

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 (Q2 2024)

(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 30 June 2024
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	2,795,821,381

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 30 June 2024
- Exhibit 2 - Consolidated Statements of Income and Consolidated Statements of Comprehensive Income for the Six Months Ended 30 June 2024 and 2023
- Exhibit 3 - Consolidated Statements of Changes in Equity for the Six Months Ended 30 June 2024 and 2023
- Exhibit 4 - Consolidated Statements of Cash Flows for the Six Months Ended 30 June 2024 and 2023
- Exhibit 5 - Notes to Interim Financial Information for the Six Months Ended 30 June 2024

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

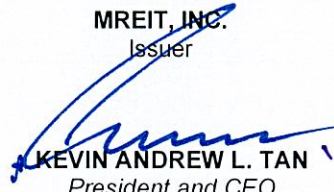
The Company is not in possession of information which have not been previously reported in a report on SEC Form 17-C and with respect to which a report on SEC Form 17-C is required to be filed.

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:


KEVIN ANDREW L. TAN
President and CEO
13 August 2024


GIOVANNI C. NG
Treasurer
13 August 2024

EXHIBIT 1

MREIT, INC.
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024
(With Comparative Figures as of December 31, 2023)
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	4	P 1,688,666,391	P 1,678,912,046
Trade and other receivables	5	447,110,559	321,244,295
Other current assets	7	<u>361,719,216</u>	<u>261,593,381</u>
Total Current Assets		<u>2,497,496,166</u>	<u>2,261,749,722</u>
NON-CURRENT ASSETS			
Trade receivables	5	172,630,079	130,022,306
Investment properties	6	58,980,800,000	58,980,800,000
Other non-current assets	7	<u>163,471,597</u>	<u>78,547,978</u>
Total Non-current Assets		<u>59,316,901,676</u>	<u>59,189,370,284</u>
TOTAL ASSETS		<u>P 61,814,397,842</u>	<u>P 61,451,120,006</u>
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Accounts and other payables	8	P 1,056,047,162	P 785,682,360
Deposits and other liabilities	9	<u>482,944,703</u>	<u>402,219,629</u>
Total Current Liabilities		<u>1,538,991,865</u>	<u>1,187,901,989</u>
NON-CURRENT LIABILITIES			
Interest-bearing loan	10	7,209,434,722	7,206,697,580
Deposits and other liabilities	9	<u>833,360,968</u>	<u>917,961,518</u>
Total Non-current liabilities		<u>8,042,795,690</u>	<u>8,124,659,098</u>
Total Liabilities		<u>9,581,787,555</u>	<u>9,312,561,087</u>
EQUITY			
Capital stock		2,795,821,381	2,795,821,381
Additional paid-in capital		52,782,813,885	52,782,813,885
Retained earnings (deficit)		<u>(3,346,024,979)</u>	<u>(3,440,076,347)</u>
Total Equity		<u>52,232,610,287</u>	<u>52,138,558,919</u>
TOTAL LIABILITIES AND EQUITY		<u>P 61,814,397,842</u>	<u>P 61,451,120,006</u>

See Notes to Financial Statements.

EXHIBIT 2

MREIT, INC.
(A Subsidiary of Megaworld Corporation)
INTERIM STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Amounts in Philippine Pesos)
(UNAUDITED)

	Notes	2024		2023	
		Year-to-date	Quarter	Year-to-date	Quarter
REVENUES					
Rental income	6	P 1,631,968,015	P 794,872,660	P 1,615,490,660	P 811,510,308
Income from dues - net		<u>475,457,810</u>	<u>236,193,719</u>	<u>454,351,855</u>	<u>224,411,108</u>
		2,107,425,825	1,031,066,379	2,069,842,515	1,035,921,416
COST OF SERVICES	7, 11	<u>490,703,489</u>	<u>217,321,136</u>	<u>430,619,341</u>	<u>217,303,600</u>
GROSS PROFIT		1,616,722,336	813,745,242	1,639,223,174	818,617,816
OTHER OPERATING EXPENSES		<u>26,187,918</u>	<u>14,291,700</u>	<u>40,438,209</u>	<u>20,197,279</u>
OPERATING PROFIT		<u>1,590,534,418</u>	<u>799,453,542</u>	<u>1,598,784,965</u>	<u>798,420,537</u>
OTHER INCOME (CHARGES)					
Interest expense	10	(150,538,075)	(76,454,467)	(154,068,064)	(75,242,623)
Interest income	4, 7	33,012,652	14,173,050	24,106,871	8,866,227
Miscellaneous income		<u>2,996,296</u>	<u>2,023,628</u>	<u>220,424</u>	<u>84,821</u>
		(114,529,127)	(60,257,788)	(129,740,769)	(66,291,575)
PROFIT (LOSS) BEFORE TAX		1,476,005,291	739,195,754	1,469,044,196	732,128,962
TAX INCOME (EXPENSE)		(6,409,805)	(2,735,147)	(4,662,796)	(1,711,651)
NET PROFIT (LOSS)		1,469,595,486	736,460,607	1,464,381,400	730,417,311
TOTAL COMPREHENSIVE INCOME (LOSS)		<u>P 1,469,595,486</u>	<u>P 736,460,607</u>	<u>P 1,464,381,400</u>	<u>P 730,417,311</u>
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE		<u>P 0.53</u>	<u>P 0.26</u>	<u>P 0.55</u>	<u>P 0.27</u>

See Notes to Financial Statements.

EXHIBIT 3

MREIT, INC.
(A Subsidiary of Megaworld Corporation)
INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023
AND YEARLY ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021
(Amounts in Philippine Pesos)
(UNAUDITED)

	<u>Notes</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>
CAPITAL STOCK	12		
Balance at beginning of period		P 2,795,821,381	P 2,532,121,381
Issuance of shares during the period		<u>-</u>	<u>263,700,000</u>
Balance at end of period		<u>2,795,821,381</u>	<u>2,795,821,381</u>
ADDITIONAL PAID-IN CAPITAL	12		
Balance at beginning of period		52,782,813,885	47,907,466,035
Addition during the period		<u>-</u>	<u>4,875,347,850</u>
Balance at end of period		<u>52,782,813,885</u>	<u>52,782,813,885</u>
RETAINED EARNINGS (DEFICIT)	12		
Balance at beginning of period		(3,440,076,347)	(921,358,323)
Net profit (loss) during the period		1,469,595,486	1,464,381,400
Dividends declared during the period		<u>(1,375,544,119)</u>	<u>(1,307,044,444)</u>
Balance at end of period		<u>(3,346,024,979)</u>	<u>(764,021,367)</u>
TOTAL EQUITY		<u>P 52,232,610,287</u>	<u>P 54,814,613,899</u>

See Notes to Financial Statements.

EXHIBIT 4

MREIT, INC.
(A Subsidiary of Megaworld Corporation)
INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Amounts in Philippine Pesos)
(UNAUDITED)

	Notes	June 30, 2024	June 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax	P	1,476,005,291	P 1,469,044,196
Adjustments for:			
Interest expense		150,538,075	154,068,064
Interest income	(	33,012,652)	(24,106,871)
Depreciation expense		-	12,831
Operating profit before working capital changes		1,593,530,715	1,599,018,220
Increase in trade and other receivables	(	168,089,828)	(158,309,833)
Decrease (increase) in other current assets	(	100,125,841)	70,289,993
Decrease (increase) in other non-current assets	(	84,319,088)	(18,651,983)
Increase in accounts and other payables		270,364,812	262,355,922
Increase (decrease) in deposits and other liabilities	(	17,659,918)	47,245,659
Cash generated from operations		1,493,700,852	1,801,947,978
Interest received		32,023,910	23,775,282
Income tax paid	(	6,409,805)	(4,662,796)
Net Cash From Operating Activities		1,519,314,957	1,821,060,464
CASH FLOW FROM AN INVESTING ACTIVITY			
		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	(	1,375,544,119)	(1,307,044,444)
Proceeds from availment of loan, net of transaction costs		-	(134,952,150)
Interest paid	(	134,016,492)	(133,284,161)
Net Cash From (Used in) Financing Activities	(	1,509,560,610)	(1,575,280,755)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		9,754,346	245,779,709
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		1,678,912,045	1,380,526,060
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P	1,688,666,391	P 1,626,305,769

Supplemental Information on Non-cash Investing and Financing Activity —

In 2023, the Company and Megaworld Corporation (the Parent Company) entered into a property-for-share swap transaction. Accordingly, the Parent Company transferred certain real properties for lease to the Company amounting to P5,274.0 million. In exchange for the properties transferred, the Company issued 263,700,000 common shares with a par value of P1.0 per share to the Parent Company which resulted in recognition of Capital Stock and Additional Paid-in Capital amounting to P263.7 million and P4,875.3 million, net of P135.0 million stock issuance cost, respectively (see Note 16).

