

PSE Security Code _____
SEC Number CS202052294
File Number _____

MREIT, INC.

(Company's Full Name)

**18TH FLOOR ALLIANCE GLOBAL TOWER, 36TH STREET CORNER
11TH AVENUE, UPTOWN BONIFACIO, TAGUIG CITY 1634,
METRO MANILA, PHILIPPINES**

(Company's Address)

(02) 88946400

(Company's Telephone Number)

DECEMBER 31

(Fiscal Year Ending)
(Month & Day)

SEC FORM 17-Q (Q1 2022)

(Form Type)

(Amendment Designation, if Applicable)

Period Ended Date

PERMIT TO OFFER SECURITIES FOR SALE

(Secondary License Type, if any)

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE
SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. For the quarterly period ended 31 March 2022
2. SEC Identification Number: CS202052294 3. BIR Tax Identification No. 502-228-971
4. MREIT, INC.
Exact name of issuer as specified in its charter
5. Taguig City, Metro Manila, Philippines
Province, country or other jurisdiction of incorporation or organization
6. (SEC Use Only)
Industry Classification Code
7. 18th Floor, Alliance Global Tower, 36th Street cor.
11th Avenue, Uptown Bonifacio, Taguig City 1634
Address of principal office
8. (02) 88946400
Registrant's telephone number, including area code
9. Former name, former address and formal fiscal year, if changed since last report:
N/A
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Stock Outstanding
Common	2,532,121,381

11. Are any or all of these securities listed on a Stock Exchange?

Yes **No**

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Philippine Stock Exchange Common Shares

12. Check whether the issuer:

has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months.

Yes **No**

has been subject to such filing requirements for the past ninety (90) days.

Yes **No**

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Interim financial statements are attached as Exhibits hereof and incorporated by reference:

- Exhibit 1 - Consolidated Statements of Financial Position as of 31 March 2022
- Exhibit 2 - Consolidated Statements of Income and Consolidated Statements of Comprehensive Income for the Three Months Ended 31 March 2022 and 2021
- Exhibit 3 - Consolidated Statements of Changes in Equity for the Three Months Ended 31 March 2022 and 2021
- Exhibit 4 - Consolidated Statements of Cash Flows for the Three Months Ended 31 March 2022 and 2021
- Exhibit 5 - Notes to Interim Financial Information for the Three Months Ended 31 March 2022

Item 2. Management's Discussion and Analysis of the Financial Condition and Results of Operations

Please refer to Exhibit 6 hereof.

Item 3. Aging of Accounts Receivables

Please refer to Exhibit 7 hereof.

Item 4. Schedule of Financial Soundness Indicators

Please refer to Exhibit 8 hereof.

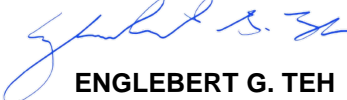
PART II – OTHER INFORMATION

The Company is not in possession of information which have not been previously reported in a report on SEC Form 17-C and with respect to which a report on SEC Form 17-C is required to be filed.

SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MREIT, INC.
Issuer

By: 
ENGLEBERT G. TEH
Chief Financial Officer
02 May 2022

MREIT, INC.
(Formerly Megaworld Holdings, Inc.)
(A Subsidiary of Megaworld Corporation)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
MARCH 31, 2022
(With Comparative Figures as of December 31, 2021)
(Amounts in Philippine Pesos)

EXHIBIT 1

	Notes	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	4	P 1,394,299,440	P 1,333,805,607
Trade and other receivables	5	76,537,257	88,118,786
Other current assets	7	<u>121,413,432</u>	<u>71,262,351</u>
Total Current Assets		<u>1,592,250,129</u>	<u>1,493,186,744</u>
NON-CURRENT ASSETS			
Trade receivables	5	110,509,650	56,558,890
Property and equipment		76,983	-
Investment properties	6	59,261,000,000	59,261,000,000
Other non-current assets	7	<u>54,210,741</u>	<u>54,441,929</u>
Total Non-current Assets		<u>59,425,797,374</u>	<u>59,372,000,819</u>
TOTAL ASSETS		<u>P 61,018,047,503</u>	<u>P 60,865,187,563</u>
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Accounts and other payables	8	P 244,473,360	P 172,191,343
Deposits and other liabilities	9	<u>267,750,583</u>	<u>263,008,802</u>
Total Current Liabilities		<u>512,223,943</u>	<u>435,200,145</u>
NON-CURRENT LIABILITIES			
Interest-bearing loan	10	7,197,133,229	7,195,789,259
Deposits and other liabilities	9	<u>1,067,653,396</u>	<u>1,072,876,081</u>
Total Non-current liabilities		<u>8,264,786,625</u>	<u>8,268,665,340</u>
Total Liabilities		<u>8,777,010,568</u>	<u>8,703,865,485</u>
EQUITY			
Capital stock	12	2,532,121,381	2,532,121,381
Additional paid-in capital	12	47,907,466,035	47,907,466,035
Retained earnings		<u>1,801,449,519</u>	<u>1,721,734,662</u>
Equity		<u>52,241,036,935</u>	<u>52,161,322,078</u>
TOTAL LIABILITIES AND EQUITY		<u>P 61,018,047,503</u>	<u>P 60,865,187,563</u>

See Selected Explanatory Notes to Condensed Interim Financial Statements.

MREIT, INC.
(Formerly Megaworld Holdings, Inc.)
(A Subsidiary of Megaworld Corporation)
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Amounts in Philippine Pesos)

EXHIBIT 2

	Notes	March 31, 2022 (Unaudited)	March 31, 2021 (Audited)
REVENUES			
Rental income	9	P 742,725,059	P -
Income from dues - net		<u>158,841,045</u>	<u>-</u>
		901,566,104	-
COST OF SERVICES			
	7	<u>132,345,708</u>	<u>-</u>
GROSS PROFIT			
		769,220,396	-
OTHER OPERATING EXPENSES			
		<u>7,597,833</u>	<u>12,477,000</u>
OPERATING PROFIT (LOSS)			
		<u>761,622,563</u>	<u>(12,477,000)</u>
OTHER INCOME (CHARGES) - NET			
Interest expense	9, 10	(76,730,751)	-
Interest income	4, 7	2,791,855	-
Others		<u>7,748</u>	<u>-</u>
		<u>(73,931,148)</u>	<u>-</u>
PROFIT (LOSS) BEFORE TAX			
		687,691,415	<u>(12,477,000)</u>
TAX EXPENSE			
		<u>(520,639)</u>	<u>-</u>
NET PROFIT (LOSS)			
		687,170,776	<u>(12,477,000)</u>
OTHER COMPREHENSIVE INCOME			
		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS)			
		<u>P 687,170,776</u>	<u>(P 12,477,000)</u>
BASIC AND DILUTED EARNINGS			
(LOSS) PER SHARE	13	<u>P 0.27</u>	<u>(P 0.01)</u>

* The Company was incorporated on October 2, 2020 and has started its commercial operations on June 2, 2021.

