SEC MEMORANDUM CIRCULAR NO. 1
Series of 2026

TO	:	**ALL CONCERNED**
SUBJECT	:	**REVISIONS TO SEC MEMORANDUM CIRCULAR NO. 1, SERIES OF 2020, OR THE REVISED IMPLEMENTING RULES AND REGULATIONS OF REPUBLIC ACT NO. 9856, OTHERWISE KNOWN AS THE REAL ESTATE INVESTMENT TRUST (REIT) ACT OF 2009**
DATE	:	08 **JANUARY 2026**

WHEREAS, Section 5.1(b) of the Securities Regulation Code (SRC) provides that the Commission has the power to formulate policies and recommendations on issues concerning the capital markets;

WHEREAS, Republic Act (RA) No. 9856, otherwise known as the "Real Estate Investment Trust (REIT) Act of 2009" declares it a policy of the state to promote the development of the capital market, democratize wealth by broadening the participation of Filipinos in the ownership of real estate in the Philippines, use the capital market as an instrument to help finance and develop infrastructure projects, and protect the investing public by providing an enabling regulatory framework and environment for real estate investment trusts;

WHEREAS, Section 22 of RA No. 9856 empowers the Commission, in coordination with the Bangko Sentral ng Pilipinas (BSP) and the Department of Finance (DOF), and in consultation with other stakeholders such as the Philippine Stock Exchange and the real estate industry, to promulgate the implementing rules and regulations (IRR) of the provisions of the law and may continue to issue separate regulations, consistent therewith;

WHEREAS, the Commission, on 13 May 2010, approved the IRR of RA No. 9856, and on 20 January 2020, through Memorandum Circular No. 1, s. 2020, issued the Revised IRR of the same Act;

WHEREAS, it is the main thrust of the Commission to further develop the capital market by, among others, continuously enhancing the regulatory framework for REITs to be at par with our country's neighboring regions;

NOW, THEREFORE, the Commission hereby further revises the Revised IRR of RA No. 9856, as follows:

SEC. 1. RENUMBERING AND AMENDMENT OF THE DEFINITION OF INFRASTRUCTURE PROJECTS, INCOME-GENERATING REAL ESTATE, NIRC, PUBLIC SHAREHOLDER, SPONSOR/PROMOTER, AND TAXABLE NET INCOME, AS WELL AS THE ADDITION OF THE DEFINITION OF RELATED PARTY TRANSACTION UNDER RULE 3 – DEFINITION OF TERMS

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The provisions under Rule 3 are hereby amended as follows:

s. "Infrastructure Projects" ~~as defined in R.A. No. 6975, as amended by R.A. 7718, and in the Constructors' Performance Evaluation System Implementing Guidelines for Infrastructure Projects, refers to~~ **includes the** construction, improvement, rehabilitation, demolition, repair, restoration, or maintenance of roads and bridges, railways, airports, seaports, communication facilities, civil works components of information technology projects, irrigation, flood control and drainage, water supply, sewerage and solid waste management systems, shore protection, energy/power and electrification facilities, national buildings, school buildings, hospital buildings, and other related construction projects. **In this circular, the term Infrastructure Projects includes both government and privately initiated projects.**

q. "Income-generating Real Estate" means real property, **whether owned directly or indirectly, through a shareholding in an unlisted special purpose vehicle duly constituted to primarily hold/own real estate, and wholly-owned or partially-owned by a REIT by at least 2/3 of its outstanding and voting capital stock, including through incorporated joint ventures, ~~which is~~** held for the purpose of generating a regular stream of income such as, but not limited to, rentals, toll fees, user's fees, ticket sales, parking fees, and storage fees; ***provided,*** **that "regular stream of income" refers to recurring and predictable cash inflows generated by the income-generating real estate, those derived from the lease of, or other similar arrangements involving, the income-generating real estate, and other passive income, which may include rental properties from toll roads, railways, airports and air navigation facilities, ports, information and communications technology infrastructure, energy infrastructure assets, data centers, parking lots, buildings, malls, warehouses or storage facilities, immovable fixtures, machineries, facilities, and structures, and real rights over properties including but not limited to usufruct, easements, and registered leases.**

Excluded from this definition are real properties held primarily for sale or disposition, such as inventory properties and assets whose income is derived mainly from their sale rather than their continuing use or operation.

