



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*

October 14, 2022

THE PHILIPPINE STOCK EXCHANGE

Philippine Stock Exchange Plaza

6th Floor, PSE Tower

Bonifacio Global City, Taguig

Attention: Alexandra D. Tom-Wong  
Officer-In-Charge, Disclosure Department

Subject: Final Report on the Use of Proceeds from the Initial Public Offering ("IPO") of  
MREIT, Inc.

Dear Ms. Tom-Wong,

We are please to submit our Final Report on the Use of Proceeds from the Initial Public Offering ("IPO") of MREIT, Inc., duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

On October 1, 2021, Megaworld Corporation ("MEG") received net proceeds from the IPO of MREIT amounting to Fourteen Billion Seven Hundred Ninety Million Five Hundred Thirty-Six Thousand One Hundred Ninety-three pesos and twenty centavos (14,790,536,193.20).

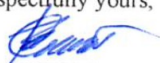
Please be advised that as of September 30, 2022, MEG already disbursed the total net proceeds amounting to Fourteen Billion Seven Hundred Ninety Million Five Hundred Thirty Six Thousand One Hundred Ninety-three pesos and twenty centavos (14,790,536,193.20) in accordance with its reinvestment plan.

The details of the disbursements are as follows:

Gross Proceeds from the IPO	15,292,383,750.00
less:	
Underwriters and IPO related fees deducted from proceeds	(267,616,715.63)
Disbursement for transaction costs	(234,230,841.17)
Net Proceeds received	14,790,536,193.20
less:	
Disbursements from Oct 1 to Dec 31, 2021	(1,554,182,362.90)
Disbursements from Jan 1 to Mar 31, 2022	(3,336,183,047.51)
Disbursements from April 1 to Jun 30, 2022	(3,470,723,632.79)
Disbursements from Jul 1 to Sep 30, 2022	(6,429,447,150.00)
Net Balance of IPO proceeds as of September 30, 2022	0.00

Thank you.

Respectfully yours,

  
FRANCISCO C. CANUTO  
MEG Treasurer

  
ENGLEBERT G. TEH  
MREIT, Inc. CFO



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

PROJECT NAME	TOWNSHIP/LOCATION	INVESTMENT TYPE	PRODUCT	3Q Disbursements	DISBURSING ENTITY
No. 1 Upper East Avenue	The Upper East	Investment in Building	Office / Retail	289,287,843.48	Megaworld Bacolod Properties, Inc.
Enterprise One	Iloilo Business Park	Investment in Building	Office / Retail	758,239,142.72	Megaworld Corporation
Office - Iloilo	Iloilo Business Park	Investment in Building	Office / Retail	761,998,334.30	Megaworld Corporation
Office - Taguig	Taguig	Investment in Building	Office / Retail	462,606,660.25	Megaworld Corporation
Office / Commercial - Cavite	Maple Grove	Investment in Building	Office / Retail	1,330,603,012.73	Megaworld Corporation
Commercial - Bacolod	The Upper East	Investment in Building	Mall	350,000,000.00	Megaworld Bacolod Properties, Inc.
Commercial 2 - Bacolod	Northhill Gateway	Investment in Building	Mall	317,712,156.52	Megaworld Bacolod Properties, Inc.
Hotel	Various	Investment in Building	Hotel	370,000,000.00	Prestige Hotels and Resorts, Inc.
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	300,000,000.00	Eastwood Cyber One Corporation
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.
Boracay Newcoast Projects	Boracay Newcoast	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	183,000,000.00	Global Estate Resorts, Inc.
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	305,000,000.00	Global Estate Resorts, Inc.
Twin Lakes Projects	Twin Lakes	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	651,000,000.00	Twin Lakes Corporation

6,429,447,150.00

## ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)  
\_\_\_\_\_, METRO MANILA) SS

**Makati City**

At **Makati City** Metro Manila, on this 14 day of OCT 14 2022, 20\_\_\_\_, before me personally appeared:

Name	Competent Evidence of Identity	Date and Place Issued
For and on behalf of MEGAWORLD CORPORATION:  FRANCISCO C. CANUTO		
For and on behalf of MREIT INC.:  ENGLEBERT G. TEH		

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 \_\_\_\_\_, 20\_\_\_\_.