MREIT, INC.
(A Subsidiary of Megaworld Corporation)
SELECTED EXPLANATORY NOTES TO
INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(With Comparative Figures as of December 31, 2023
and for the six months ended June 30, 2023)
(Amounts in Philippine Pesos)
(UNAUDITED)

1. GENERAL INFORMATION

MREIT, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 2, 2020. The Company's primary purpose 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 Inc. (MC) or the Parent Company owning 51.33% of the Company's outstanding capital stock.

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.

On April 7, 2021, majority of the members of the BOD and stockholders of the Company approved the amendments to the Articles of Incorporation and By-Laws of the Company, including the change in the fiscal year of the Company to begin on the first day of July and end on the last day of June of each year. The SEC and the Bureau of Internal Revenue (BIR) approved the amendments to the Company's Articles of Incorporation and By-Laws on May 19, 2021 and May 20, 2021, respectively.

On September 30, 2021, the BOD approved the change in the Company's accounting period to begin on the first day of January and end on the last day of December of each year. The Company applied with the SEC for an amendment of its By-laws in October 2021. The SEC and the BIR approved the change on November 4, 2021 and November 25, 2021, respectively.

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 Company's shares of stock are listed and traded in the Philippine Stock Exchange

(PSE). MC and AGI are also publicly-listed entities in the Philippines.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to the periods presented, unless otherwise stated.

2.1 *Basis of Preparation of Financial Statements*

(a) *Statement of Compliance with Philippine Financial Reporting Standards*

The condensed interim financial statements of the Company for the six months ended June 30, 2024 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, 2023.

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.

(b) *Presentation of Financial Statements*

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income, expense and other comprehensive income or loss in a single statement of comprehensive income.

The Company presents a third statement of financial position as of the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) *Functional and Presentation Currency*

These financial statements are presented in Philippine pesos, the Company's presentation and functional currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using the Company's functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

2.2 Adoption of Amended PFRS

(a) Effective in 2023 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, 2023:

PAS 1 (Amendments)	:	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
PAS 1 and PFRS Practice Statement 2 (Amendments)	:	Presentation of Financial Statements – Disclosure of Accounting Policies
PAS 8 (Amendments)	:	Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
PAS 12 (Amendments)	:	Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

Discussed below are the relevant information about these pronouncements. None of these amendments did not have a significant impact on the interim financial statements.

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.
- (ii) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies*. The amendments replaced the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.
- (iii) PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates*. The amendments introduced the definition of accounting estimates and included other amendments to help entities distinguish changes in accounting estimates from changes in accounting policies.
- (iv) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of PAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments apply to transactions such as leases and decommissioning obligations.

(b) *Effective in 2023 that are not Relevant to the Company*

Among the new standards and amendments to PFRS which are mandatorily effective for annual periods beginning on or after January 1, 2023, only PFRS 17, *Insurance Contracts* is not relevant to the Company.

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, 2023.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	June 30, 2024	December 31, 2023
	<u>(Unaudited)</u>	<u>(Audited)</u>
Cash on hand and in bank	P 1,079,291,813	P 813,761,836
Short-term placements	<u>609,374,578</u>	<u>865,150,210</u>
	<u>P 1,688,666,391</u>	<u>P 1,678,912,046</u>

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

Short-term placements are made for varying periods from 30 to 35 days and earn effective interest of 5% to 6%.

Interest earned from cash in bank and short-term placements for the six months ended June 30, 2024 and 2023 amounted to P32.2 million and P23.5million, respectively. Interest earned is presented as part of Interest income under Other Income (Charges) in the interim statements of comprehensive income.

5. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	June 30, 2024	December 31, 2023
	<u>(Unaudited)</u>	<u>(Audited)</u>
Current –		
Trade receivables:		
Billed	P 251,107,873	P 165,668,420
Accrued	69,039,011	126,876,356
Others	<u>126,963,675</u>	<u>28,699,519</u>
	447,110,559	321,244,295
Non-current –		
Trade receivables –		
Accrued	<u>172,630,079</u>	<u>130,022,306</u>
	<u>P 619,740,637</u>	<u>P 451,266,601</u>

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.

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

All trade and other receivables are subject to credit risk exposure. However, there was no impairment losses recognized for the reporting periods presented as management believes that the remaining receivables are fully collectible [see Note 15.2(b)]. In addition, the receivables are secured to the extent of advance rent and security deposits received from lessees which provide credit enhancements.

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 of investment properties is shown below.

	June 30, 2024	December 31, 2023
	<u>(Unaudited)</u>	<u>(Audited)</u>
Balance at beginning of period	P 58,980,800,000	P 56,439,000,000
Additions	-	5,274,000,000
Fair value losses	<u>-</u>	<u>(2,732,200,000)</u>
Balance at end of period	<u>P 58,980,800,000</u>	<u>P 58,980,800,000</u>

EXHIBIT 5

As of June 30, 2024 and December 31, 2023, the Company has a total of eighteen (18) investment properties 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
- One West Campus (80% owned pro indiviso)
- Five West Campus (80% owned pro indiviso)

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
- Two Global Center
- Festive Walk 1B

On April 1, 2022, the BOD of the Company 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.

On March 23, 2023, the SEC issued its confirmation of valuation of the four prime, grade A, office properties in PEZA-accredited zones transferred by MC to the Company in payment of its subscription to 263,700,000 common shares of the Company pursuant to the Deed of Exchange of Property for Shares dated April 5, 2022 (see Note 15.4). Accordingly, the subject properties were transferred to the Company, and 263,700,000 common shares of the Company were issued in the name of MC on March 31, 2023. Pursuant to the amended Deed of Exchange of Property for Shares for this transaction, the Company recognized the income from the four properties beginning January 1, 2023.

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 Mandurriaio, 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

On 10 May 2024, the BOD of the Company approved the proposed subscription of MC to 926,162,000 common shares of the Company for a total subscription price of P13.15

EXHIBIT 5

billion. In payment for the said subscription, MC shall transfer to the Company its rights, title and interests in the following buildings, improvements and machineries (the "Properties"): 100% ownership of One Fintech Place and of Two Fintech Place, which are located in Iloilo Business Park, 100% ownership of Davao Finance Center located at Davao Park District, and 80% pro indiviso ownership of Two West Campus, of Ten West Campus and of One Le Grand, which are located in McKinley West in Fort Bonifacio, Taguig. The said transaction is subject to Confirmation of Valuation by the Securities and Exchange Commission.

For the six months ended June 30, 2024 and 2023, rental income from investment properties amounted to P1,632 million and P1,615 million, respectively.

The direct operating costs incurred relating to investment properties, which pertains to repairs and maintenance and real property taxes, amounted to P64.4 million, P67.3 million for the six months ended June 30, 2024 and, 2023, respectively. These direct operating costs are presented as part of Cost of Services account in the statements of comprehensive income. All investment properties generate rental income.

The fair values of the investment properties were determined based on the latest appraisal reports by an independent real property appraiser, which uses the income approach (see Note 17.3).

7. OTHER ASSETS

The Company's other assets consist of the following:

	June 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Current:		
Prepaid expenses	P 176,695,868	72,156,399
Creditable withholding taxes	134,394,013	110,789,901
Deferred input VAT	50,629,335	76,157,097
Creditable VAT withheld	1,468,524	2,489,984
	<u>361,719,216</u>	<u>261,593,381</u>
Non-current:		
Deferred charges	52,493,495	53,671,308
Security deposit	41,053,934	20,649,401
Other non-current asset	69,924,168	4,227,269
	<u>163,471,597</u>	<u>78,547,978</u>
	<u>P 525,190,813</u>	<u>P 340,141,359</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) - net section in the 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

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as part of Miscellaneous under Cost of Services account in the interim statements of comprehensive income. Other non-current asset consists of office machinery-net and advance payment to contractors for aircon related repairs and enhancement.