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aa. "NIRC" means the National Internal Revenue Code of 1997, as amended~~, and the pertinent amendments introduced by the Tax Reform for Acceleration and Inclusion (TRAIN) Act.~~

x x x

ii. "Public Shareholder" means a shareholder of a REIT other than the following persons (non-public shareholders):

i. The Sponsor/Promoter of the REIT;

ii. A director, Principal Officer or Principal Stockholder of the Sponsor/Promoter of the REIT;

iii. A director, Principal Officer or Principal Stockholder of the REIT;

iv. An associate of a director, Principal Officer or Principal Stockholder of the REIT or its Sponsor/Promoter;

v. A Related Corporation to the REIT or its Sponsor/Promoter; and,

vi. **Any person with substantial influence over the management or operations of the REIT, provided that "substantial influence" shall be deemed to exist when such person holds, directly or indirectly, ten percent (10%) or more of the total issued and outstanding shares of the REIT;**

vii. Any person who, although with total shareholdings less than 10% of the total issued and outstanding shares in the REIT, may have influence in the management or operations of the same, such as when shares are held by members of a director, principal officer or principal stockholder's immediate family sharing the same household.

viii. Any person who holds legal title to the shares of stock of the REIT for the benefit of another for the purpose of circumventing the provisions of this Act.

x x x

tt. "Related Party Transaction" refers to the transfer of resources, services or obligations between a REIT and a related party, regardless of whether a price is charged.

uu. "Revised Corporation Code" x x x

vv. "Securities Regulation Code" or "SRC" x x x

ww. "Sponsor/Promoter" means any person **or entity** who, acting alone or in conjunction with one or more other persons, directly or indirectly, contributes cash or property in establishing a REIT,

xx. "Subsidiary" x x x

yy. "Synthetic Investment Products" x x x

zz. "Taxable Net Income" means the pertinent items of gross income specified in Section 32 of the NIRC, less all allowable deductions enumerated in Section 34 of the NIRC, less the dividends distributed by a **REIT or an unlisted special purpose vehicle, which was duly constituted to primarily hold/own real estate, and wholly-owned or partially-owned by a REIT by at least 2/3 of its outstanding and voting capital stock, including through incorporated joint ventures,** out of its Distributable Income as of the end of the taxable year as **follows**:

i. dividends to owners of the common shares;

ii. dividends to owners of the preferred shares pursuant to their rights and limitations specified in the Articles of Incorporation of the REIT; and

iii. **in case of an unlisted special purpose vehicle duly constituted to primarily hold/own real estate, and wholly-owned or partially-owned by a REIT by at least 2/3 of its outstanding and voting capital stock, including through incorporated joint ventures, only those dividends actually distributed to and received by the REIT.**

SEC. 2. RENUMBERING, AMENDMENTS OF, AND THE CONTENTS OF THE REIT PLAN UNDER SECTION 1.3, RULE 4 – REAL ESTATE INVESTMENT TRUST

The provisions under Section 1.3, Rule 4 are hereby amended as follows:

