Boulevard in the Bay Area of Metro Manila (2) have quality and diverse tenant bases of BPOs, government agencies and corporate locators, and (3) have long and substantial remaining useful lives of the buildings, which are not subject to re-development. The Company believes the properties are an attractive investment option for potential stakeholders, having exhibited a strong lease take up and potential for growth.

## II. DDMPR’S THREE (3)-YEAR INVESTMENT STRATEGY AND INVESTMENT CRITERIA

Consistent with the REIT Plan, DDMPRs principal investment strategy is to invest in income-generating real estate. A core tenet of the Company’s investment policy is to invest in properties that meet a select set of criteria designed to provide a Competitive Investment Return to investors.

To meet the Company’s investment criteria, a potential new property should be:

**1) High quality, Grade A commercial assets in prime locations in either Metro Manila, key provinces in the Philippines.**

Properties that are strategically located in central business districts, with convenient access to public transportation. Grade A buildings are often in high-demand due to their location, facilities, layout and finishing among other factors. The Grade A classification of the buildings was determined based on industry criteria and subject to comparison with other similar developments.

**2) Have stable occupancy, strong tenancy, and stable income operations.**

DDMPR aims to invest in assets with profitability and stability. Properties with stable cash flows with at least one year old from the date when the construction of such facility was completed and with high occupancy rate. Stable income can be expected based on long-term fixed rent contracts with major tenants. Typical office lease terms are fixed for a period of three to ten years.

**3) Have stable growth and dividend accretive through contracted rental escalations and potential acquisitions.**

Organic growth can be achieved through annual rental escalations at a range of three to five percent from contracted leases. The Company focuses on merits in terms of cash flow returns and stability and the potential for long term capital appreciation.

For any property that meets these criteria, the Company's focus will be on investing in the property for the long-term.

Through the performance of services by the Fund Manager and following the requirements of the REIT Law, DDMPR and its Fund Manager, DDMP REIT FUND MANAGERS, INC. (will seek to procure and secure growing income that provides a Competitive Investment Return to investors.

DDMP REIT FUND MANAGERS, INC. plans to achieve its key objectives for the Company through the following strategies:

- **Proactive asset management and asset enhancement strategy.** The Fund Manager will actively manage the Company's property portfolio to achieve growth in revenue and Net Operating Income and maintain optimal occupancy levels. The Fund Manager and the Property Manager will help drive organic growth, build strong relationships with the customers of the Properties, and seek enhancement and growth opportunities within the existing Properties.
- **Investments and acquisition growth strategy.** The Fund Manager will achieve portfolio growth through the acquisition of quality income-producing commercial properties that fit within the Company's investment strategy to enhance total return for Shareholders and increase potential opportunities for future income and capital growth. In executing this strategy, the Company will endeavor to acquire properties



situated in high-growth areas, whether from the DD Group, or third parties, to cater to economic growth.

- **Capital and risk management strategy.** The Fund Manager will seek to manage and source capital so as to maximize overall returns for Shareholders. This may include accessing various capital markets to source appropriately priced and structured debt and equity, monitoring and implementing hedging arrangements as well as assessing alternative forms of capital and other capital management strategies where appropriate. The Fund Manager may use financial instruments such as interest rate swaps to hedge certain financial risk exposures.

DDMP REIT FUND MANAGERS, INC. together with the Company's Property Manager, DDMP REIT PROPERTY MANAGERS, INC. intend to maximize the investment returns by increasing Gross Revenue as well as Net Operating Income over time through active management of the properties owned now and in the future by the DDMPR. The Fund Manager and the Property Manager aim to promote growth in returns by obtaining better lease terms through proactive lease negotiations by the Property Manager, by optimizing the use of the Gross Leasable Area at each of the Properties, and by taking advantage of desirable opportunities for property acquisition.

The intention of the Fund Manager is to hold the Properties in the Company's 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 of the Company or part thereof to realize their optimal market potential and value. In the long run, the Fund Manager may also consider divesting mature and non-core properties which have reached a stage that affords limited growth for income growth in order to free up capital and reinvest proceeds into properties that meet the Company's investment criteria.

### III. INVESTMENT OBJECTIVES

- 1) **Grow and Diversify DDMPR's Tenant Mixes**  
The presence of government offices in DoubleDragon Plaza is a good precedent. As new industries come, it is an opportune time for DDMP REIT to further diversify its tenancy mix.
- 2) **Deliver regular and stable distributions to shareholders and to achieve sustainable long-term growth in distributions, net asset value and to enhance the value of its real estate portfolio.**