8. ACCOUNTS AND OTHER PAYABLES

The details of this account are as follows:

	Notes	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Accounts payable	11.3, 11.5	P 596,831,831	P 460,332,383
Accrued expenses	11.3	351,114,530	240,679,842
Output VAT payable		67,179,821	49,652,443
Deferred output VAT		23,069,142	19,590,863
Withholding taxes payable		6,363,125	4,909,493
Interest payable	10	8,055,636	8,055,636
Others		3,433,077	2,461,700
		<u>P 1,056,047,162</u>	<u>P 785,682,360</u>

9. DEPOSITS AND OTHER LIABILITIES

The details of this account are as follows:

	Notes	June 30, 2024 (Unaudited)	December 31, 2023, (Audited)
Current:			
Security deposits	11.1, 18.1	P 227,570,643	P 148,131,106
Advance rent	11.1, 18.1	255,374,060	249,188,852
Deferred credits			4,899,671
		<u>482,944,703</u>	<u>402,219,629</u>
Non-current:			
Security deposits	11.1, 18.1	513,154,844	631,021,852
Advance rent	11.1, 18.1	256,194,431	224,919,982
Deferred credits		64,011,692	62,019,684
		<u>833,360,968</u>	<u>917,961,518</u>
		<u>P 1,316,305,671</u>	<u>P 1,320,181,147</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. The related accretion of interest presented as part of Interest expense under Other Income (Charges) - net in the statements of comprehensive income.

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 (see Note 6). The principal is payable quarterly in installments 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.

The Company is required to maintain certain financial ratios to comply with its debt covenants with a certain local bank. As of June 30, 2024 and December 31, 2023, the Company is in compliance with such financial covenant obligations.

Total capitalized loan origination costs amounted to P54.4 million. Amortization for the first six months of 2024 and 2023 amounted to both P2.7 million, and is presented as part of Interest expense under Other Income (Charges) – net in 2024 and 2023 of statements of comprehensive income.

The related interest incurred amounted to P134.0million and P133.3 million for the six months of 2024 and 2023, respectively, and this is presented as part of Interest expense under Other Income (Charges) - net in the 2024 and 2023 statements of comprehensive income. The related accrual is presented as Interest payable under Accounts and Other Payables in the statements of financial position (see Note 8).

The reconciliation of the unamortized loan origination costs is presented below.

	June 30, 2024 <u>(Unaudited)</u>	December 31, 2023 <u>(Audited)</u>
Balance at beginning of period	P 43,302,513	P 48,758,739
Amortization	<u>(2,737,142)</u>	<u>(5,456,226)</u>
Balance at end of period	<u>P 40,565,371</u>	<u>P 43,302,513</u>

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.

Related Party <u>Category</u>	Notes	Amounts of Transactions		Outstanding	
		June 30, 2024 <u>(Unaudited)</u>	June 30, 2023 <u>(Unaudited)</u>	June 30, 2024 <u>(Unaudited)</u>	December 31, 2023 <u>(Audited)</u>
Parent Company:					
Rendering of services	11.1	P 316,820,808	P 92,614,848	P101,788,050	P 48,452,534
Property-for-share swap	11.4	-	207,263,800	-	-
Advance rent	11.1	(282,000)	(282,000)	(3,998,355)	(3,716,355)
Security deposits received	11.1	(37,191,835)	(907,500)	(66,476,576)	(29,284,741)
Security deposits paid	11.2	20,404,533	77,000,000	41,053,934	20,649,401
Land lease	11.2	40,247,170	-	(21,881,112)	(19,981,967)
Related parties under common Ownership:					
Advance rent	11.1	29,968	-	(8,683,779)	(8,713,745)
Security deposits received	11.1	-	-	(25,128,471)	(25,128,472)
Rendering of services	11.1	63,983,723	63,859,641	97,092,426	82,173,827
Management services	11.3	115,908,420	(113,841,338)	(382,351,519)	(310,353,006)
Key management personnel –					
Compensation	11.5	2,734,890	2,734,890	(8,204,670)	5,469,780

11.1 Rendering of Services to Related Parties

The Company leases some of its investment properties to the 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 statements of comprehensive income. 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 Receivables account in the statements of financial position (see Note 5). Advanced rentals and security deposits relating to this transaction are presented as part of 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

The Company entered into land lease agreements 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 P96.8 million.

The Company incurred a total of P40.2 million first six months of 2024 which is presented as part of Cost of Services under the statement of comprehensive income. The outstanding balance of P21.9 million as June 30, 2024 and P 20.0 million as of December 31, 2023 are presented as part of Accounts payable under Accounts and Other Payables account in the 2024 statement of financial position (see Note 8).

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 monthly 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 P115.9 million and P113.8 million management fees for the six months June 30, 2024 and 2023, respectively, which is presented as part of Cost of Services in the interim statements of comprehensive income. The outstanding balance of P382.3 million as of June 30, 2024 and P310.4 million as of December 31, 2023 are presented as part of Accounts payable and Accrued expenses under Accounts and Other Payables account in the interim statements of financial position (see Note 8).

11.4 Property-for-share Swap

In line with the Company's investment plan to infuse 500,000 square meters of office gross leasable area by the end of 2024, the BOD approved on April 1, 2022 the subscription of MC to 263,700,000 shares of the Company to be paid by way of transfer of four grade A buildings in PEZA-registered zones (see Note 6). Pursuant to the Amended Deed of Exchange of Property for Shares between the two parties, all collections of rental fees, security deposits and advanced rent from January 1, 2023 on the covered properties shall be remitted by MC to the Company. In 2023, MC remitted P207.3 million to the Company.

Meanwhile, on 10 May 2024, the BOD approved the subscription of MC to 926,162,000 shares of the Company to be paid by way of transfer of six grade A buildings in PEZA-registered zones.

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.

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.

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 (see Note 1).

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 Notes 1 and 6). In addition, the Company recognized APIC amounting to P47,920,287,239, less shares issuance costs amounting to P12.8 million.

On June 16, 2021, the Company filed its application with the PSE for the listing of its 2,532,121,381 existing common shares. The listing application was approved by PSE on August 9, 2021 which includes the Secondary Offer Shares of 844,300 common shares with an Overallotment Option of up to 105,537,500 common shares to be offered and sold by MC to the public, under the Main Board of the PSE with an offer price of P16.10 per share. The PSE approved the listing application of the Company on August 9, 2021.

Also on June 16, 2021, the Company filed a Registration Statement covering the registration of 2,532,121,381 existing common shares, in accordance with the requirements of the SEC's Securities Regulation Code. The Registration Statement was rendered effective on September 13, 2021.

On October 1, 2021, the common shares of the Company were listed as a REIT company under the Main Board of the PSE.

On April 1, 2022, the BOD of the Company 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. On March 23, 2023, the SEC issued its confirmation of the valuation of the property-for-share swap. Consequently, on March 31, 2023, the Company issued 263,700,000 common shares.

On May 22, 2023, the Company filed the application for listing of the additional shares with the PSE. The additional shares are listed with the PSE on July 18, 2024. In addition, the Company recognized APIC in 2023 amounting to P5,010,300,000, less issuance cost amounting to P134,952,150.

As of June 30, 2024 and December 29, 2023, there are 26,872 and 26,039 shareholders of at least one board lot of the listed shares, respectively. As of June 28, 2024 and December 29, 2023, the last trading dates for each period, the shares closed at P12.80 and P12.30 per share, respectively.

12.2 Dividends

On March 1, 2024, the BOD approved the declaration of cash dividends of P0.2460 per share to stockholders on record as of March 18, 2024. The dividends were declared out of the unrestricted retained earnings for the year ending December 31, 2023. The cash dividends were paid on April 05, 2024.

On May 10, 2024, the BOD approved the declaration of cash dividends of P0.2460 per share to stockholders on record as of May 24, 2024. The dividends were declared out of the unrestricted retained earnings for the period ending March 31, 2024. The cash dividends were paid on June 14, 2024.