See Selected Explanatory Notes to Condensed Interim Financial Statements.

MREIT, INC.
(Formerly Megaworld Holdings, Inc.)
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Amounts in Philippine Pesos)

EXHIBIT 3

	Note	March 31, 2022 (Unaudited)	March 31, 2021 (Audited)
CAPITAL STOCK			
	12		
Balance at beginning of period		P 2,532,121,381	P 10,000,000
Issuance of shares during the period		-	1,240,000,000
Balance at end of period		2,532,121,381	1,250,000,000
ADDITIONAL PAID-IN CAPITAL		47,907,466,035	-
RETAINED EARNINGS (DEFICIT)			
Balance at beginning of period		1,721,734,662	(10,278,820)
Net profit (loss) during the period		687,170,776	(12,477,000)
Dividends declared during the period	12	(607,455,919)	-
Balance at end of period		1,801,449,519	(22,755,820)
EQUITY		P 52,241,036,935	P 1,227,244,180

* The Company was incorporated on October 2, 2020 and has started its commercial operations on June 2, 2021.

See Selected Explanatory Notes to Condensed Interim Financial Statements.

MREIT, INC.
(Formerly Megaworld Holdings, Inc.)
(A Subsidiary of Megaworld Corporation)

EXHIBIT 4

STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>March 31, 2022</u> <u>(Unaudited)</u>	<u>March 31, 2021</u> <u>(Audited)</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		P 687,691,415	(P 12,477,000)
Adjustments for:			
Interest expense	9, 10	76,730,751	-
Interest income	4, 7	(2,791,855)	-
Operating profit (loss) before working capital changes		761,630,311	(12,477,000)
Increase in trade and other receivables		(42,290,080)	-
Increase in other current assets		(50,151,081)	(9,240)
Decrease in other non-current assets		419,848	-
Increase in accounts and other payables		72,221,600	12,486,240
Decrease in deposits and other liabilities		(9,897,518)	-
Cash generated from operations		731,933,080	-
Interest received		2,524,044	-
Income tax paid		(520,639)	-
Net Cash From Operating Activities		<u>733,936,485</u>	<u>-</u>
CASH FLOW FROM AN INVESTING ACTIVITY			
Acquisition of property and equipment	6	(76,983)	-
Deposit made for future acquisition of real properties	11	-	(1,240,000,000)
Cash Used in Investing Activity		(76,983)	(1,240,000,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	12	(607,455,919)	-
Interest paid		(65,909,750)	-
Proceeds from issuance of shares	12	-	1,240,000,000
Net Cash From (Used in) Financing Activities		(673,365,669)	1,240,000,000
NET INCREASE IN CASH AND CASH EQUIVALENTS		60,493,833	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		<u>1,333,805,607</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD		<u>P 1,394,299,440</u>	<u>P -</u>

* The Company was incorporated on October 2, 2020 and has started its commercial operations on June 2, 2021.

See Selected Explanatory Notes to Condensed Interim Financial Statements.

MREIT, INC.
(Formerly Megaworld Holdings, Inc.)
(A Subsidiary of Megaworld Corporation)
SELECTED EXPLANATORY NOTES TO CONDENSED
INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(With Comparative Figures as of December 31, 2021)
(Amounts in Philippine Pesos)
(Unaudited)

1. GENERAL INFORMATION

MREIT, Inc. (the Company, formerly Megaworld Holdings, Inc.) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 2, 2020. The Company's primary purpose, as amended in April 2021, is to engage in the business of a real estate investment trust, as provided under Republic Act (R.A.) No. 9856, *The Real Estate Investment Trust Act of 2009* (the "REIT Act"), including its implementing rules and regulations, and other applicable laws.

The Company is a subsidiary of Megaworld Corporation (MC or the Parent Company) who holds 62.09% of the Company's issued and outstanding shares as of March 31, 2022 and December 31, 2021. MC is presently engaged in property-related activities such as project design, construction, and property management. MC's real estate portfolio includes residential condominium units, subdivision lots and townhouses, condominium-hotel projects, as well as office projects and retail spaces.

Alliance Global Group, Inc. (AGI) is the Company's ultimate parent company. AGI is a holding company presently engaged in the food and beverage, real estate development, quick-service restaurant, tourism-oriented and gaming businesses.

Both MC and AGI are publicly-listed companies in the Philippines.

The registered office address and principal place of business of the Company and MC are located at 18th and 30th Floors, respectively, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City. The registered office of AGI, which is also its principal place of business, is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City Cyberpark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

The condensed interim financial statements of the Company as of and for the three months ended March 31, 2022 (including the comparative financial statements as at December 31, 2021 and the three months ended March 31, 2021) were authorized for issue by the Company's Board of Directors (BOD) on April 29, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these condensed interim financial statements are consistent with those applied in the audited financial statements as of and for the period ended December 31, 2021.

2.1 Basis of Preparation of Condensed Interim Financial Statements

These condensed interim financial statements for the three months ended March 31, 2022 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the audited financial statements of the Company as at and for the period ended December 31, 2021.

The preparation of condensed interim financial statements in accordance with Philippine Financial Reporting Standards (PFRS) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

These condensed interim financial statements are presented in Philippine peso, the functional and presentation currency of the Company, and all values represent absolute amounts except when otherwise indicated.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2022 that are Relevant to the Company

The Company adopted for the first time the following amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2022:

PAS 16 (Amendments)	:	Property, Plant and Equipment – Proceeds Before Intended Use
PAS 37 (Amendments)	:	Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to PFRS 2018-2020 Cycle		
PFRS 9 (Amendments)	:	Financial Instruments – Fees in the '10 percent' for Derecognition of Liabilities
PFRS 16 (Amendments)	:	Illustrative Example

Discussed below and in the succeeding page are the relevant information about these pronouncements.

- (i) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use*. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The application of these amendments had no significant impact to the Company's condensed interim financial statements.

- (ii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*. The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor and materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The application of these amendments had no significant impact to the Company’s condensed interim financial statements.
- (iii) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments are relevant to the Company:
- PFRS 9 (Amendments), *Financial Instruments – Fees in the ‘10 per cent’ Test for Derecognition of Liabilities*. The improvements clarify the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. The application of these amendments had no significant impact to the Company’s condensed interim financial statements.
 - Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives*. The amendment removes from the example the illustration of the reimbursement of leasehold improvements by the lessor. The application of the amendment had no significant impact to the Company’s condensed interim financial statements.