1.3. No shares of stock of the REIT shall be offered for subscription or sale to Public Shareholders except in accordance with a REIT Plan registered with and approved by the Commission. The REIT Plan shall take the place of a prospectus. It shall contain the following information:

x x x

h. the operating date of each of the real estate, including **but not limited to** the occupancy rate, number of tenants and its mix in terms of occupation or business, principal provisions of the leases, average annual rental per square meter, and schedule of lease expirations for the next three (3) years **and/or any other relevant information**;

x x x

p. details of all material transactions or agreements entered into not in the ordinary course of business;

q. full particulars of the nature and extent of the interest, if any, of any director**, officers, and/or principal stockholders** of the REIT, the Fund Manager, the Property Manager or any Related Parties to the REIT, in the property owned or proposed to be acquired by the REIT; and where the interest of such a **~~director~~ covered person** consists in being a partner in a firm, the nature and extent of the interest in the firm, with a statement of all sums paid or agreed to be paid to him or the firm for services rendered to the REIT;

r. functions, duties and responsibilities of the Property Manager and the Fund Manager and, where applicable, shareholding of the Property Manager and/or the Fund Manager in the REIT;

s. corporate information on the Property Manager, including number of years in real estate/property management or alternatively, information on two (2) responsible officers who have at least five (5) years track record in real estate/property management, total assets under management, staff strength, resources, internal controls and risk management system;

t. information on the directors and Principal Officers of the Property Manager **and the REIT**, highlighting the academic and/or professional qualification as well as experience possessed by the respective personnel;

u. corporate information on the Fund Manager, including number of years in fund management, total assets under management, staff strength, internal controls and risk management system;

v. information on the directors and Principal Officers of the Fund Manager, highlighting the academic and/or professional qualification as well as experience possessed by the respective personnel;

w. details on substantial fees to be paid by the REIT, such as property management fees and fund management fees. The fees paid to the Property Manager and the Fund Manager must be clearly stated and shall include: (i) the percentage rate to be paid by the REIT; (ii) the basis on which the property management fee is calculated; and (iii) an illustration on how the fee is calculated.

The REIT Plan and Fund/Property Management Agreements must explicitly state that no duplicate fees shall be charged for the same services at the special purpose vehicle or incorporated joint venture level.

x. names, designation and the direct and indirect shareholdings in the REIT of Promoters, Principal Shareholders, directors, ~~**Principal Officers**~~ and principal officers of the Property Manager and the Fund Manager;

y. disclosure on how the proceeds of the public offering and any other funds raised in connection with the public offering will be utilized with timetable; and

z. pro-forma financial statements which shall include information on Net Asset Value and Net Asset Value per share before listing and after the proposed public offering, **as may be applicable**.

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SEC. 3. DIVIDEND DISTRIBUTION UNDER SECTION 4(c) OF RULE 4 - REAL ESTATE INVESTMENT TRUST

Section 4, paragraph c is hereby added:

Sec. 4. ***Dividend Distribution.*** *A* REIT shall distribute annually, a total of at least ninety percent (90%) of its Distributable Income as dividends to its shareholders, not later than the last working day of the fifth (5th) month following the close of the fiscal year of the REIT subject to the following:

a. x x x

b. x x x

c. **In the event of a REIT's investment by acquiring shares or interests in an unlisted special purpose vehicle, which was duly constituted to primarily hold/own real estate, and wholly-owned or partially-owned by a REIT by at least 2/3 of its outstanding and voting capital stock, including through incorporated joint ventures, the Constitutive Documents of the unlisted special purpose vehicle and/or incorporated joint venture, as the case may be, shall mandate the distribution of at least ninety percent (90%) of its distributable income to the REIT or other shareholders, if any, prior to the REIT's own dividend declaration. Failure to distribute income from the unlisted special purpose vehicle or incorporated joint venture to the REIT shall be deemed a violation of the REIT's own dividend distribution obligation.**

d. The income distributable as dividend by the REIT shall be based on the audited financial statements for the recently completed fiscal year prior to the prescribed distribution. The audited financial statements of the REIT shall present a computation of its distributable dividend taking into consideration requirements under the provisions of the Act and this Rule. However, the audited financial statements shall not be required before the REIT can distribute quarterly and/or semi-annual dividends; provided, the REIT has reasonable grounds to believe that the maximum dividends that it may distribute in such fiscal year shall not be more than its Distributable Income based on its audited financial statements for such fiscal year, as provided above.