12.3 Distributable Income

The computation of the distributable income of the Company for the months ended June 30, 2024 is shown below.

Net income	P	1,469,595,486
Unrealized gains or adjustments to income as a result of certain transactions accounted for under PFRS		1,344,903
Adjustments due to any prescribed accounting standard which results to a loss		<u>14,739,238</u>
Distributable income	P	<u>1,485,679,627</u>

13. EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share amounts were computed as follows:

	June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)
Net profit for the period	P 1,469,595,486	P 1,464,381,400
Divided by weighted number Of outstanding common shares	<u>2,795,821,381</u>	<u>2,663,971,381</u>
Basic and diluted earnings (loss) per share	<u>P 0.53</u>	<u>P 0.55</u>

The Company has no potential dilutive common shares as of six months ended June 30, 2024 and 2023.

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 future minimum lease receivable under these agreements as of June 30, 2024 and December 31, 2023 are shown below:

	June 30, 2024 <u>(Unaudited)</u>	June 30, 2023 <u>(Unaudited)</u>
Within one year	P 3,331,362,688	P 3,330,620,084
After one year but not more than two years	2,599,066,404	3,137,341,665
After two years but not more than three years	1,815,066,742	2,435,427,967
After three years but not more than four years	1,117,648,693	1,570,775,564
After four years but not more than five years	784,138,003	786,449,050
More than five years	<u>2,753,620,218</u>	<u>2,926,378,245</u>
	<u>P 12,400,902,748</u>	<u>P 14,186,992,575</u>

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 commenced on July 1, 2023. The lease agreement does 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.

15.1 Market Risk

As of June 30, 2024 and December 31, 2023, 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 incorporates 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 statements of financial position (or in the detailed analysis provided in the notes to financial statements), as summarized below.

	Notes	June 30, 2024 <u>(Unaudited)</u>	December 31, 2023 <u>(Audited)</u>
Cash and cash equivalents	4	P 1,688,666,391	P 1,678,912,046
Trade and other receivables	5	619,740,638	451,266,601
Security deposit	7	<u>41,053,934</u>	<u>20,649,401</u>
		<u>P 2,349,460,963</u>	<u>P 2,150,828,048</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.

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 and the actual collection from such counterparties during the reporting periods.

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.

The estimated fair value of collateral and other security enhancements held against trade and other receivables as of June 30, 2024 and December 31, 2023 is presented below.

	<u>Gross Maximum Exposure</u>	<u>Fair Value of Collaterals</u>	<u>Net Exposure</u>
As of June 30, 2024 (Unaudited)	<u>P 619,740,638</u>	<u>P 1,252,293,979</u>	<u>P -</u>
As of December 31, 2023 (Audited)	<u>P 451,266,601</u>	<u>P 1,253,261,792</u>	<u>P -</u>

(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 December 31, 2023 and 2022, the Company's financial liabilities have contractual maturities which are presented below.

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	<u>Within 1 Year</u>	<u>1 to 5 Years</u>	<u>More than 5 Years</u>
<u>June 30, 2024 (unaudited)</u>			
Interest-bearing loan	P 369,203,734	P 2,523,158,210	P 7,830,596,417
Security deposits	273,112,197	447,988,355	68,291,852
Accounts payable	584,016,474	-	-
Accrued expenses	<u>248,221,199</u>	<u>-</u>	<u>-</u>
	<u>P 1,474,553,604.18</u>	<u>P 2,971,146,564.37</u>	<u>P 7,898,888,268.77</u>
<u>December 31, 2023 (audited)</u>			
Interest-bearing loan	P 257,347,079	P 1,978,800,374	P 8,572,225,343
Security deposits	179,856,807	582,625,738	81,535,377
Accounts payable	460,332,383	-	-
Accrued expenses	<u>240,679,842</u>	<u>-</u>	<u>-</u>
	<u>P 1,138,216,111</u>	<u>P 2,561,426,112</u>	<u>P 8,653,760,720</u>

The above 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, FAIR VALUES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

16.1 Carrying Amounts and Fair Value by Category

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>June 30, 2024 (unaudited)</u>		<u>December 31, 2023 (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 1,688,666,391	P 1,688,666,391	1,678,912,046	P 1,678,912,046
Trade and other receivables	5	619,740,638	619,740,638	451,266,601	451,266,601
Security deposit	7	<u>41,053,934</u>	<u>40,449,401</u>	<u>20,649,401</u>	<u>19,570,069</u>
		<u>P 2,349,460,963</u>	<u>P 2,348,856,430</u>	<u>P 2,150,828,048</u>	<u>P 2,149,748,716</u>
<i>Financial liabilities</i>					
Financial liabilities at amortized cost:					
Interest-bearing loan	10	P 7,209,434,722	P 7,209,434,722	P 7,206,697,580	P 7,206,697,580
Security deposits	9	768,528,905	736,120,785	779,152,958	744,498,127
Accounts payable	8	596,831,831	596,831,831	460,332,383	460,332,383
Accrued expenses	8	351,114,530	351,114,530	240,679,842	240,679,842
Interest payable	8	<u>8,055,636</u>	<u>8,055,636</u>	<u>8,055,636</u>	<u>8,055,636</u>
		<u>P 8,933,965,624</u>	<u>P 8,901,557,505</u>	<u>P 8,694,918,399</u>	<u>P 8,660,263,568</u>

A description of the Company's risk management objectives and policies for financial instruments is provided in Note 15.

16.2 Offsetting of Financial Assets and Financial Liabilities

Except when applicable for the offsetting of rental receivables and rental deposits arising from the normal course of the Company's leasing activities, the Company has not set off financial instruments and do not have relevant offsetting arrangements. Currently, all other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and shareholders. As such, the Company's outstanding receivables from and payables to the same related parties can be potentially offset to the extent of their corresponding outstanding balances.

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 only include cash and cash equivalents categorized as Level 1. All other financial assets and financial liabilities are categorized under Level 3.

For financial assets with fair values included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short-term duration.

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 June 30, 2024 and December 31, 2023, the Company's investment properties amounting to P59.0 billion both, 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. Briefly describing the valuation method used, the approach converts anticipated future gains to present worth by projecting reasonable income and expenses for the properties. 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 the 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 and 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.

The fair value is sensitive to changes in discount rate, terminal capitalization rate and market rental. A change in these unobservable inputs would have the following impact on fair value:

	<u>Increase</u>	<u>Decrease</u>
Discount rate	Decrease	Increase
Terminal capitalization rate	Decrease	Increase
Increase in market rental	Increase	Decrease

The discount rates and terminal capitalization rates were determined with reference to published risk free rates and risk premium rates at the date of valuation.

Also, 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.

	June 30, 2024	December 31, 2023
	<u>(Unaudited)</u>	<u>(Audited)</u>
Total liabilities	P 9,581,787,555	P 9,312,561,087
Total equity	52,232,610,287	52,138,558,919

Under REIT Act, the Company is subject to external capital requirement to have a minimum paid-up capital of P300.0 million, which was complied with as of the reporting periods presented.

19. OPERATING SEGMENT

The Company has determined that it operates as one operating segment. The Company's only income-generating activity is the lease of its buildings, which is the measure used by the Chief Operating Decision Maker in allocating resources.

Management's Discussion and Analysis of Results of Operations and Financial Condition (June 30, 2024)

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

Review of Six Months ending June 30, 2024 versus Six Months Ending June 30, 2023

In the six months ended June 30, 2024, the Company saw an increase in net income to Php1,469.6 million from Php1,464.4 million in the same period last year. The increase in performance was primarily attributed to the maintaining the occupancy of the Company.

Revenues

Total revenue grew by 1.8% or Php37.6 million to Php2,107.4 million in the first half of 2024 from Php2,069.8 million in the first half of 2023. The increased revenue is due to increased rental income from the Company's properties. This increase in rental income served as a significant driving force behind the overall growth in revenue, strengthening the financial performance of the company.

Cost and Expenses

The cost of services also grew by 14.0% from Php430.6 million during the first half of 2023 to Php490.7 million in the first half of 2024. The change in costs of services is driven by upward movement in outside services due to increased wage rates by the Department of Labor and Employment. In 2024, the Company entered into a land lease agreement with the Parent Company which further increased the operating expenses.