(b) *Effective Subsequent to 2022 but not Adopted Early*

There are pronouncements effective for annual periods subsequent to 2022, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Company’s financial statements.

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023)
- (ii) PAS 1 (Amendments), *Presentation of Financial Statements* and PFRS Practice Statement 2 (Amendments), *Making Materiality Judgments – Disclosure of Accounting Policies* (effective from January 1, 2023)
- (iii) PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates* (effective from January 1, 2023)

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

In preparing the condensed interim financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. The judgments, estimates and assumptions applied in the condensed interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Company’s last audited financial statements as at and for the period ended December 31, 2021.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	March 31, 2022 (Unaudited)	December 30, 2021 (Audited)
Cash on hand and in bank	P 393,299,784	P 832,127,010
Short-term placements	<u>1,000,999,656</u>	<u>501,678,597</u>
	<u>P 1,394,299,440</u>	<u>P 1,333,805,607</u>

Cash in bank generally earns interest based on daily bank deposit rates.

Short-term placements are made for varying periods of up to three months depending on the cash requirements of the Company and earn annual interest at the respective short-term placement rates.

Interest earned from cash in bank and short-term placements for the three months ended, March 31, 2022 amounted to P2.6 million (nil for the three months ended March 31, 2021), and is presented as Interest income under Other Income (Charges) section in the condensed interim statements of comprehensive income.

5. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Note	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Current			
Trade receivables:	11.1		
Billed		P 63,295,939	P 70,763,275
Accrued		8,178,975	14,112,404
Others		<u>5,062,343</u>	<u>3,243,107</u>
		76,537,257	88,118,786
Non-current –			
Trade receivables –	11.1		
Accrued		<u>110,509,650</u>	<u>56,558,890</u>
		<u>P 187,046,907</u>	<u>P 144,677,676</u>

Accrued receivables pertain to receivables resulting from the straight-line method of recognizing rental income.

Billed receivables arise mainly from tenants for rentals of office, retail, hotel and parking spaces, including dues. These are noninterest-bearing and are generally collectible on 30-day term.

All trade and other receivables are subject to credit risk exposure. However, there was no impairment losses recognized as management believes that the remaining receivables are fully collectible.

6. INVESTMENT PROPERTIES

The Company's investment properties include several buildings for mixed use, which are being leased out as office, retail and hotel, including the hotel's parking spaces.

A reconciliation of the carrying amounts at the beginning and end of the three-month ended March 31, 2022, and six-month ended December 31, 2021, of investment properties is shown below.

	March 31, 2022	December 31, 2021
	<u>(Unaudited)</u>	<u>(Audited)</u>
Balance at beginning of the period	P 59,261,000,000	P 49,443,000,000
Additions for the period	-	9,116,000,000
Fair value gains	-	<u>702,000,000</u>
Balance at end of the period	<u>P 59,261,000,000</u>	<u>P 59,261,000,000</u>

As of March 31, 2022, and December 31, 2021, the Company has a total of 14 assets consisting of the following:

Located at McKinley Hill, Fort Bonifacio, Taguig City:

One World Square
Two World Square
Three World Square
8/10 Upper McKinley Building
18/20 Upper McKinley Building
World Finance Plaza

Located at Eastwood, Quezon City:

1880 Eastwood Avenue
1800 Eastwood Avenue
E-Commerce Plaza

Located at Iloilo Business Park, Iloilo City:

Richmonde Hotel Iloilo and Richmonde Iloilo Office Tower
One Techno Place
Two Techno Place
Three Techno Place
One Global Center

For the three months ended March 31, 2022, rental income from investment properties amounted to P742.7 million.

The direct operating costs incurred relating to investment properties, which pertains to repairs and maintenance and real property taxes amounted to P7.2 million for the three months ended March 31, 2022. All investment properties generate rental income.

There was no rental income earned and direct operating costs incurred relating to investment properties for the three months ended March 31, 2021 as the commercial operations of the Company started on June 2, 2021.

The fair values of the investment properties as of March 31, 2022 and December 31, 2021 amounted to P59.3 billion were determined based on the latest appraisal reports by an independent real property appraiser, which uses the income approach. Fair value gains or losses on investment properties are presented under Other Income (Charges) section of the condensed interim statements of comprehensive income.

On April 1, 2022, the Board of Directors of the Company approved the subscription by MC of additional shares in the Company, to be paid for by way of transfer of four prime, grade A, office properties in PEZA-accredited zones (see Note 19.1).

7. OTHER ASSETS

The Company's other assets consist of the following:

	Note	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Current:			
Prepaid expenses		P 56,202,690	P 24,595,487
Creditable withholding taxes		48,588,814	35,522,343
Deferred input value-added tax (VAT)		11,736,214	11,144,521
Advances to suppliers		4,885,714	-
		<u>121,413,432</u>	<u>71,262,351</u>
Non-current:			
Security deposit	11.2	12,893,134	12,704,475
Deferred charges	11.2	41,317,607	41,737,454
		<u>54,210,741</u>	<u>54,441,929</u>
		<u>P 175,624,173</u>	<u>P 125,704,280</u>

Security deposit is related to the lease of certain parcels of land on which the investment properties stand (see Note 11.2). The related interest income recognized from subsequent amortization of the security deposit is presented as part of Interest income under Other Income (Charges) section in the condensed interim statements of comprehensive income.

Deferred charges pertain to the difference between the nominal values of the security deposits and their fair values. These are initially measured at fair value and subsequently amortized using the straight-line method. Amortization of deferred charges is presented as part of Cost of Services account in the condensed interim statements of comprehensive income.

8. ACCOUNTS AND OTHER PAYABLES

The details of this account are as follows:

	Notes	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Accounts payable	11.3	P 141,530,924	P 84,743,687
Accrued expenses		75,150,521	54,791,622
Withholding taxes payable		9,545,531	7,083,822
Interest payable	10	8,055,636	7,995,219
Deferred output VAT		1,274,558	11,618,604
Others		8,916,190	5,958,389
		<u>P 244,473,360</u>	<u>P 172,191,343</u>

Other payables include output VAT payable.