#### IV. PERFORMANCE METRICS

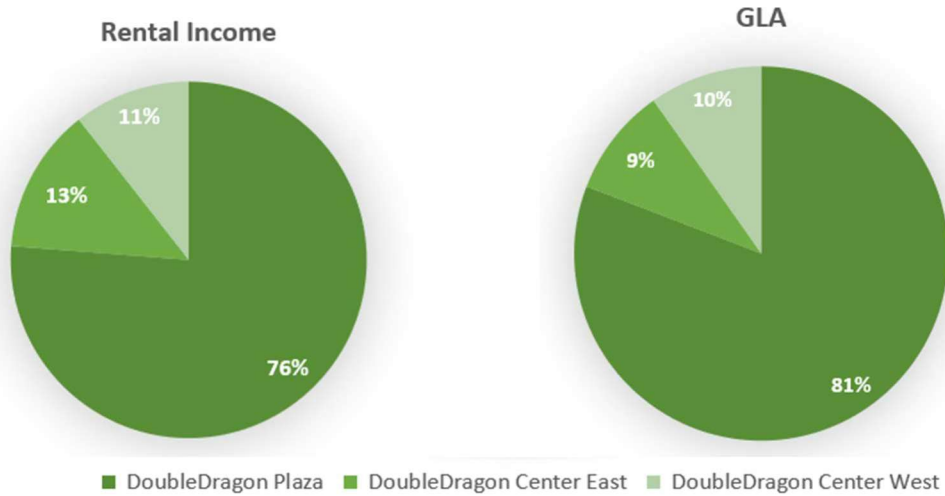
The following are the estimated overall performance metrics of DDMPR’s property portfolio:

- 1) **High quality, Grade A commercial assets in prime locations in either Metro Manila, key provinces in the Philippines.**

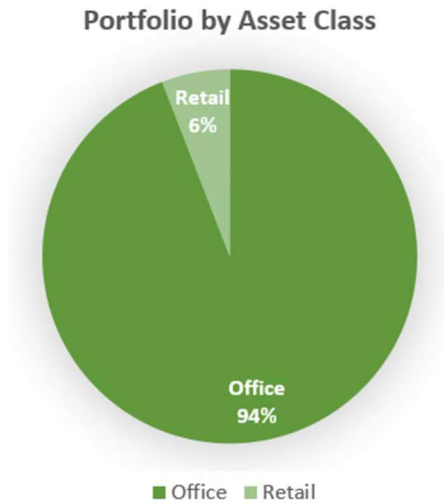
- *DDMPR’s Property Value over time*



- *DDMPR’s rental income contribution and GLA per Property as of September 30, 2021*



- *DDMPR's GLA by Asset Class as of September 30, 2021*



- 2) **Have stable occupancy, strong tenancy, and stable income operations.**  
 Average occupancy remains high and stable with minimal lease expiries until 2022.

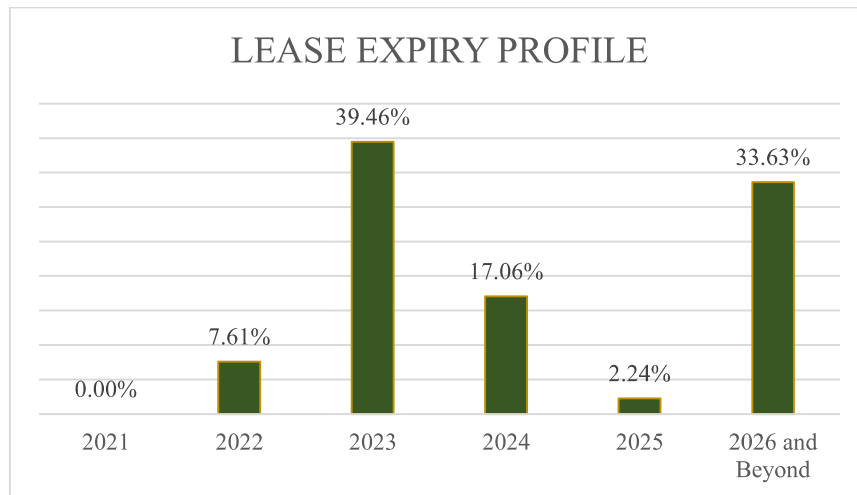
**A. Occupancy Rate**

| Building                 | Occupancy Rate |
|--------------------------|----------------|
| DoubleDragon Plaza       | 97.9%          |
| DoubleDragon Center East | 100.0%         |
| DoubleDragon Center West | 94.2%          |
| All Properties           | 97.7%          |

**B. Weighted Average Lease Expiration (WALE) per Property as of November 30, 2021**

| Property                 | WALE |
|--------------------------|------|
| DoubleDragon Plaza       | 2.96 |
| DoubleDragon Center East | 2.61 |
| DoubleDragon Center West | 2.21 |
| All Properties           | 2.88 |