Doc. No. 10 ;  
Page No. 03 ;  
Book No. 144 ;  
Series of 2022

NOTARY PUBLIC

**BUENAVENTURA U. MENDOZA**

NOTARY PUBLIC  
Until December 31, 2022  
P/N No. 8888878 Makati City-01/04/22  
I/P No. 135139 04-04-2021 Ref. No. 31206  
MCLC Compliance No. II-0021653  
508-A Madrigal Bldg. Ayala Ave., Makati City  
Extended until December 31, 2022 per B.M. No. 3795

## **Report of Independent Auditors on Factual Findings**

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**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**

#### **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 Final Report (the Report) as of September 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, *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 as of September 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 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 as of September 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>
Enterprise One	Iloilo Business Park	Office / Retail	Megaworld Corporation	P 1,000,000,000
Office – Iloilo	Iloilo Business Park	Office / Retail	Megaworld Corporation	900,000,000
Office – Taguig	Taguig City	Office / Retail	Megaworld Corporation	1,735,913,288
Office / Commercial – Cavite	Maple Grove	Office / Retail	Megaworld Corporation	1,430,000,000
No. 1 Upper East Avenue	The Upper East	Office / Retail	Megaworld Bacolod Properties, Inc.	580,000,000
Commercial – Bacolod	The Upper East	Mall	Megaworld Bacolod Properties, Inc.	747,553,284
Commercial 2 – Bacolod	Northill Gateway	Mall	Megaworld Bacolod Properties, Inc.	676,507,157
Hotel	Eastwood City	Hotel	Prestige Hotels and Resorts, Inc.	<u>1,021,238,247</u>
Balance carried forward				<u>P 8,091,211,976</u>



<u>Project Name</u>	<u>Township or Location</u>	<u>Products</u>	<u>Disbursing Entity</u>	<u>Amount</u>
Balance brought forward				P 8,091,211,976
Eastwood City Projects	Eastwood City	Malls, Offices Land Developments, and Other Developments	Eastwood Cyber One Corporation	1,000,000,000
Arcovia City Projects	ArcoVia City	Malls, Offices Land Developments, and Other Developments	Arcovia Properties, Inc.	1,000,000,000
Boracay Newcoast Projects	Boracay Newcoast	Malls, Offices Land Developments, and Other Developments	Global Estate Resorts, Inc.	570,000,000
Arden Botanical Estate Projects	Arden Botanical Estate	Malls, Offices Land Developments, and Other Developments	Global Estate Resorts, Inc.	430,000,000
Office / Commercial – Pampanga	Pampanga		Megaworld Capital Town, Inc.	1,050,536,193
One LeGrand Tower	McKinley West	Office / Retail	Megaworld Corporation	5,185,242
One Paseo	ArcoVia City	Office / Retail	Megaworld Corporation	35,072,167
Worldwide Plaza	Uptown Bonifacio	Office / Retail	Megaworld Corporation	724,583,571
International Finance Center	Uptown Bonifacio	Office / Retail	Megaworld Corporation	110,947,044
Twin Lakes Projects	Twin Lakes	Malls, Offices Land Developments, and Other Developments	Global Estate Resorts, Inc.	<u>1,773,000,000</u>
				<b><u>P 14,790,536,193</u></b>

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 as of September 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>
Global Estate Resorts, Inc.	Twin Lakes Projects	Twin Lakes	P 1,773,000,000
Prestige Hotels and Resorts, Inc.	Hotel	Eastwood City	1,021,238,247
Megaworld Capital Town, Inc.	Office / Commercial Pampanga	Pampanga	1,050,536,193
Eastwood Cyber One Corporation	Eastwood City Projects	Eastwood City	1,000,000,000
Arcovia Properties, Inc.	Arcovia City Projects	Arcovia City	1,000,000,000
Global-Estate Resorts, Inc.	Boracay Newcoast Projects	Boracay Newcoast	570,000,000
Global-Estate Resorts, Inc.	Arden Botanical Estate Projects	Arden Botanical Estate	430,000,000
Megaworld Bacolod Properties, Inc.	Commercial - Bacolod	The Upper East	747,553,284
Megaworld Bacolod Properties, Inc.	Commercial 2 - Bacolod	Northill Gateway	676,507,157
Megaworld Bacolod Properties, Inc.	No. 1 Upper East Avenue	The Upper East	<u>580,000,000</u>
			<b><u>P 8,848,834,881</u></b>

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:

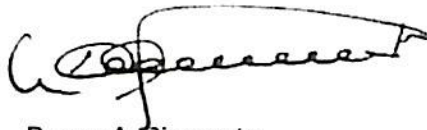
<u>Project name</u>	<u>Amount</u>
Office – Taguig	P 1,735,913,288
Office / Commercial – Cavite	1,430,000,000
Enterprise One	1,000,000,000
Office – Iloilo	900,000,000
Worldwide Plaza	724,583,571
International Finance Center	110,947,044
One Paseo	35,072,167
One LeGrand Tower	<u>5,185,242</u>
	<b><u>P 5,941,701,312</u></b>

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 08-002511-037-2022 (until Aug. 10, 2025)  
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)


October 13, 2022



**SUBSCRIBED AND SWORN** to before me, in the City of Makati, on 14 October 2022, the affiant, **Renan A. Piamonte**, exhibiting his Professional Regulatory Commission (PRC) License ID registration no. 0107805 valid until September 19, 2025.

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

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Series of 2022.