9. DEPOSITS AND OTHER LIABILITIES

The details of this account are as follows:

	Notes	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Current:			
Advance rent	11.1, 14.1	P 150,143,864	P 139,154,738
Security deposits	11.1, 14.1	94,175,303	87,085,752
Deferred credits		23,431,416	36,768,312
		<u>267,750,583</u>	<u>263,008,802</u>
Non-current:			
Security deposits	11.1, 14.1	586,562,672	588,129,870
Advance rent	11.1, 14.1	400,444,123	411,374,176
Deferred credits		80,646,602	73,372,035
		<u>1,067,653,397</u>	<u>1,072,876,081</u>
		<u>P 1,335,403,980</u>	<u>P 1,335,884,883</u>

Security deposits represent deposits from lessees to secure the faithful compliance by lessees of their obligations under the lease contracts. These are equivalent to three months' rent for office and six months' rent for commercial spaces and will be refunded to the lessee at the end of the lease term.

Advance rentals from lessees represent cash received in advance representing three months' rent which will be applied to the last three months' rentals on the related lease contracts.

Deferred credits pertain to the difference between the nominal values of the deposits and their fair values. These are initially measured at fair value and subsequently amortized using the straight-line method.

10. INTEREST-BEARING LOAN

In December 2021, the Company obtained an unsecured, 10-year, P7.25 billion term loan from a local bank to finance the acquisition of investment properties. The principal is payable quarterly in instalment beginning on the last quarter of the fifth year with a balloon payment at the end of the term. Interest is payable quarterly at 3.64% per annum subject to repricing in December 2024. Interest incurred for three months ended March 31, 2022 amounted to P66.0 million (nil for the three months ended March 31, 2021), and is presented as part of Interest Expense in the condensed interim statements of comprehensive income. The related accrual is presented as Interest payable under Accounts and Other Payables in the statement of financial position as of March 31, 2022 and December 31, 2021 (see Note 8).

Total capitalized loan origination costs amounted to P54.4 million. Amortization for the three months ended March 31, 2022 amounted to P1.3 million (nil for the three months ended March 31, 2021), and is presented as part of Interest Expense in the condensed interim statements of comprehensive income.

11. RELATED PARTY TRANSACTIONS

The Company's related parties include the Parent Company and related parties under common ownership. A summary of the Company's transactions and outstanding balances with its related parties is presented below and in the succeeding page.

Related Party Category	Notes	Amount of Transaction		Outstanding Receivable (Payable)	
		March 31, 2022 (Unaudited)	March 31, 2021 (Audited)	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Parent Company					
Deposit made for future acquisition of real properties	11.4	P -	P 1,240,000,000	P -	P -
Rendering of services	11.1	52,581,645	-	15,568,514	10,897,960
Advance rent	11.1	-	-	-	-
Security deposits received	11.1	-	-	(18,117,600)	(18,117,600)
Security deposits paid	11.2	188,659	-	12,893,134	12,704,475
Related parties under common ownership					
Advance rent	11.1	(96,529)	-	(8,713,747)	(8,617,218)
Security deposits received	11.1	(2,150,640)	-	(25,020,939)	(22,870,299)
Rendering of services	11.1	31,996,008	-	29,982,487	21,192,835
Management services	11.3	49,586,136	-	(71,218,402)	(53,860,004)
Key management personnel –					
Compensation	11.5	1,367,445	-	-	-

11.1 Rendering of Services to Related Parties

The Company leases some of its investment properties to Parent Company and other related parties under common ownership with rental payments mutually agreed generally before the commencement of the lease. Most of the leases have terms ranging from 5 to 25 years, with renewal options, and include annual escalation rates of 5% to 10%, except for contingent rent. The revenues earned from these related parties are included as part of Rental income under Revenues section in the condensed interim statement of comprehensive income for the three months ended March 31, 2022 (nil for the three months ended March 31, 2021). The related outstanding receivables from these transactions, which are collectible on demand, unsecured and noninterest-bearing, are presented as part of Trade receivables under the Trade and Other Receivables account in the statements of financial position (see Note 5). Advance rent and security deposits relating to this transaction are presented under the current and non-current portion of Deposits and Other Liabilities account in the statements of financial position (see Note 9).

11.2 Land Lease Agreement

In 2021, the Company entered into a land lease agreement with MC over the land on which its investment properties stood for a period of 25 years, renewable for another 25 years, at the option of the Company, on terms and conditions mutually acceptable to the parties. As consideration for the land lease, the Company shall pay MC rent equivalent to: (a) 2.5% of gross rental income for office, retail and commercial properties for the period July 1, 2023 and until June 30 2025, and 5% thereafter; and, (b) 1.5% of gross rental income for hotel properties for the period July 1, 2023 and until June 30 2025, and 3% thereafter.

Deposit paid by the Company from the land lease agreement was presented as Security deposit under Other Non-current Assets in the statements of financial position (see Note 7). This deposit will be refunded at the end of the lease term at its face value amounting to P55.0 million.

11.3 Management Services

The fund management function of the Company is handled by MREIT Fund Managers, Inc., a subsidiary of MC, in exchange for a fee. Management fee is payable annually equivalent to 3.5% of the Company's gross revenues but shall not exceed 1% of the net asset value of the properties under management.

The operations and management of the properties and facilities of the Company are handled by MREIT Property Managers, Inc., a subsidiary of MC, in exchange for a fee. Property management fee is payable quarterly equivalent to 2% of the Company's gross revenues but shall not exceed 1% of the net asset value of the properties under management.

The Company recognized a total of P49.6 million for the three months ended March 31, 2022 (nil for the three months ended March 31, 2021), which is presented as part of Cost of Services in the condensed interim statements of comprehensive income. The outstanding balance of P71.2 million as of March 31, 2022 and P53.9 million as of December 31, 2021 is presented as part of Accounts payable under Accounts and Other Payables account in the condensed interim statements of financial position (see Note 8).

11.4 Deposit for Future Acquisition of Real Properties

Relative to the subscription agreement executed between the Company and the Parent Company on February 1, 2021 (see Note 12.1), the Company entered into option agreements with the Parent Company to purchase certain real properties of the Parent Company. Accordingly, the entire proceeds from the issuance of shares amounting to P1,240.0 million was subsequently deposited to the Parent Company for the future acquisition of real properties.

On May 3, 2021, termination agreements were executed between the Company and the Parent Company directing the Parent Company to refund the option money to the Company. On May 6, 2021, the option money was fully refunded by the Parent Company to the Company.

11.5 Key Management Personnel Compensation

Key management personnel compensation pertains to payment for outsourced management services included within Outside services under Other Operating Expenses.

11.6 Others

On April 1, 2022, the Board of Directors of the Company approved the subscription by MC of additional shares in the Company, to be paid for by way of transfer of four prime, grade A, office properties in PEZA-accredited zones (see Note 19.1).