Other operating expenses decreased by 35% due to the reduction in costs from one-time expenditures.

Tax Expense

Tax expense increased by 37.5% to Php1.7 million. The increase is primarily due to the higher final tax expense relating to dividends paid and to short-term placement during the current period.

	June 30, 2024	December 31, 2023
Current Ratio ¹	1.62	1.9
Debt to Equity Ratio ²	0.14	0.14
Net Debt to Equity Ratio ³	0.15	0.15
Return on Assets ⁴	2.38%	0.28%
Return on Equity ⁵	2.81%	0.33%

*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

- 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.
- Expenses incurred are primarily attributable to operating the 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 known significant element of income or loss that did not arise from the Company's continuing operations, except as disclosed above and in the attached financial statements.

- 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 (June 30, 2024 vs December 31, 2023)

Item	30 June 2024	Increase/ Decrease	% Change	Causes
Trade and other receivables	619,740,638	168,474,037	37.3%	Increase is mainly due to the addition of newly recognized lease agreements
Other current assets	361,719,216	100,125,835	38.3%	Increase is attributable to accretion of creditable withholding taxes and to higher prepaid expenses that are still subject to amortization during the year.
Other non-current assets	163,471,597	84,923,619	108.1%	Increase due to on-going building improvement projects
Accounts and other payables	1,056,047,162	270,364,802	34.4%	Increase is due to related obligations from the on-going building enhancement projects and additional accrual of management fees. Payables are expected to be paid out in the next 12 months.

Statement of Income (June 30, 2024 vs June 30, 2023)

Item	30 June 2024	Increase/ Decrease	% Change	Causes
Income from dues - net	475,457,810	21,105,955	4.6%	The increase is primarily driven by the increase in rates within the Common Use Service Area (CUSA), which became effective at the beginning of this year.
Cost of services	490,703,489	60,084,147	14.0%	The cost of services also grew by 14.0% from Php430.6 million during the first half of 2023 to Php490.7 million in the first half of 2024. The change in costs of services is driven by upward movement in outside services due to increased wage rates by the Department of Labor and Employment. In 2024, the Company recognized land lease expense which further increased the operating expenses.
Other operating expenses	26,187,918	(14,250,291)	-35.2%	Other operating expenses decreased by 35% due to the reduction in costs from one-time expenditures
Interest income	33,012,652	8,905,781	36.9%	The increase is attributed to the interest earned from rolled-over short-term placements.
Miscellaneous income	2,996,296	2,775,873	1,259.3%	The increase is attributed to the collection of penalties and non-recurring rental income from tenants.
Tax income (expenses)	(6,409,805)	(1,747,009)	37.5%	The increase is due to the higher final tax expenses and increase tax costs from short-term placements during the current period.

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
June 30, 2024

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	492,776,963	357,691,837	52,660,494	39,074,505	14,981,442	5,832,952	22,535,734	-
b. Other receivable	126,963,674	126,963,674	-	-	-	-	-	-
TOTAL	619,740,637	484,655,511	52,660,494	39,074,505	14,981,442	5,832,952	22,535,734	-

EXHIBIT 8

MREIT, INC.
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
JUNE 30, 2024

Ratio	Formula	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Current ratio	Current assets / current liabilities	1.62	1.90
Acid test ratio	Quick assets / Current liabilities (Quick assets include cash and current portion of trade receivables - net)	1.39	1.68
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	1.18	1.18
		<u>June 30, 2024</u>	<u>December 31, 2023</u>
Solvency Ratio	EBITDA / Total debt (Total debt includes interest bearing loans and borrowings and bonds and notes payable)**	0.22	0.45
Interest rate coverage ratio	EBIT / Total Interest (Total interest includes interest expense and capitalized interest)	10.74	10.49
Return on equity	Net profit / Average Stockholders' equity	0.0281	0.003
Return on assets	Net profit / Average total assets	0.0238	0.0027
Net profit margin	Net profit / Total revenues	0.70	0.04

Disclosures for REIT Companies¹

(a) Real Estate Transactions for Q2 2024

On 10 May 2024, the Board of Directors of the Company approved the proposed subscription of Megaworld Corporation to 926,162,000 common shares of the Company for a total subscription price of P13.15 billion. In payment for the said subscription, Megaworld Corporation shall transfer to the Company its rights, title and interests in the following buildings, improvements and machineries: 100% ownership of One Fintech Place and of Two Fintech Place, which are located in Iloilo Business Park, 100% ownership of Davao Finance Center located at Davao Park District, and 80% pro indiviso ownership of Two West Campus, of Ten West Campus and of One Le Grand, which are located in McKinley West in Fort Bonifacio, Taguig. The said transaction is subject to Confirmation of Valuation by the Securities and Exchange Commission.

(b) Schedule of Properties as of 30 June 2024

Property and Location	Purchase Price	Latest Appraisal *	Remaining Land Lease Term	Gross Leasable Area***	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	6,749	6,912	47.00	34,738	34,599	100%	188.8	254.3	60.2	194.1
1880 Eastwood Avenue	6,948	6,124	47.00	33,745	33,480	99%	163.3	223.9	53.6	170.4
E-Commerce Plaza	4,188	4,020	47.00	21,032	21,032	100%	103.4	126.9	23.9	103.0
McKinley Hill, Taguig										
One World Square	7,529	6,853	47.00	30,482	24,462	80%	138.6	175.3	49.8	125.5
Two World Square	5,258	5,064	47.00	21,286	21,282	100%	138.0	189.2	40.5	148.6
Three World Square	5,241	4,341	47.00	21,222	21,222	100%	115.5	166.6	36.9	129.7
8/10 Upper McKinley	4,925	4,636	47.00	19,938	19,789	99%	129.2	154.1	26.1	128.0
18/20 Upper McKinley	4,795	4,031	47.00	19,413	19,413	100%	117.0	136.9	22.1	114.8
World Finance Plaza	5,153	5,279	48.42	25,067	21,214	85%	162.9	183.5	45.1	138.4
McKinley West, Taguig										
One West Campus**	1,293	1,583	48.50	9,704	9,704	100%	40.9	51.9	10.0	41.9
Five West Campus**	1,507	1,873	48.50	10,257	10,257	100%	46.3	57.9	10.8	47.1
Iloilo Business Park, Iloilo										
Richmonde Tower	2,062	1,318	47.00	13,124	12,396	94%	56.3	64.4	15.6	48.8
One Techno Place	1,509	1,061	47.00	9,549	9,287	97%	31.5	45.0	13.4	31.7
Two Techno Place	1,465	1,487	48.42	11,393	7,895	69%	38.5	52.6	14.3	38.3

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

Three Techno Place	1,242	1,155	48.42	9,568	9,392	98%	34.2	47.6	12.8	34.8
One Global Center	1,256	1,278	48.42	10,301	9,957	97%	35.7	50.4	15.8	34.5
Festive Walk 1B	1,473	1,524	48.50	14,703	13,687	93%	53.3	71.0	23.3	47.7
Two Global Center	1,001	1,133	48.50	9,903	9,903	100%	38.6	55.7	16.3	39.4
Total	63,592	59,672		325,425	308,970	95%	1,632.0	2,107.4	490.7	1,616.7

* Latest appraisal for 10 IPO Properties and 4 assets injected last December 2021, issued in 2023.

** The purchase price indicated in this report for these properties represent the price of the 80% pro indiviso ownership transferred to the Company pursuant to the Deed of Exchange of Property for Shares dated 5 April 2022.

*** Additional retail spaces identified with a total area of 295 sqm (290 sqm and 5 sqm for Two Techno Place and Three World Square, respectively)

(c) The comparative summary of the Company's financial performance for various time periods can be found in the SEC Form 17-Q and in the Unaudited Financial Statements for the Second Quarter of 2024.

(d) Reinvestment Plan Progress Reports as of 30 June 2024

Megaworld Corporation sold 40,650,000 and 79,700,000 common shares of the Company on 18 April and 03 June 2024, respectively.

