



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 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)
Net Balance of IPO proceeds as of March 31, 2021	9,900,170,782.79

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

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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



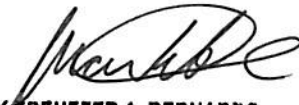
By: **Renan A. Pamonte**
Partner

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

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