12. EQUITY***12.1 Capital Stock***

On October 2, 2020, the Company was incorporated with a total authorized capital stock of P5,000,000,000 divided into 50,000,000 common shares with a P100 par value per share, of which P10,000,000 has been subscribed and paid. On February 1, 2021, MC has subscribed to and paid for 12,400,000 shares with par value of P100 per share or a total of P1,240,000,000 (see Note 11.4).

On April 7, 2021, majority of the members of the BOD and stockholders of MREIT approved the amendments to the Articles of Incorporation and By-Laws of MREIT, which include, among others, the change in par value of common shares from P100 to P1, resulting in an increase in the number of authorized common shares from 50,000,000 to 5,000,000,000 and subscribed common shares from 12,500,000 to 1,250,000,000. On May 19, 2021, the Company obtained approval of the amendments from the SEC. On May 28, 2021, an individual stockholder subscribed and paid 1,000 common shares of the Company with par value of P1 per share or a total subscription price of P1,000.

On June 2, 2021, on consummation of the Deed of Exchange of Property and Shares in relation to the Property-for-Share Swap transaction with MC, the Company issued 1,282,120,381 common shares at par value of P1 per share (see Note 6). In addition, the Company recognized APIC amounting to P47,920,287,239, less shares issuance costs amounting to P12.8 million.

As of March 31, 2022, there are 19,292 holders of at least one board lot of the listed shares, which closed at P18.70 per share as of that date.

12.2 Dividends

On March 4, 2022, the BOD approved the declaration of cash dividends of P0.2399 per share (P607.5 million) to stockholders on record as of March 18, 2022. The dividends were declared out of the unrestricted retained earnings for the year ending December 31, 2021. The cash dividends were paid on March 31, 2022.

12.3 Distributable Income

The computation of the distributable income of the Company as at March 31, 2022 is shown below.

Net income	P	687,170,776
Unrealized gains or adjustments to income as a result of certain transactions accounted for under PFRS	(49,899,906)
Adjustments due to any prescribed accounting standard which result to a loss		<u>1,763,817</u>
Distributable income	P	<u>639,034,687</u>

13. EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share amounts for the three months ended March 31 were computed as follows:

	<u>2022</u>	<u>2021</u>
Net profit (loss) for the period	P 687,170,776	(P 12,477,000)
Divided by weighted number of outstanding common shares	<u>2,532,121,381</u>	<u>836,666,667</u>
	P <u>0.27</u>	(P <u>0.01</u>)

The Company has no potential dilutive common shares as of March 31, 2022 and 2021.

14. COMMITMENTS AND CONTINGENCIES**14.1 Operating Lease Commitments – Company as a Lessor**

The Company is a lessor under several operating leases covering real estate properties for office and commercial use (see Note 6).

The Company is subject to risk incidental to the operation of its office and commercial properties, which include, among others, changes in market rental rates, inability to renew leases upon lease expiration, and inability to collect rent from tenants due to bankruptcy or insolvency of tenants. Majority of the Company's revenue from rental properties are derived from commercial and BPO-based tenants. If the expected growth, particularly from BPO-based tenants, does not meet management's expectations, or in the case of commercial tenants more stringent health measures are imposed resulting to further temporary or permanent closures of commercial establishments, the Company may not be able to lease their properties in a timely manner or collect rent at profitable rates.

To mitigate these risks, the Company requires security deposits and advanced rentals representing three months' and six months' rent from office and commercial tenants, respectively (see Note 9).

14.2 Operating Lease Commitments – Company as a Lessee

The Company entered into a land lease agreement with MC over the land on which its investment properties stood for a period of 25 years, renewable for another 25 years. (see Note 11.2). Variable lease payments will commence on July 1, 2023. The lease agreement do not contain any fixed lease payments. In addition, the lease agreement involves payment for security deposit (see Note 7).

14.3 Others

There are commitments and contingent liabilities that may arise in the normal course of the Company's operations, which are not reflected in the financial statements. Management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Company's financial statements.

15. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks in relation to its financial instruments. The Company's financial assets and financial liabilities by category are summarized in Note 16. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated with its parent company, in close coordination with the BOD, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial risks.

The Company does not engage in trading of financial assets for speculative purposes. The relevant financial risks to which the Company is exposed are discussed below and in the succeeding pages.

15.1 Market Risk

As of March 31, 2022 and December 31, 2021, the Company is exposed to market risk through its cash in banks, which are subject to changes in market interest rates. However, management believes that the related interest rate risk exposure is not significant. All other financial assets and financial liabilities are either noninterest-bearing or subject to fixed interest rates.

15.2 Credit Risk

The Company's credit risk is attributable to trade and other receivables and other financial assets. The Company maintains defined credit policies and continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties. In addition, for trade receivables, security deposits and advance payments are received to mitigate credit risk.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statement of financial position (or in the detailed analysis provided in the notes to financial statements), as summarized below.

	Notes	March 31, 2022	December 31, 2021
Cash and cash equivalents	4	P 1,394,299,440	P 1,333,805,607
Trade and other receivables	5	187,046,907	144,677,676
Security deposit	7	<u>12,893,134</u>	<u>12,704,475</u>
		<u>P 1,594,239,481</u>	<u>P 1,491,187,758</u>

(a) *Cash and Cash Equivalents*

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum of P0.5 million for every depositor per banking institution.

(b) *Trade and Other Receivables*

The Company applies the simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The other receivables relate to receivables from third parties other than trade receivables and have substantially the same risk characteristics as the trade receivables. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other assets.

The Company has just started its operation during the current period; hence, no historical information is available for the Company. In addition, management considers the ECL on the Company's trade and other receivables to be negligible taking into consideration the counterparties' ability to repay at the reporting date.

Furthermore, the Company considers credit enhancements in determining the expected credit loss. Trade receivables are collateralized by advance rental and security deposits received from lessees.

(c) *Security Deposit*

The credit risk for security deposit is considered negligible as the Company has ongoing lease agreement with the counterparty and the latter is considered to be with sound financial condition and sufficient liquidity. The security deposit can also be applied against future rental payments in cases of default.

15.3 *Liquidity Risk*

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week, as well as on the basis of a rolling 30-day projection. Long-term needs for a 6-month and one-year period are identified monthly.

The Company maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits, or short-term marketable securities.

As at March 31, 2022 and December 31, 2021, the Company's financial liabilities have contractual maturities which are presented below.