As of the date of this report, the Reinvestment Plans have been implemented as reflected in the attached Reinvestment Progress Reports, summarized as follows:

Relevant Transaction	Date of Reinvestment Plan	Amount of Funds for Reinvestment	Estimated Date of Full Compliance
Block Sale by Megaworld Corporation of 279,400,000 Common Shares of MREIT, Inc. on 21 July 2023	25 July 2023	Php3.6 billion	Q2 2024 (Fully disbursed as of the date of this report.)
Block Sale by Megaworld Corporation of 40,650,000 Common Shares of MREIT, Inc. on 18 April 2024	22 April 2024	Php500 million	Q2 2025
Sale by Megaworld Corporation of 79,700,000 Common Shares of MREIT, Inc. on 03 June 2024	05 June 2024	Php973 million	Q2 2025

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-C
CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2 (c) THEREUNDER**

1. **July 15, 2024**
Date of Report
2. SEC Identification Number: **CS202052294** 3. BIR Tax Identification No: **502-228-971-000**
4. **MREIT, INC.**
Exact name of Issuer as specified in its charter
5. **Metro Manila**
Province, Country or other jurisdiction of incorporation or organization
6. (SEC Use Only)
Industry Classification Code
7. **18th Floor, Alliance Global Tower, 36th Street corner 11th Avenue
Uptown Bonifacio, Taguig City 1634**
Address of principal office
8. **(632) 8894-6300/6400**
Issuer's telephone number, including area code
9. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of Shares of Stock Outstanding</u>
Common	2,795,821,381 ¹
Preferred	0
Total	2,795,821,381¹

10. **Item 9(b)**

Please see the attached 2nd Quarter 2024 Progress Report on the Use of Proceeds from the Block Sale of 40,650,000 common shares of MREIT, Inc. (MREIT) which was settled on 22 April 2024.

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 hereunto duly authorized.

MREIT, INC.
Issuer

By:


ANGEL S. TRISTEZA
Compliance Officer
July 15, 2024

¹ As of 31 March 2024, MREIT, Inc. has a total of 2,795,821,381 common shares issued and outstanding. 2,532,121,381 common shares are listed in the Philippines Stock Exchange, while the listing application for the 263,700,000 common shares issued in March 2024 is in progress.



MEGAWORLD CORPORATION

30th Floor, Alliance Global Tower, 36th Street Corner 11th Avenue, Uptown Bonifacio, Fort Bonifacio, Taguig City, NCR, Fourth District Philippines 1630
Tels (632) 88946300 / 79052800 • www.megaworldcorp.com • Email customerservice@megaworldcorp.com

July 12, 2024

THE PHILIPPINE STOCK EXCHANGE

Philippine Stock Exchange Plaza
6th Floor, PSE Tower
Bonifacio Global City, Taguig

Attention: **MS. ALEXANDRA D. TOM WONG**
Head, Disclosure Department

Subject: 2nd Quarter 2024 Progress Report on the Use of Proceeds from the Block Sale of
40,650,000 common shares of MREIT, Inc. (MREIT)

Dear Ms. Tom-Wong,

We hereby submit our Progress Report on the Use of Proceeds for the quarter ending June 30, 2024, duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

The proceeds were generated from the Block Sale of 40,650,000 common shares of MREIT, Inc. settled on April 22, 2024, at an offer price of Php12.30 per share, resulting in net proceeds of Php496,148,388.47.

Please be advised that as of June 30, 2024, the remaining balance of the proceeds from the block sale amounts to Three Hundred Fifty Six Million One Hundred Forty Eight Thousand Three Hundred Eighty Eight Pesos and Forty Seven Centavos (Php356,148,388.47) as indicated below:

Net Proceeds from the Block Sale	496,148,388.47
Less:	
Disbursement from April 22 to June 30, 2024 (Annex A)	(140,000,000.00)
Balance of Proceeds from the Block Sale as of June 30, 2024	356,148,388.47

Thank you.

Respectfully yours,


FRANCISCO C. CANUTO
Treasurer



ANNEX A: Disbursements from the Proceeds of the Block Sale for the period covering April 22 to June 30, 2024

	Project Name	Township/ Location	Investment Type	Product	Disbursement	Disbursing Entity
1	The Mactan Newtown	Cebu City	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	75,000,000.00	Megaworld Oceantown Properties, Inc
2	ArcoVia City	Pasig City	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	35,000,000.00	ArcoVia Properties, Inc
3	Bacolod Projects	Bacolod City	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	30,000,000.00	Megaworld Bacolod Properties, Inc
	TOTAL			PHP	140,000,000.00	

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
_____**Makati City** (METRO MANILA) SS

At _____**Makati City** City, Metro Manila, on this JUL 15 2024 day of July, 2024, before me personally appeared:

Name	Competent Evidence of Identity	Date and Place Issued
For and on behalf of MEGAWORLD CORPORATION: FRANCISCO C. CANUTO	 SSS ID No. 035188143-1	

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 JUL 15 2024 day of July 2024.

NOTARY PUBLIC

Doc. No. 388;
Page No. 79;
Book No. 33;
Series of 2024.



BUENAVENTURA U. MENDOZA
NOTARY PUBLIC
Until December 31, 2025
PTR No. 10075560 Makati City-01/02/24
IBP No. 300994 01-02-2024 Roll No. 31206
MCLE Compliance No. VII-0020846 April 14, 2025
500-A Madrigal Bldg. Ayala Ave., Makati City

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 June 30, 2024 on the application of proceeds received by Megaworld Corporation (the Company) from the block sale of 40,650,000 common shares of MREIT, Inc. (MREIT) which was settled on April 22, 2024, with the offer price of P12.30 per share (the Block Sale), resulting in a net proceeds estimated at no greater than P500.00 million (the Block Sale Proceeds). 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), *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 Block Sale; and,
 - c) Detailed schedule of utilization of proceeds for the quarter ended June 30, 2024.
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 Block 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 acknowledgement receipts and approved payment endorsement documents, 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 Block Sale for the quarter ended June 30, 2024, 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>
The Mactan Newtown	Cebu	Malls, Offices, Land Development, and Other Developments	Megaworld Oceanatown Properties, Inc.	P 75,000,000
ArcoVia City	Pasig	Malls, Offices, Land Development, and Other Developments	ArcoVia Properties, Inc.	35,000,000
Bacolod Projects	Bacolod	Malls, Offices, Land Development, and Other Developments	Megaworld Bacolod Properties, Inc.	<u>30,000,000</u>
				<u>P 140,000,000</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 Block Sale Proceeds is in agreement with the Reinvestment Plan dated April 22, 2024.
4. With respect to item 4, we traced the utilization of the Block Sale Proceeds for the quarter ended June 30, 2024 to supporting acknowledgment receipts and approved payment endorsement 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 Oceantown Properties, Inc.	The Mactan Newtown	Cebu	P 75,000,000
ArcoVia Properties, Inc.	ArcoVia City	Pasig	35,000,000
Megaworld Bacolod Properties, Inc.	Bacolod Projects	Bacolod	<u>30,000,000</u>
			<u>P 140,000,000</u>

We traced the cash advances granted by the Company to the acknowledgement receipts issued by the entities. Moreover, we agreed the amounts presented in the Report to the accounting records of the Company.

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 the Block Sale 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: John Endel S. Mata
Partner


CPA Reg. No. 0121347
TIN 257-622-627
PTR No. 10076144, January 3, 2024, Makati City
SEC Group A Accreditation
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002551-040-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

July 10, 2024

SUBSCRIBED AND SWORN to before me, in the City of Makati, on 15 July 2024, the affiant, **John Endel S. Mata**, exhibiting his Professional Regulatory Commission (PRC) License ID registration no. 0121347 valid until July 5, 2025.

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




ATTY. IRA JENNENA J. BERO, CPA
Notary Public for Makati City
Until December 31, 2024
Notarial Commission No. M-200
Roll No. 82663
IBP Number: 394290 01/03/2024, Cebu City
PTR No. 10079021 01/04/2024, Makati City
MCLE Compliance No. Admitted to the BAR on May 30, 2022
19th Flr., Tower 1, The Enterprise Center, 6766 Ayala Avenue, Makati City

Doc. No. 217 ;
Page No. 45 ;
Book No. III ;
Series of 2024.