e. x x x

SEC. 4. REINVESTMENT REQUIREMENT UNDER SECTION 5.1 (a) OF RULE 4 - REAL ESTATE INVESTMENT TRUST

For clarity, Section 5.1(a) of Rule 4 is retained as is, to wit:

SEC. 5. *Requirements.* The REIT shall comply with the following requirements:

5.1 Body Corporate

a. Minimum Public Ownership. A REIT shall be a public company and to be considered as such, a REIT shall: (a) maintain its status as a listed company; and (b) upon and after listing, have at least one thousand (1,000) Public Shareholders each owning at least fifty (50) shares of any class of shares, and who, in aggregate, own at least one-third (1/3) of the outstanding capital stock of the REIT.

A REIT may, from time of incorporation, issue shares to, or record the transfer of all its shares into the name of shareholders, investors or, securities intermediary in the form of uncertificated shares. It shall engage the services of a duly licensed transfer agent to monitor subsequent transfers of the shares. Said registrar shall ensure that the shares are traceable to the names of the shareholders or investors and for their own benefit and not for the benefit of any of the non-public shareholders.

The shares may be registered under a nominee and the nominee shall make available to the transfer agent the names of the shareholders in such frequency as may be necessary for the transfer agent to perform its basic functions.

Compliance with the minimum public ownership requirement under this section shall be duly certified by the transfer agent upon listing, as of record date for any dividend declaration or any corporate action requiring shareholder approval and other relevant times as may be required by the Commissio

SEC. 5. AMENDMENT ON THE REINVESTMENT REQUIREMENT UNDER SECTION 5.1 (e) OF RULE 4 - REAL ESTATE INVESTMENT TRUST

Section 5.1 (e) of Rule 4 is hereby amended as follows:

SEC. 5. *Requirements.* The REIT shall comply with the following requirements:

x x x

e. Reinvestment in the Philippines. In line with the policy to promote the development of the capital market and Filipino participation in the real estate industry, democratize wealth by broadening the participation of Filipinos in the ownership of real estate in the Philippines, use the capital market as an instrument to help finance and develop infrastructure projects in the Philippines, reinvestment in the Philippines shall be an indispensable requisite for any Sponsor/Promoter who contributes income-generating Real Estate to a REIT.

The relevant listing rules shall be issued which primarily requires the submission of a Reinvestment Plan with a firm undertaking to reinvest (a) any proceeds realized by the Sponsor/Promoter from the sale of REIT shares or other securities issued in exchange for income-generating Real Estate transferred to the REIT and (b) any money raised by the Sponsor/Promoter from the sale of any of its income-generating Real Estate to the REIT, in any Real Estate, including any redevelopment thereof, and/or Infrastructure Projects in the Philippines. This reinvestment shall be made within ~~one (1) year~~ **two (2) years** from the date of receipt of proceeds or money by the Sponsor/Promoter.

The reinvestment in the Philippines may take the form of investment in equity, the extension of loans or purchase of debt instruments or the repayment of loans or debt instruments in relation to any Real Estate or Infrastructure Project in the Philippines.

The **E**xchange shall furnish the Commission and the Department of Finance with a copy of the Reinvestment Plan in no more than three (3) days from receipt thereof. The Commission shall furnish the Department of Finance all REIT-related reports within fifteen (15) days from the due date of submission of quarterly reports by the REIT.

The **E**xchange shall also adopt in its rules the appropriate mechanism, internal controls, and procedures to include, among others, requiring the Sponsor/Promoter to be a party to the Listing Agreement and prescribing reporting requirements to monitor the REIT.