	<u>Within 1 Year</u>	<u>1 to 5 Years</u>	<u>More than 5 Years</u>
<u>March 31, 2022</u>			
Interest-bearing loan	P 265,420,826	P 1,082,468,074	P 8,483,364,900
Security deposits	140,205,119	588,479,802	64,117,576
Accounts payable	141,530,924	-	-
Accrued expenses	<u>75,150,521</u>	<u>-</u>	<u>-</u>
	<u>P 621,307,390</u>	<u>P 1,670,947,876</u>	<u>P 8,547,482,476</u>
<u>December 31, 2021</u>			
Interest-bearing loan	P 202,226,142	P 1,062,378,362	P 8,558,008,771
Security deposits	80,283,620	624,904,157	81,250,993
Accounts payable	84,743,687	-	-
Accrued expenses	<u>54,791,622</u>	<u>-</u>	<u>-</u>
	<u>P 422,045,071</u>	<u>P 1,687,282,519</u>	<u>P 8,639,259,764</u>

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods.

16. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying values and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are shown below.

Notes	<u>March 31, 2022 (Unaudited)</u>		<u>December 31, 2021 (Audited)</u>	
	<u>Carrying Values</u>	<u>Fair Values</u>	<u>Carrying Values</u>	<u>Fair Values</u>
<i>Financial assets</i>				
Financial assets at amortized cost:				
Cash and cash equivalents	4 P 1,394,299,440	P 1,394,299,440	P 1,333,805,607	P 1,333,805,607
Trade and other receivables	5 187,046,907	187,046,907	144,677,676	144,677,676
Security deposit	7 12,893,134	13,995,251	12,704,475	14,998,475
	<u>P 1,594,239,481</u>	<u>P 1,595,341,598</u>	<u>P 1,491,187,758</u>	<u>P 1,493,481,758</u>
<i>Financial liabilities</i>				
Financial liabilities at amortized cost:				
Interest-bearing loan	10 P 7,197,133,229	P 7,197,133,229	P 7,195,789,259	P 7,195,789,259
Security deposits	9 680,737,975	731,653,449	675,215,622	755,115,600
Accounts payable	8 141,530,924	141,530,924	84,743,687	84,743,687
Accrued expenses	8 75,150,521	75,150,521	54,791,622	54,791,622
Interest payable	8 8,055,636	8,055,636	7,995,219	7,995,219
	<u>P 8,102,608,285</u>	<u>P 8,153,523,759</u>	<u>P 8,018,535,409</u>	<u>P 8,098,435,387</u>

17. FAIR VALUE MEASUREMENT AND DISCLOSURE

17.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

17.2 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The Company's financial assets which are not measured at fair value in the statements of financial position but for which fair value is disclosed include cash and cash equivalents, which are categorized as Level 1, and trade and other receivables and security deposit, which are categorized as Level 3. Financial liabilities which are not measured at fair value but for which fair value is disclosed pertain to security deposits, accrued expenses and due to parent company, which are categorized under Level 3.

Financial assets with fair values included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values.

The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability based on the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data.

17.3 Fair Value Measurement of Investment Properties

As of March 31, 2022 and December 31, 2021, the Company's investment properties amounting to P59.3 billion are classified under Level 3 of the hierarchy of fair value measurements.

The fair values of the Company's investment properties (see Note 6) are determined on the basis of the appraisals performed by Santos Knight Frank, Inc., an independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. To some extent, the valuation process was conducted by the appraiser in discussion with the Company's management with respect to the determination of the inputs such as the size, age, and condition of the properties (buildings), and the comparable prices in the corresponding property location. In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Company's investment property is its current use.

Fair value as determined by independent appraisers are based on the Income Approach. Under Income Approach, the fair value of an asset is measured by calculating the present value of its economic benefits by discounting expected cash flows at a rate of return that compensates the risks associated with the particular investment. The most common approach in valuing future economic benefits of a projected income stream is the discounted cash flows model. This valuation process of this model consists of the following: (a) estimation of the revenues generated; (b) estimation of the costs expenses related to the operations of the development; (c) estimation of an appropriate discount rate; and (d) discounting process using an appropriate discount rate to arrive at an indicative fair value. The most significant inputs used in this model are the estimated expected future annual cash inflow and outgoing expenses, anticipated increase in market rental, discount rate and terminal capitalization rate. A reasonably possible change in the inputs to different amounts or rates would not cause the fair values of the investment properties to increase or decrease significantly.

There were no transfers into or out of Level 3 fair value hierarchy.

18. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern.

The Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and liabilities. The Company manages the capital structure and makes adjustment to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company's total liabilities and total equity are presented below.

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Total liabilities	P 8,777,010,568	P 8,703,865,485
Total equity	52,241,036,935	52,161,322,078

Under REIT Act, the Company is subject to external capital requirement to have a minimum paid-up capital of P300.0 million.

19. EVENTS AFTER THE END OF THE REPORTING PERIOD

19.1 Acquisition of Assets

On April 1, 2022, the BOD of MC approved the proposed subscription of MC to 263,700,000 common shares of the Company for a total subscription price of P5.3 billion to be paid by way of transfer of four prime, grade A, office properties in PEZA-accredited zones.

The details of the assets transferred to the Company are presented below.

	<u>Ownership</u>
Two Global Center, Megaworld Blvd. and Enterprise Rd., Iloilo Business Park, Manduriao Iloilo City	100%
Festive Walk 1B, Lot 5 Buhang Taft North Mandurriao, Iloilo City	100%
One West Campus, 5 Le Grand Avenue, McKinley West, Fort Bonifacio, Taguig City	80% pro indiviso
Five West Campus, 15 Le Grand Avenue, McKinley West, Fort Bonifacio, Taguig City	80% pro indiviso

The transaction, once completed, will result to an increase of control and ownership of MC over the Company from 62.09% to 65.67%. As of the date of approval of the condensed interim financial statements, the Company is yet to obtain the SEC's confirmation of the valuation of the properties transferred in exchange for the shares.

19.2 Dividends Declaration

On April 22, 2022, the BOD of the Company approved the declaration of cash dividends of P0.2430 per share to stockholders on record as of May 10, 2022. The cash dividends will be paid on May 31, 2022.

Management's Discussion and Analysis of Results of Operations and Financial Condition (March 31, 2022)

Results of Operations (Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

Review of Three Months ending March 31, 2022 versus Three Months Ending March 31, 2021

In the three months ending March 31, 2021, the Company saw its net income significantly increase to Php687.2 million from a net loss of Php12.5 million in the same period last year. The increase was mainly driven by the transfer of the initial ten (10) Prime, Grade A office buildings located in PEZA-Registered Zones, in exchange for shares of stock in the Company (the Initial Properties), in June 2021 as well as the acquisition of additional four (4) buildings in December 2021.

Revenues

Rental income grew to Php742.7 million from nil while income from dues – net grew to Php158.8 million from nil in the same period last year both increases are also attributable to the transfer of the initial ten buildings and the acquisition of additional four buildings.