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-C
CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2 (c) THEREUNDER**

1. **July 15, 2024**
Date of Report
2. SEC Identification Number: **CS202052294** 3. BIR Tax Identification No: **502-228-971-000**
4. **MREIT, INC.**
Exact name of Issuer as specified in its charter
5. **Metro Manila**
Province, Country or other jurisdiction of incorporation or organization
6. (SEC Use Only)
Industry Classification Code
7. **18th Floor, Alliance Global Tower, 36th Street corner 11th Avenue
Uptown Bonifacio, Taguig City 1634**
Address of principal office
8. **(632) 8894-6300/6400**
Issuer's telephone number, including area code
9. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of Shares of Stock Outstanding</u>
Common	2,795,821,381 ¹
Preferred	0
Total	2,795,821,381¹

10. **Item 9(b)**

Please see the attached Final Progress Report on the Use of Proceeds from the Block Sale of 279,400,000 common shares of MREIT, Inc. which was settled on 27 July 2023.

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 hereunto duly authorized.

MREIT, INC.
Issuer

By:


ANGEL S. TRISTEZA
Compliance Officer
July 15, 2024

¹ As of 31 March 2024, MREIT, Inc. has a total of 2,795,821,381 common shares issued and outstanding. 2,532,121,381 common shares are listed in the Philippines Stock Exchange, while the listing application for the 263,700,000 common shares issued in March 2024 is in progress.



MEGAWORLD CORPORATION

30th Floor, Alliance Global Tower, 36th Street Corner 11th Avenue, Uptown Bonifacio, Fort Bonifacio, Taguig City, NCR, Fourth District Philippines 1630
Tels (632) 88946300 / 79052800 • www.megaworldcorp.com • Email customerservice@megaworldcorp.com

July 12, 2024

THE PHILIPPINE STOCK EXCHANGE

Philippine Stock Exchange Plaza
6th Floor, PSE Tower
Bonifacio Global City, Taguig

Attention: **MS. ALEXANDRA D. TOM WONG**
Head, Disclosure Department

Subject: Final Report on the Use of Proceeds from the Block Sale of 279,400,000
common shares of MREIT, Inc. (MREIT)

Dear Ms. Tom-Wong,

We are pleased to submit our Final Report on the Use of Proceeds from the Block Sale of 279,400,000 common shares of MREIT, Inc. duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

The proceeds were generated from the Block Sale of 279,400,000 common shares of MREIT, Inc., settled on July 27, 2023, at an offer price of P13.00 per share, resulting in net proceeds totaling Php3,606,018,012.74.

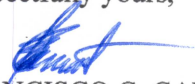
Please be advised that as of June 30, 2024, Megaworld already disbursed the total net proceeds amounting to Three Billion Six Hundred Six Million Eighteen Thousand Twelve Pesos and Seventy Four Centavos (Php3,606,018,012.74) in accordance with its reinvestment plan.

The details of the disbursements are as follows:

Net Proceeds from the Block Sale		3,606,018,012.74
Less: Disbursement from July 1 to Sept. 30, 2023	1,045,051,955.30	
Disbursement from Oct. 1 to Dec. 31, 2023	630,000,000.00	
Disbursement from Jan. 1 to Mar. 31, 2024	640,000,000.00	
Disbursement from Apr. 1 to Jun. 30, 2024 (Annex A)	1,290,966,057.44	3,606,018,012.74
Balance of Proceeds from the Block Sale as of June 30, 2024		0.00

Thank you.

Respectfully yours,


FRANCISCO C. CANUTO
Treasurer



ANNEX A: Disbursements from the Proceeds of the Block Sale for the period covering April 01 to June 30, 2024

Project Name	Township/ Location	Investment Type	Product	Disbursement	Disbursing Entity	
1	Bulacan Projects	Bulacan	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	790,966,057.44	Northwin Properties, Inc
2	Davao Park District	Davao City	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	120,000,000.00	Davao Park District Holdings, Inc
3	Bacolod Projects	Bacolod City	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	100,000,000.00	Megaworld Bacolod Properties, Inc
4	The Mactan Newtown	Cebu City	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	150,000,000.00	Megaworld Oceantown Properties, Inc
5	ArcoVia City	Pasig City	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	130,000,000.00	ArcoVia Properties, Inc
TOTAL				PHP	1,290,966,057.44	

ACKNOWLEDGMENT

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

At _____ City, Metro Manila, on this **JUL 15** day of July 2024, before me personally appeared: **Makati City**

Name	Competent Evidence of Identity	Date and Place Issued
For and on behalf of MEGAWORLD CORPORATION: FRANCISCO C. CANUTO	 SSS ID No. 035188143-1	

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 **JUL 15** day of July 2024.

NOTARY PUBLIC

Doc. No. 387;
Page No. 79
Book No. 33;
Series of 2024.


BUENAVENTURA U. MENDOZA

NOTARY PUBLIC

Until December 31, 2025

PTR No. 10075560 Makati City-01/02/24

IBP No. 300994 01-02-2024 Roll No. 31206

MCLE Compliance No. VII-0020846 April 14, 2025

500-A Madrigal Bldg. Ayala Ave., Makati City

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 Final Report (the Report) as of June 30, 2024 on the application of proceeds received by Megaworld Corporation (the Company) from the block sale of 279,400,000 common shares of MREIT, Inc. (MREIT) which was settled on July 27, 2023, with the offer price of P13.00 per share (the Block Sale), resulting in a net proceeds estimated at P3.61 billion (the Block Sale Proceeds). 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), *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 Block Sale; and,
 - c) Detailed schedule of utilization of proceeds as of June 30, 2024.
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 Block 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 acknowledgement receipts and approved payment endorsement documents, 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 Block Sale as of June 30, 2024, 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>
Northwin Global City	Bulacan	Malls, Offices, Land Development, and Other Developments	Northwin Properties, Inc.	P1,576,018,012.74
The Mactan Newtown	Mactan, Cebu	Malls, Offices, Land Development, and Other Developments	Megaworld Oceanatown Properties, Inc.	600,000,000.00
Arcovia City	Pasig	Malls, Offices, Land Development, and Other Developments	Arcovia Properties, Inc.	560,000,000.00
Bacolod Projects	Bacolod	Malls, Offices, Land Development, and Other Developments	Megaworld Bacolod Properties, Inc.	500,000,000.00
Davao Park District	Davao	Malls, Offices, Land Development, and Other Developments	Davao Park District Holdings, Inc.	<u>370,000,000.00</u>
				<u>P3,606,018,012.74</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 Block Sale Proceeds is in agreement with the Reinvestment Plan dated July 25, 2023.
4. With respect to item 4, we traced the utilization of the Block Sale Proceeds as of June 30, 2024 to supporting acknowledgment receipts and approved payment endorsement 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>
Northwin Properties, Inc.	Northwin Global City	Bulacan	P 1,576,018,012.74
Megaworld Oceantown Properties, Inc.	The Mactan Newtown	Mactan, Cebu	600,000,000.00
Arcovia Properties, Inc.	Arcovia City	Pasig	560,000,000.00
Megaworld Bacolod Properties, Inc.	Bacolod Projects	Bacolod	500,000,000.00
Davao Park District Holdings, Inc.	Davao Park District	Davao	<u>370,000,000.00</u>
			<u>P 3,606,018,012.74</u>

We traced the cash advances granted by the Company to the acknowledgement receipts issued by the entities. Moreover, we agreed the amounts presented in the Report to the accounting records of the Company.

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 the Block Sale 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: John Endel S. Mata
Partner

CPA Reg. No. 0121347
TIN 257-622-627
PTR No. 10076144, January 3, 2024, Makati City
SEC Group A Accreditation
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002551-040-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

July 10, 2024

SUBSCRIBED AND SWORN to before me, in the City of Makati, on 15 July 2024, the affiant, **John Endel S. Mata**, exhibiting his Professional Regulatory Commission (PRC) License ID registration no. 0121347 valid until July 5, 2025.

