



MEGAWORLD CORPORATION

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

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www.megaworldcorp.com • E-mail: infodesk@megaworldcorp.com

July 14, 2022

THE PHILIPPINE STOCK EXCHANGE

Philippine Stock Exchange Plaza

6th Floor, PSE Tower

Bonifacio Global City, Taguig

Attention: Ms. Janet A. Encarnacion
Head, Disclosure Department

Subject: 2nd Quarter 2022 Progress Report on the Use of Proceeds from 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 June 30, 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 June 30, 2022, the remaining balance of the proceeds from the sale amounts to Five Billion Sixty Eight Million Nine hundred Sixty Four Thousand Six Hundred Eighty-eight Pesos, and fifty-three centavos (Php 5,068,964,688.53) as indicated below:

Balance of Asset Sale proceeds as of March 31, 2022	7,922,830,000.00
less:	
Disbursement for Reinvestment Plan (Annex A)	(2,853,865,311.47)
Balance of Asset Sale proceeds as of June 30, 2022	5,068,964,688.53

Thank you.

Respectfully yours,


FRANCISCO C. CANUTO
Treasurer



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

Project Name	Location	Investment Type	Product	2Q Disbursements	Disbursing Entity
Office - Iloilo	Iloilo	Investment in Building	A LEED Office building with support retail to be developed in Iloilo Business Park	98,293,631.17	Megaworld Corporation
Manila Projects	Manila	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	1,235,519,725.00	Megaworld Corporation
The Mactan Newtown	Cebu	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	255,000,000.00	Oceantown Properties, Inc
The Mactan Newtown	Cebu	Investment in Building	Malls, Offices, Land Development and other developments	425,000,000.00	Megaworld Cebu Properties, Inc
Bacolod Projects	Bacolod	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	55,000,000.00	Megaworld Bacolod Properties, Inc
Northwin Global City	Northwin	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	785,051,955.30	Northwin Properties, Inc

2,853,865,311.47

ACKNOWLEDGMENT

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

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

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

who made known and represented to me that they are the same persons who executed the foregoing report including the Annex A and this page on which this Acknowledgment is written, and are signed by the parties hereto, and acknowledged to me that the same is their free and voluntary act and deed as well as of the entities respectively represented by them.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this day of JUL 15 2022 20.

NOTARY PUBLIC

ECENAMIENTURA U. MENENDEZ
NOTARY PUBLIC

Until December 31, 2022
PTR No. 8852784 Makati City-01/04/22
ILR No. 178830 01-04-2022 Rolit No. 31200
MCLE Compliance No. IL-0021653
500-A Madrigal Bldg. Ayala Ave., Makati City

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

Report of Independent Auditors on Factual Findings

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 Quarterly Progress Report (the Report) for the quarter ended June 30, 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 (Revised), *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*, applicable to agreed-upon procedures engagements.

Agreed-upon Procedures

The procedures we performed are as follows:

1. Obtained and checked the mathematical accuracy of the following:
 - a) The Report;
 - b) Schedule of planned application of proceeds from the Asset Sale; and,
 - c) Detailed schedule of utilization of proceeds for the quarter ended June 30, 2022.
2. Compared the total amount of utilization appearing in the Report with the detailed schedule of utilization of proceeds.

3. Compared the schedule of planned application of the 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 all the disbursements in the detailed schedule of utilization of proceeds and traced the total amount of disbursements per category to the Report.

Results of the Performance of Agreed-Upon Procedures

1. With respect to item 1, we noted no exceptions on the mathematical accuracy of the Report and schedules.

We present below the summary of the application of the proceeds from the Asset Sale for the quarter ended June 30, 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>
Iloilo Business Park	Iloilo	Malls, Office, Land developments and Other developments	Megaworld Corporation	P 98,293,631
Manila Projects	Manila	Malls, Office, Land developments and Other developments	Megaworld Corporation	1,235,519,725
The Mactan Newtown	Mactan	Malls, Office, Land developments and Other developments	Oceantown Properties, Inc.	255,000,000
The Mactan Newtown	Mactan	Malls, Office, Land developments and Other developments	Megaworld Cebu Properties, Inc.	425,000,000
Bacolod Projects	Bacolod	Malls, Office, Land developments and Other developments	Megaworld Bacolod Properties, Inc.	55,000,000
<i>Balance carried forward</i>				<u>P 2,068,813,356</u>

<u>Project Name</u>	<u>Location</u>	<u>Products</u>	<u>Disbursing Entity</u>	<u>Amount</u>
<i>Balance brought forward</i>				P 2,068,813,356
Northwin Global City	Bulacan	Malls, Offices, Land developments and Other developments	Northwin Properties, Inc.	<u>785,051,955</u>
				<u>P 2,853,865,311</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 June 30, 2022 to supporting progress billings, invoices, official receipts, bank statements and approval documents.

We noted that the Company granted advances to the following disbursing entities to be used in the projects specified:

<u>Disbursing Entity</u>	<u>Project Name</u>	<u>Township or Location</u>	<u>Amount</u>
Oceantown Properties, Inc.	The Mactan Newtown	Mactan	255,000,000
Megaworld Cebu Properties, Inc.	The Mactan Newtown	Mactan	425,000,000
Megaworld Bacolod Properties, Inc.	Bacolod Projects	Bacolod	55,000,000
Northwin Properties, Inc.	Northwin Global City	Bulacan	<u>785,051,955</u>
			<u>P 1,520,051,955</u>

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

We also traced the amounts disbursed by the Company for the following projects to supporting progress billings, invoices, official receipts, bank statements and approval documents:

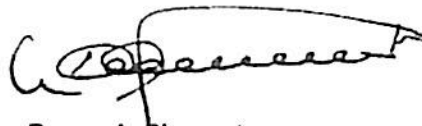
<u>Project name</u>	<u>Amount</u>
Iloilo Business Park	P 98,293,631
Manila Projects	<u>1,235,519,725</u>
	<u>P 1,333,813,356</u>

Because the foregoing procedures do not constitute either an audit or review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standard on Review Engagements (PSRE), respectively, we do not express an assurance on the use of Offering Proceeds based on the said standards. Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with PSA or PSRE, respectively, other matters might have come to our attention that would have been reported to you.

We have no responsibility to update this report for events or circumstances occurring after the date of this report.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the information and items specified above and does not extend to any financial statements of the Company, taken as a whole.

PUNONGBAYAN & ARAULLO



By: **Renan A. Piamonte**
Partner

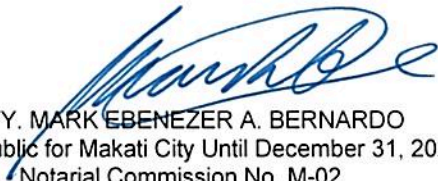
CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 8852342, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 107805-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-037-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

July 14, 2022

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

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




ATTY. MARK EBENEZER A. BERNARDO
Notary Public for Makati City Until December 31, 2022
Notarial Commission No. M-02
Roll No. 74096

IBP Number 169485 01/03/2022, PPLM
PTR No. 8851839 01/03/2022, Makati City
MCLE Compliance No. VII-0011480 valid until April 14, 2025

Doc. No. 110 :
Page No. 23 :
Book No. 2;
Series of 2022.