Cost and Expenses

Cost of services also grew to Php132.3 million from nil in the same period last year for the same reason mentioned above.

On the other hand, the Company's other operating expenses declined from Php12.5 million in the first quarter last year to Php4.7 million due to the one-time payment of documentary stamp tax for the subscription of shares in Q1 of 2021 which was no longer an expense in Q1 of 2022.

Tax Expense

Tax expense grew to Php0.5 million from nil in the first quarter last year due to tax payments arising from the taxable income generated from the leasing activities of the fourteen buildings.

Financial Condition as of the end of March 31, 2022

The Company maintains a prudent financial policy and has a healthy balance sheet to support its financial and operational requirements. As of March 31, 2022, the Company's total assets stand at Php61.0 billion, a 0.2% increase from the previous period.

The Company's total current assets now stand Php1,592 million compared to Php1,493 million in December 31, 2021. The change was driven by an increase in the company's prepaid expenses.

Interest bearing loans, net of capitalized transaction costs, remain at Php7.2 billion as of March 31, 2022, arising from the term loan obtained from a local bank to partially finance the acquisition of the four office assets.

The top five (5) key performance indicators of the Company are shown below:

	March 31, 2022	December 31, 2021
Current Ratio ¹	3.43	3.43
Debt to Equity Ratio ²	0.14	0.14
Net Debt to Equity Ratio ³	0.11	0.11
	March 31, 2022	March 31, 2021
Return on Assets ⁴	1.13%	-2.00%
Return on Equity ⁵	1.32%	-2.00%

*1 – Current Assets / Current Liabilities

*2 – Total Debt / Equity (Total debt includes interest bearing loans and borrowings and bonds payable)

*3 – Net Debt / Equity (Net debt is total debt less cash and cash equivalents)

*4 – Net Profit / Average Total Assets

*5 – Net Profit / Average Equity

EXHIBIT 6

- Due to the Company’s sound financial condition, there is no foreseeable trend or event which may have a material impact on its short-term or long-term liquidity.
- Funding will be sourced from internally-generated funds and/or bank loans.
- There is no material commitment for capital expenditures other than those performed in the ordinary course of trade or business.
- There is no known trend, event or uncertainty that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.
- There is no significant element of income arising from continuing operations.
- There have not been any seasonal aspects that had a material effect on the financial condition or results of the Company’s operations.
- There were no known events and uncertainties that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.

Material Changes in the Financial Statements

(Increase/decrease of 5% or more)

Statement of Financial Position (March 31, 2022 vs December 31, 2021)

Item	Mar. 31, 2022	Dec. 31, 2021	Increase/ Decrease	% Change	Causes
Other current assets	121,413,432	71,262,351	50,151,081	70.4%	Due to increase in prepaid expenses
Accounts and other payables	244,473,360	172,191,343	72,282,017	42.0%	Due to increase in Property Management Fees arising from the

Statement of Income (March 31, 2022 vs March 31, 2021)

Item	Mar. 31, 2022 (Three Months)	Mar. 31, 2021 (Three Months)	Increase/ Decrease	% Change	Causes
Rental income	742,725,059	-	742,725,059	N/A	Increase due to transfer of ten (10) office assets on June 2, 2021 in relation to a Property for Share Swap transaction and the transfer of additional four (4) office assets on December 21, 2021 in relation to a Property Acquisition transaction
Income from dues - net	158,841,045	-	158,841,045	N/A	
Cost Of Services	132,345,708	-	132,345,708	N/A	
Other Operating Expenses	7,597,833	12,477,000	(4,879,167)	-39.1%	Decrease primarily due to the one-time DST payment for the issuance of shares for the subscription of shares in the first quarter of 2021 which is no longer an expense in the first quarter of 2022

EXHIBIT 6

Interest Expense	(76,730,751)	-	(76,730,751)	N/A	Increase primarily due to the interest payments and accruals arising from the interest bearing loan obtained by the Company
Interest Income	2,791,855	-	2,791,855	N/A	Increase due to interest earned from short term placements
Others	7,748	-	7,748	N/A	Increase primarily due to other income earned from properties transferred on June 2, 2021 and December 21, 2021
Tax Expense	(520,639)	-	(520,639)	N/A	Increase due to tax payments arising from the Company's operations

There are no other significant changes in the Group's financial position (5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would have impact or change the reported financial information and condition on the Group.

MREIT, INC.
Aging of Accounts Receivables
March 31, 2022

EXHIBIT 7

Type of Receivables:	Total	Current/ Not Yet Due	Past Due but not Impaired					Individually Impaired
			< 30 days	30-60 days	61-90 days	91-120 days	> 120 days	
a. Trade receivables	181,984,564	144,183,594	12,939,830	10,206,286	9,322,688	1,535,496	3,796,670	-
b. Other receivable	5,062,343	463,542	456,824	1,673,582	2,468,395	-	-	-
TOTAL	<u>187,046,907</u>	<u>144,647,136</u>	<u>13,396,654</u>	<u>11,879,868</u>	<u>11,791,083</u>	<u>1,535,496</u>	<u>3,796,670</u>	<u>-</u>

Ratio	Formula	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Current ratio	Current assets / Current liabilities	3.11	3.43
Acid test ratio	Quick assets / Current liabilities (Quick assets include cash and current portion of trade receivables - net)	2.87	3.27
Debt-to-equity ratio	Total debt / Total stockholders' equity (Total debt includes interest bearing loans and borrowings and bonds and notes payable)	0.14	0.14
Asset-to-equity ratio	Total assets / Total stockholders' equity	1.17	1.17
		<u>March 31, 2022</u>	<u>March 31, 2021</u>
Solvency ratio	EBITDA / Total debt (Total debt includes interest bearing loans and borrowings and bonds and notes payable)*	0.11	N/A
Interest rate coverage ratio	EBIT / Total Interest (Total interest includes interest expense and capitalized interest)*	9.96	N/A
Return on equity	Net profit (loss) / Average total stockholders' equity	0.01	-0.02
Return on assets	Net profit (loss) / Average total assets	0.01	-0.02
Net profit margin	Net profit / Total revenues**	0.76	N/A

*The Company has no interest bearing loan and interest expense for the three months ended March 31, 2021.

**The Company did not earn any revenues for the three months ended March 31, 2021.

Disclosures for REIT Companies¹

(a) Real Estate Transactions for the First Quarter of 2022

The Company did not enter into any real estate transaction during the first quarter of 2022.