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




ATTY. IRA JENNENA J. BERO, CPA

Notary Public for Makati City

Until December 31, 2024

Notarial Commission No. M-200

Roll No. 82663

IBP Number: 394290 01/03/2024, Cebu City

PTR No. 10079021 01/04/2024, Makati City

MCLE Compliance No. Admitted to the BAR on May 30, 2022
19th Flr., Tower 1, The Enterprise Center, 6766 Ayala Avenue, Makati City

Doc. No. 219 ;
Page No. 45 ;
Book No. III ;
Series of 2024.

COVER SHEET

SEC Registration Number

C S 2 0 2 0 5 2 2 9 4

Company Name

M R E I T , I N C .

Principal Office (No./Street/Barangay/City/Town/Province)

1 8 / F . A L L I A N C E G L O B A L T O W E R ,
3 6 T H S T . C O R . 1 1 T H A V E .
U P T O W N B O N I F A C I O , T A G U I G C I T Y

ANGELI S. TRISTEZA

Contact Person

(632) 8894-6300/6400

Company Telephone Number

1 2
Month

3 1
Day

Fiscal Year

Month

Day

Annual Meeting

S E C F O R M 1 7 - C

Form Type

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel Concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = Pls. use black ink for scanning purpose

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-C
CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2 (c) THEREUNDER**

1. **July 15, 2024**
Date of Report
2. SEC Identification Number: **CS202052294** 3. BIR Tax Identification No: **502-228-971-000**
4. **MREIT, INC.**
Exact name of Issuer as specified in its charter
5. **Metro Manila**
Province, Country or other jurisdiction of incorporation or organization
6. (SEC Use Only)
Industry Classification Code
7. **18th Floor, Alliance Global Tower, 36th Street corner 11th Avenue
Uptown Bonifacio, Taguig City 1634**
Address of principal office
8. **(632) 8894-6300/6400**
Issuer's telephone number, including area code
9. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of Shares of Stock Outstanding</u>
Common	2,795,821,381 ¹
Preferred	0
Total	2,795,821,381¹

10. **Item 9(b)**

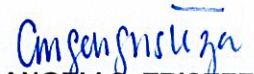
Please see the attached 2nd Quarter 2024 Progress Report on the Use of Proceeds from the Sale of 79,700,000 common shares of MREIT, Inc. which was settled on June 05, 2024.

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 hereunto duly authorized.

MREIT, INC.
Issuer

By:


ANGELI S. TRISTEZA
Compliance Officer
July 15, 2024

¹ As of 31 March 2024, MREIT, Inc. has a total of 2,795,821,381 common shares issued and outstanding. 2,532,121,381 common shares are listed in the Philippines Stock Exchange, while the listing application for the 263,700,000 common shares issued in March 2024 is in progress.



MEGAWORLD CORPORATION

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July 12, 2024

THE PHILIPPINE STOCK EXCHANGE

Philippine Stock Exchange Plaza
6th Floor, PSE Tower
Bonifacio Global City, Taguig

Attention: **MS. ALEXANDRA D. TOM WONG**
Head, Disclosure Department

Subject: 2nd Quarter 2024 Progress Report on the Use of Proceeds from the Sale of
79,700,000 common shares of MREIT, Inc. (MREIT)

Dear Ms. Tom-Wong,

We hereby submit our Progress Report on the Use of Proceeds for the quarter ending June 30, 2024, duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

The proceeds were generated from the Sale of 79,700,000 common shares of MREIT, Inc. settled on June 05, 2024, with an average sale price of Php12.3001 per share, resulting in net proceeds of Php973,007,625.80.

Please be advised that as of June 30, 2024, the remaining balance of the proceeds from the sale amounts to Nine Hundred Twenty Eight Million Seven Thousand Six Hundred Twenty Five Pesos and Eighty Centavos (Php928,007,625.80) as indicated below:

Net Proceeds from the Block Sale	973,007,625.80
Less:	
Disbursement from June 05 to June 30, 2024 (Annex A)	(45,000,000.00)
<u>Balance of Proceeds from the Block Sale as of June 30, 2024</u>	<u>928,007,625.80</u>

Thank you.

Respectfully yours,


FRANCISCO C. CANUTO
Treasurer



ANNEX A: Disbursements from the Proceeds of the Sale for the period covering June 05 to June 30, 2024

Project Name		Township/ Location	Investment Type	Product	Disbursement	Disbursing Entity
1	The Mactan Newtown	Cebu City	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	15,000,000.00	Megaworld Oceantown Properties, Inc
2	ArcoVia City	Pasig City	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	20,000,000.00	ArcoVia Properties, Inc
3	Bacolod Projects	Bacolod City	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	10,000,000.00	Megaworld Bacolod Properties, Inc
TOTAL				PHP	45,000,000.00	

ACKNOWLEDGMENT

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

At Makati City City, Metro Manila, on this JUL 15 2024 day of July 2024, before me personally appeared:


Name	Competent Evidence of Identity	Date and Place Issued
For and on behalf of MEGAWORLD CORPORATION: FRANCISCO C. CANUTO	 SSS ID No. 035188143-1	

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 JUL 15 2024 day of July 2024.

NOTARY PUBLIC

Doc. No. 386;
Page No. 79;
Book No. 33;
Series of 2024.


BUENAVENTURA U. MENDOZA
NOTARY PUBLIC
Until December 31, 2025
PTR No. 10075560 Makati City-01/02/24
IBP No. 300994 01-02-2024 Roll No. 31206
MCLE Compliance No. VII-0020846 April 14, 2025
500-A Madrigal Bldg. Ayala Ave., Makati City

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 June 30, 2024 on the application of proceeds received by Megaworld Corporation (the Company) from the sale of 79,700,000.00 common shares of MREIT, Inc. (MREIT) which was settled on June 5, 2024, with the offer price of P12.3001 per share (the Sale), resulting in a net proceeds estimated at P973.01 million (the Sale Proceeds). 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), *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 Sale; and,
 - c) Detailed schedule of utilization of proceeds for the quarter ended June 30, 2024.
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 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 acknowledgement receipts and approved payment endorsement documents, 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 Sale for the quarter ended June 30, 2024, 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>
ArcoVia City	Pasig	Malls, Offices, Land Development, and Other Developments	ArcoVia Properties, Inc.	P 20,000,000
The Mactan Newtown	Cebu	Malls, Offices, Land Development, and Other Developments	Megaworld Oceantown Properties, Inc.	15,000,000
Bacolod Projects	Bacolod	Malls, Offices, Land Development, and Other Developments	Megaworld Bacolod Properties, Inc.	<u>10,000,000</u>
				<u>P 45,000,000.00</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 Sale Proceeds is in agreement with the Reinvestment Plan dated June 5, 2024.
4. With respect to item 4, we traced the utilization of the Sale Proceeds for the quarter ended June 30, 2024 to supporting acknowledgment receipts and approved payment endorsement 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>
ArcoVia Properties Inc.	ArcoVia City	Pasig	P 20,000,000
Megaworld Oceantown Properties, Inc.	The Mactan Newtown	Cebu	15,000,000
Megaworld Bacolod Properties, Inc.	Bacolod Projects	Bacolod	<u>10,000,000</u>
			<u>P 45,000,000.00</u>

We traced the cash advances granted by the Company to the acknowledgement receipts issued by the entities. Moreover, we agreed the amounts presented in the Report to the accounting records of the Company.

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 the Sale 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: John Endel S. Mata
Partner


CPA Reg. No. 0121347
TIN 257-622-627
PTR No. 10076144, January 3, 2024, Makati City
SEC Group A Accreditation
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002551-040-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

July 10, 2024

SUBSCRIBED AND SWORN to before me, in the City of Makati, on 15 July 2024, the affiant, **John Endel S. Mata**, exhibiting his Professional Regulatory Commission (PRC) License ID registration no. 0121347 valid until July 5, 2025.

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




ATTY. IRA JENNENA J. BERO, CPA
Notary Public for Makati City
Until December 31, 2024
Notarial Commission No. M-200
Roll No. 82663
IBP Number: 394290 01/03/2024, Cebu City
PTR No. 10079021 01/04/2024, Makati City
MCLE Compliance No. Admitted to the BAR on May 30, 2022
19th Flr., Tower 1, The Enterprise Center, 6766 Ayala Avenue, Makati City

Doc. No. 217 ;
Page No. 45 ;
Book No. III ;
Series of 2024.