SEC. 6. AMENDMENT ON THE FUND MANAGER AND PROPERTY MANAGER FEES UNDER SEC. 5.3 OF RULE 4 - REAL ESTATE INVESTMENT TRUST

Sec. 5.3 of Rule 4 is hereby amended as follows:

5.3 *Fund Manager and Property Manager Fees.* The REIT shall engage a Fund Manager and a Property Manager in accordance with these Rules. The fees received by the Fund Manager and the Property Manager from the REIT shall not exceed one percent (1%) of the Net Asset Value of the assets under their respective management. **In the event of a REIT's investment in an unlisted special purpose vehicle, which was duly constituted to primarily hold/own real estate, and wholly-owned or partially-owned by a REIT by at least 2/3 of its outstanding and voting capital stock, including through incorporated joint ventures, no duplicate fees shall be charged for the same services at the special purpose vehicle or incorporated joint venture level.**

SEC. 7. AMENDMENT ON THE ALLOWABLE INVESTMENTS UNDER SECTION 1.1(C) OF RULE 5 - ALLOWABLE INVESTMENTS OF THE REIT

Section 1.1 of Rule 5 is hereby amended as follows:

SEC. 1. *Allowable Investments.* A REIT may only invest in:

1.1 Real estate.

a. A REIT may invest in real estate located in the Philippines, whether freehold or leasehold. At least seventy-five percent (75%) of the Deposited Property of the REIT shall be invested in, or consist of, income generating real estate. Deposited Property that should be invested in Income-generating Real Estate located in the Philippines shall in no case be less than 35% of the Deposited Property.

b. A REIT may invest in income generating real estate located outside of the Philippines; *Provided,* that such investment does not exceed forty percent (40%) of its Deposited Property and only upon special authority from the Commission. The Commission in issuing such authority shall consider, among others, satisfactory proof that the valuation of assets is fair and reasonable.

c. An investment in real estate may be by way of direct ownership or a shareholding in ~~**a domestic**~~ **an unlisted special purpose vehicle, which was duly constituted to primarily hold/own real estate, or through an incorporated joint venture; *provided* that in case of shareholdings in such an unlisted special purpose vehicle or incorporated joint venture, the REIT should either wholly-own or partially-own at least 2/3 of the outstanding and voting capital stock thereof; *provided, further,* that such unlisted special purpose vehicle or incorporated joint venture shall only have one class of voting shares.**

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SEC. 8. AMENDMENT ON THE REPORTS TO BE SUBMITTED BY THE FUND MANAGER UNDER SECTION 10.1, RULE 6 – FUND MANAGER

Secs. 10.1 and 10.2 are hereby revised, with a new paragraph added to Sec. 10.2, to wit:

SEC. 10. Reports. The Fund Manager shall submit the following reports:

10.1 The three (3)- year investment strategy prepared by the REIT, which shall be due for submission to the Commission and the relevant Exchange on or before December **31** of every year.

10.2 Quarterly written report on the performance of the REIT's funds and properties, and of the appropriate benchmarks shall be submitted to the REIT, the Commission, the BIR, and the relevant Exchange within forty (45) days after the end of each quarter.

If applicable, the Fund Manager shall submit a certification, to be attached in the REIT Plan and annual reports, stating that the unlisted special purpose vehicle or incorporated joint venture structure does not result in a greater tax burden to the REIT investor compared to a direct asset ownership by the REIT.

SEC. 9. SEPARABILITY CLAUSE. If, for any reason, any section or provision of this Circular is declared invalid or unconstitutional, the remainder shall remain in force and effect.

SEC. 10. REPEALING CLAUSE. All other rules and regulations or parts thereof, inconsistent with the foregoing rules and regulations are repealed, amended or modified accordingly.

SEC. 11. EFFECTIVITY CLAUSE. These Rules shall take effect fifteen (15) days after its complete publication in the Official Gazette or in at least two (2) newspapers of national circulation in the Philippines.

Done this 08 January 2026 in Makati City, Philippines.

For the Commission:

FRANCISCO ED. LIM
Chairperson