(b) Schedule of Properties as of 31 March 2022

Property and Location	Purchase Price	Latest Appraisal*	Remaining Land Lease Term	Gross leasable area (GLA)	Leased Area	Occupancy Rate	Rental Income	Gross Revenue	Cost of Services	Gross Profit
	in Php millions	in Php millions	Years	in sqm	in sqm	%	in Php millions	in Php millions	in Php millions	in Php millions
Eastwood, Quezon City										
1800 Eastwood Avenue	6,948	7,836	49.25	34,738	34,704	100%	93.8	122.2	17.4	104.8
1880 Eastwood Avenue	6,749	6,814	49.25	33,744	29,751	88%	66.8	90.1	14.2	75.9
E-Commerce Plaza	4,188	4,289	49.25	20,940	16,636	79%	41.2	48.9	7.8	41.1
McKinley Hill, Taguig										
One World Square	7,529	8,047	49.25	30,482	30,224	99%	96.5	112.8	14.1	98.7
Two World Square	5,258	5,554	49.25	21,286	20,630	97%	76.3	91.4	14.7	76.7
Three World Square	5,241	5,208	49.25	21,217	21,144	100%	63.0	78.1	13.1	65.0
8/10 Upper McKinley	4,925	5,000	49.25	19,938	19,938	100%	72.8	83.6	10.0	73.6
18/20 Upper McKinley	4,795	4,460	49.25	19,414	19,413	100%	55.1	63.4	7.5	55.8
World Finance Plaza**	5,153	5,265	49.75	25,067	25,006	100%	79.5	89.3	9.8	79.5
Iloilo Business Park, Iloilo										
Richmonde Tower	2,062	1,709	49.25	13,124	13,124	100%	28.0	30.9	5.6	25.3
One Techno Place	1,509	1,228	49.25	9,549	9,041	95%	14.5	19.2	4.5	14.8
Two Techno Place**	1,465	1,498	49.75	10,809	10,653	99%	20.5	26.0	4.8	21.2
Three Techno Place**	1,242	1,244	49.75	9,568	9,305	97%	17.2	22.3	4.1	18.1
One Global Center**	1,256	1,274	49.75	10,301	10,043	97%	17.4	23.4	4.6	18.8
Total	58,318	59,426		280,177	269,610	96%	742.7	901.6	132.3	769.2

¹ Pursuant to Section 6.2 of the Amended Listing Rules for REITs

(c) Reinvestment Plan Progress Reports as of 31 March 2022

Copies of the Reinvestment Plan Progress Reports as of 31 March 2022 are attached as Annexes 1 and 2.



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)
<u>Net Balance of IPO proceeds as of March 31, 2021</u>	<u>9,900,170,782.79</u>

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

Doc. No. 43 ;
Page No. 10 ;
Book No. 99 ;
Series of 2022

NOTARY PUBLIC


ELLEN AVENTURA M. MENDOZA
NOTARY PUBLIC
Until December 31, 2022
PTR No. 8852784 Makati City-01/04/22
IBP No. 178030 01-04-1037 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



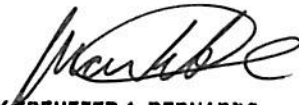
By: **Renan A. Pamonte**
Partner

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

Doc. No. 21 ;
Page No. 6 ;
Book No. 2 ;
Series of 2022.



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 sale to MREIT,
Inc. of four (4) prime, Grade A buildings located in PEZA-registered Zones

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 proceeds are in connection with the sale to MREIT, Inc. of four (4) prime, Grade A buildings located in PEZA-registered Zones for the purchase price of Php 9.116 million last December . Please be advised that as of March 31, 2022, the remaining balance of the proceeds from the sale amounts to Seven Billion Nine Hundred Twenty Two Million Eight Hundred Thirty Thousand and Eight Hundred Thirty Pesos (Php 7,922,830,000.00) as indicated below:

Gross Proceeds from the Asset Sale	9,116,000,000.00
less:	
Disbursement for transaction costs	(458,170,000.00)
Disbursement for Reinvestment Plan (Annex A)	(735,000,000.00)
<u>Net Balance of Asset Sale proceeds as of March 31, 2022</u>	<u>7,922,830,000.00</u>

Thank you.

Respectfully yours,


FRANCISCO C. CANUTO
Treasurer



ANNEX A: Disbursements from the Proceeds of the sale for the period covering January 1 to March 31, 2022

Project	Location	Investment Type	Product	Year to Date Total	Disbursing Entity
Paragua Coastown Project	Palawan	Investment in Building	Malls, Offices, Land developments and Other developments	500,000,000.00	Megaworld San Vicente Coast, Inc
Mactan Newtown project	Cebu	Investment in Building	Malls, Offices, Land developments and Other developments	235,000,000.00	Oceantown Properties, Inc.
				735,000,000.00	

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
(METRO MANILA) SS

At Alatani 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
Francisco 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.

Doc. No 44;
Page No. 10;
Book No. 99;
Series of 2022

NOTARY PUBLIC
ELIZABETHA L. MENDICIA
NOTARY PUBLIC
Until December 31, 2022
PTR No. 8852784 Makati City-01/04/22
IBP No. 178030 01-04-1012-3rd No 31206
MCLE Compliance No. 1-0021653
500-A Madrigal Bldg. Aysa 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 received by Megaworld Corporation (the Company) from the sale of four prime, Grade A buildings located in Philippine Economic Zone Authority-registered zones on December 21, 2021 (the Asset Sale). 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 Asset Sale; 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 Asset Sale 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 Asset Sale for the quarter ended March 31, 2022, based on the information we obtained from the Company.

<u>Project Name</u>	<u>Location</u>	<u>Products</u>	<u>Disbursing Entity</u>	<u>Amount</u>
Paragua Coastown	Palawan	Malls, Office, Land developments and Other developments	Megaworld San Vicente Coast, Inc.	P 500,000,000
The Mactan Newtown	Mactan	Malls, Office, Land developments and Other developments	Oceantown Properties, Inc.	<u>235,000,000</u>
				<u>P 735,000,000</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 Asset Sale 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 Asset Sale proceeds for the quarter ended March 31, 2022 for the cash advances granted by the Company to the following disbursing entities to be used in the projects specified to supporting official receipts issued by the entities, bank statements and accounting records:

<u>Disbursing Entity</u>	<u>Project Name</u>	<u>Township or Location</u>	<u>Amount</u>
Megaworld San Vicente Coast, Inc.	Paragua Coastown	Palawan	P 500,000,000
Oceantown Properties, Inc.	The Mactan Newtown	Mactan	<u>235,000,000</u>
			<u>P 735,000,000</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)

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

Doc. No. 20 :
Page No. 5 ;
Book No. 2 ;
Series of 2022.