**C. Percentage of total GLA expiring every year**



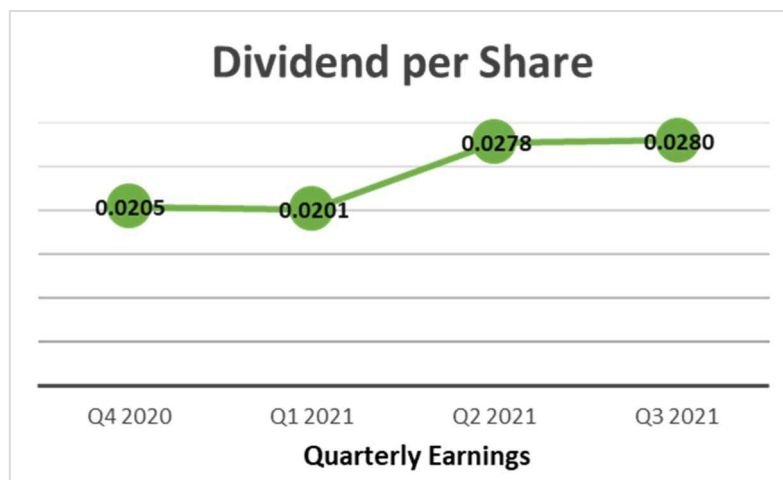
**3) Have stable growth and dividend accretive through contracted rental escalations and potential acquisitions.**

The table below shows 2021 total declared dividend per share and dividend yield.

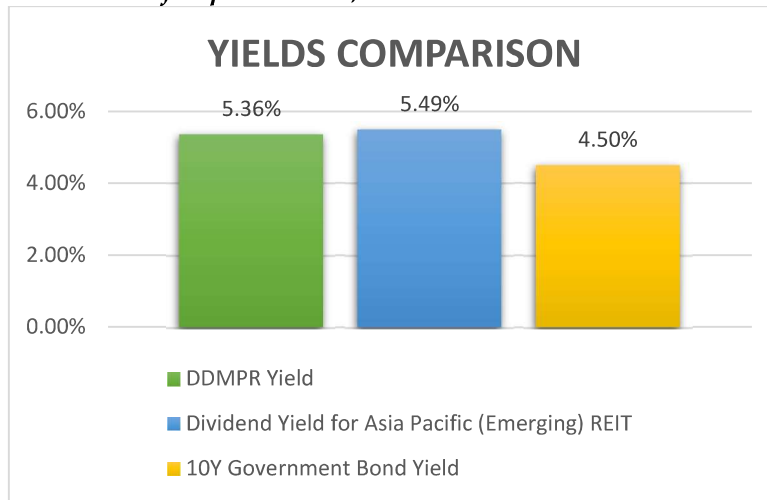
**2021 Dividends**

|  |           |
|--|-----------|
| Dividends per share as of Q3 2021 earnings             | 0.0963912 |
| Annualized Dividend per share                          | 0.1204890 |
| Price as of end of Q3 2021                             | 1.80      |
| Dividend Yield as of Q3 2021 based on closing Q3 Price | 5.36%     |
| Annualized dividend yield based on closing Q3 Price    | 6.69%     |
| Annualized dividend yield based on IPO Price           | 5.36%     |

**DDMPR Quarterly Dividends**



### *REIT Benchmarks as of September 30, 2021*



Sources:

*Dividend Yield for Asia Pacific (Emerging) REIT - Bloomberg, Asian REITs/ Asia Pacific (Emerging) REIT as of September 30, 2021*

*10Y Government Bond Yield - Bloomberg, Philippine Government BVAL Curve 10Year*

## V. FUTURE ASSET ACQUISITION

Pursuant to DDMPR's investment policy, while the Company's current investment focus is on properties in Metro Manila and other key urbanized provinces in the Philippines, the Company will continue to assess various types of real estate together with the Fund Manager, consistent with the Company's investment strategies, and pursue attractive opportunities that arise through the Company's connection with DD, third parties, and throughout the wider market.

DDMPR plans to add only mature real estate properties in its portfolio with stable cash flows. It considers adding future properties that yields higher capitalization, preferably higher than the existing properties.

All potential properties for acquisition will be identified and disclosed in the future after the submission of this Investment Strategy. It will be a combination of properties and assets owned by DD or third parties under mutually acceptable terms.

## VI. FINANCING STRATEGY

The Borrowing Policy of the Company is to comply with the limitations set by the REIT Law that the total borrowing and deferred payments of the Company should not exceed 35% of the deposited property. Pursuant to the investment strategies, the Company will assess each opportunity to grow its portfolio to ensure that any acquisition is value accretive to shareholders. The Company will likewise assess the appropriate method of capital raising whether it be debt or equity in financing any future acquisitions which will be subject to the Fund Manager's evaluation and recommendation, approval of the Company's Board of Directors and market conditions at the time of acquisition.

As of December 15, 2021, DDMPR has no borrowing.

**SIGNATURE**

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

**Company : DDMP REIT, INC.**

**By:**



Marriana H. Yulo

President

DDMP REIT FUND MANAGERS, INC.

Date: December 31, 2021