



MEGAWORLD CORPORATION

25/F Alliance Global Tower, 36th Street cor. 11th Avenue Uptown Bonifacio, Taguig City 1634

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July 14, 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: 2nd 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 June 30, 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 June 30, 2022, the remaining balance of the proceeds from the MREIT IPO amounts to Six Billion Four Hundred Twenty Nine Million and Four Hundred Forty Seven Thousand and One Hundred-fifty Pesos (Php 6,429,447,150.00) as indicated below:

Net Balance of IPO proceeds as of March 31, 2022	9,900,170,782.79
less:	
Disbursement for Reinvestment Plan (Annex A)	(3,470,723,632.79)
Net Balance of IPO proceeds as of June 30, 2022	6,429,447,150.00

Thank you.

Respectfully yours,

FRANCISCO C. CANUTO
Treasurer



ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
Makati City, METRO MANILA) SS

At Makati City City, Metro Manila, on this JUL 15 2022 day of JUL 15 2022, 2022, before me personally appeared:

Name	Competent Evidence of Identity	Date and Place Issued
For and on behalf of MEGAWORLD CORPORATION:		
For and on behalf of		

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 JUL 15 2022 day of JUL 15 2022.

NOTARY PUBLIC

Doc. No. 142 ;
Page No. 30 ;
Book No. 120 ;
Series of 2022 .


NOTARY PUBLIC
Until December 31, 2022
PTR No. 8957784, Makati City-01/04/22
ISP No. 178830 D-04-2022 Roll No. 31206
MCLE Compliance No. IL-0021653
500-A Madrigal Bldg. Ayala Ave., Makati City

ANNEX A: Disbursements from the IPO Proceeds for the period covering April 1 to June 30, 2022

	Project Name	Township/Location	Investment Type	Product	2Q Disbursements	Disbursing Entity
1	Office - Taguig	Taguig City	Investment in Building	A LEED Office building with support retail to be developed in Taguig	567,092,939.05	Megaworld Corporation
2	Office / Commercial - Cavite	Cavite City	Investment in Building	Malls, Offices, Land Development and other developments	21,630,693.74	Megaworld Corporation
3	Eastwood City Projects	Eastwood City	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	350,000,000.00	Eastwood Cyber One Corporation
4	ArcoVia City Projects	Arcovia City	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	350,000,000.00	Arcovia Properties, Inc
5	No. 1 Upper East Avenue	Bacolod City	Investment in Building	Malls, Offices, Land Development and other developments	175,000,000.00	Megaworld Bacolod Properties, Inc
6	Commercial - Bacolod	Bacolod City	Investment in Building	Malls, Offices, Land Development and other developments	350,000,000.00	Megaworld Bacolod Properties, Inc
7	Commercial 2 - Bacolod	Bacolod City	Investment in Building	Malls, Offices, Land Development and other developments	350,000,000.00	Megaworld Bacolod Properties, Inc
8	Boracay Newcoast Projects	Boracay Newcoast	Investment in Building	Malls, Offices, Land Development and other developments	167,000,000.00	Global-Estate Resorts, Inc
9	Arden Botanical Estate Projects	Arden Botanical Estate	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	125,000,000.00	Global-Estate Resorts, Inc
10	Twin Lakes Projects	Twin Lakes	Investment in Building	Malls, Offices, Land Development and other developments	565,000,000.00	Twin Lakes Corporation
11	Hotel	Eastwood City	Investment in Building	Hotel	450,000,000.00	Prestige Hotels & Resorts, Inc
3,470,723,632.79						

Report of Independent Auditors on Factual Findings

Punongbayan & Araullo

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

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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 June 30, 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 (Revised), *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 June 30, 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 all the 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 June 30, 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>
Office - Taguig	Taguig	Office and Retail	Megaworld Corporation	P 567,092,939
Office / Commercial - Cavite	Maple Grove	Office and Retail	Megaworld Corporation	21,630,694
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.	350,000,000
No. 1 Upper East Avenue	The Upper East	Office and Retail	Megaworld Bacolod Properties, Inc.	175,000,000
Commercial - Bacolod	The Upper East	Mall	Meaworld Bacolod Properties, Inc.	<u>350,000,000</u>
<i>Balance carried forward</i>				<u>P 1,813,723,633</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 1,813,723,633
Commercial 2 - Bacolod	Northhill Gateway	Mall	Megaworld Bacolod Properties, Inc.	350,000,000
Boracay Newcoast Projects	Boracay Newcoast	Malls, Offices, Land developments and Other developments	Global-Estate Resorts, Inc.	167,000,000
Arden Botanical Estate Projects	Arden Botanical Estate	Malls, Offices, Land developments and Other developments	Global-Estate Resorts, Inc.	125,000,000
Twin Lakes Projects	Twin Lakes	Malls, Offices, Land developments and Other developments	Twin Lakes Corporation	565,000,000
Hotel	Various	Hotel	Prestige Hotels and Resorts, Inc.	<u>450,000,000</u>
				<u>P 3,470,723,633</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 June 30, 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>
Eastwood Cyber One Corporation	Eastwood City Projects	Eastwood City	P 350,000,000
Arcovia Properties, Inc.	ArcoVia City Projects	ArcoVia City	350,000,000
Megaworld Bacolod Properties, Inc.	No. 1 Upper East Avenue	The Upper East	175,000,000
Megaworld Bacolod Properties, Inc.	Commercial - Bacolod	The Upper East	350,000,000
Megaworld Bacolod Properties, Inc.	Commercial 2 - Bacolod	Northhill Gateway	350,000,000
Global-Estate Resorts, Inc.	Boracay Newcoast Projects	Boracay Newcoast	167,000,000
Global-Estate Resorts, Inc.	Arden Botanical Estate Projects	Arden Botanical Estate	125,000,000
Twin Lakes Corporation	Twin Lakes Projects	Twin Lakes	565,000,000
Prestige Hotels and Resorts, Inc.	Hotel	Various	<u>450,000,000</u>
			<u>P 2,882,000,000</u>

We traced the cash advances granted by the Company to supporting official receipts issued by the entities and bank statements. Moreover, we matched 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:

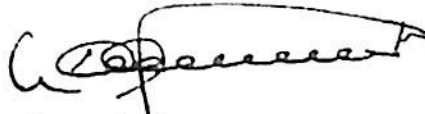
<u>Project name</u>	<u>Amount</u>
Office – Taguig	P 567,092,939
Office / Commercial – Cavite	<u>21,630,694</u>
	<u>P 588,723,633</u>

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)

July 14, 2022

SUBSCRIBED AND SWORN to before me on 14 July 2022 at Makati City, the above-mentioned affiant, Renan A. Piamonte, with PRC ID No. 0107805, valid until September 19, 2022.

IN WITNESS WHEREOF, I set unto my hand and seal on the date and place above written.



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. 109;
Page No. 23;
Book No. 2;
Series of 2022.