

COVER SHEET

SEC Registration Number

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Company Name

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

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GIANCARLO V. INACAY

Contact Person

(02) 8894-6400

Company Telephone Number

1	2
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Month

3	1
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Day

Fiscal Year

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Month

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Day

Annual Meeting

[illegible]

Form Type

[illegible]

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Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

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Domestic

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Foreign

To be accomplished by SEC Personnel Concerned

[illegible]

File Number

LCU

[illegible]

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Cashier

STAMPS

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PSE Security Code _____
SEC Number CS202052294
File Number _____

MREIT, INC.

(Company's Full Name)

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

(Company's Address)

(02) 88946400

(Company's Telephone Number)

DECEMBER 31

(Fiscal Year Ending)
(Month & Day)

SEC FORM 17-Q (Q1 2025)

(Form Type)

(Amendment Designation, if Applicable)

Period Ended Date

PERMIT TO OFFER SECURITIES FOR SALE

(Secondary License Type, if any)

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

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

1. For the quarterly period ended **31 March 2025**
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 Common	Number of Shares of Stock Outstanding 3,721,983,381
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11. Are any or all of these securities listed on a Stock Exchange?

[x] 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.

[x] Yes [] No

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

[x] Yes [] No

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

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

- Exhibit 1 - Consolidated Statements of Financial Position as of 31 March 2025
- Exhibit 2 - Consolidated Statements of Income and Consolidated Statements of Comprehensive Income for the Three Months Ended 31 March 2025 and 2024
- Exhibit 3 - Consolidated Statements of Changes in Equity for the Three Months Ended 31 March 2025 and 2024
- Exhibit 4 - Consolidated Statements of Cash Flows for the Three Months Ended 31 March 2025 and 2024
- Exhibit 5 - Notes to Interim Financial Information for the Three Months Ended 31 March 2025

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:



GIANCARLO V. INACAY
Chief Financial Officer

EXHIBIT 1

MREIT, INC.
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF FINANCIAL POSITION
March 31, 2025
(With Comparative Figures as of December 31, 2024)
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	4	P 2,631,962,390	P 2,025,255,093
Trade and other receivables	5	548,917,740	389,032,440
Other current assets	7	550,414,151	328,418,811
Total Current Assets		<u>3,731,294,281</u>	<u>2,742,706,344</u>
NON-CURRENT ASSETS			
Trade receivables	5	265,703,297	204,385,118
Investment properties	6	72,922,717,200	72,922,717,200
Other non-current assets	7	243,408,210	224,237,781
Total Non-current Assets		<u>73,431,828,707</u>	<u>73,351,340,099</u>
TOTAL ASSETS		<u>77,163,122,988</u>	<u>76,094,046,443</u>
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Accounts and other payables	8	1,864,317,046	810,031,958
Deposits and other liabilities	9	831,190,720	671,761,410
Total Current Liabilities		<u>2,695,507,766</u>	<u>1,481,793,368</u>
NON-CURRENT LIABILITIES			
Interest-bearing loan	10	7,213,519,768	7,212,172,904
Deposits and other liabilities	9	<u>933,681,083</u>	<u>1,110,413,468</u>
Total Non-current liabilities		<u>8,147,200,851</u>	<u>8,322,586,372</u>
Total Liabilities		<u>10,842,708,617</u>	<u>9,804,379,740</u>
EQUITY			
Capital stock	16	3,721,983,381	3,721,983,381
Additional paid-in capital	16	64,797,000,097	64,797,000,097
Retained earnings (deficit)		<u>(2,198,569,107)</u>	<u>(2,229,316,775)</u>
Total Equity		<u>66,320,414,371</u>	<u>66,289,666,703</u>
TOTAL LIABILITIES AND EQUITY		<u>P 77,163,122,988</u>	<u>P 76,094,046,443</u>

See Notes to Financial Statements.

EXHIBIT 2

MREIT, INC.
(A Subsidiary of Megaworld Corporation)
INTERIM STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2025 and 2024
(Amounts in Philippine Pesos)
(UNAUDITED)

	Notes	March 31, 2025 (Three months)	March 31, 2024 (Three months)
REVENUES			
Rental income	11	P 1,018,636,641	P 837,095,355
Income from dues - net	2	<u>321,839,222</u>	<u>239,264,091</u>
		1,340,475,863	1,076,359,447
COST OF SERVICES	12	<u>252,439,266</u>	<u>273,382,353</u>
GROSS PROFIT		1,088,036,598	802,977,094
OTHER OPERATING EXPENSES	13	<u>11,972,815</u>	<u>11,896,218</u>
OPERATING PROFIT		<u>1,076,063,782</u>	<u>791,080,876</u>
OTHER INCOME (CHARGES)			
Interest expense	9, 10	(128,552,437)	(74,083,609)
Interest income	4, 7	16,982,371	18,839,602
Miscellaneous income		<u>1,871,162</u>	<u>972,668</u>
		(<u>109,698,904</u>)	(<u>54,271,339</u>)
PROFIT (LOSS) BEFORE TAX		966,364,879	736,809,537
TAX INCOME (EXPENSE)	14	(<u>3,260,376</u>)	(<u>3,674,658</u>)
NET PROFIT (LOSS)		963,104,503	733,134,879
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS)		P <u>963,104,503</u>	P <u>733,134,879</u>
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE	17	P <u>0.26</u>	P <u>0.26</u>

See Notes to Financial Statements.

EXHIBIT 3

MREIT, INC.
(A Subsidiary of Megaworld Corporation)
INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Amounts in Philippine Pesos)
(UNAUDITED)

	<u>Notes</u>	<u>March 31, 2025</u>	<u>March 31, 2024</u>
CAPITAL STOCK			
Balance at beginning of period		P 3,721,983,381	P 2,795,821,381
Issuance of shares during the period	16		
Balance at end of period		<u>3,721,983,381</u>	<u>2,795,821,381</u>
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning of period		64,797,000,097	52,782,813,885
Addition during the period	16		
Balance at end of period		<u>64,797,000,097</u>	<u>52,782,813,885</u>
RETAINED EARNINGS (DEFICIT)			
Balance at beginning of period		(2,229,316,775)	(3,440,076,352)
Net profit (loss) during the period		963,104,503	733,134,879
Dividends declared during the period	16	(932,356,835)	(<u>687,772,054</u>)
Balance at end of period		(<u>2,198,569,107</u>)	(<u>3,394,713,527</u>)
TOTAL EQUITY		<u>P 66,320,414,371</u>	<u>P 52,183,921,739</u>

See Notes to Financial Statements.

EXHIBIT 4

MREIT, INC.
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Amounts in Philippine Pesos)
(UNAUDITED)

	Notes	March 31, 2025 (Three Months)	March 31, 2024 (Three Months)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		P 966,364,879	P 736,809,537
Adjustments for:			
Interest expense	9, 10	128,552,437	102,226,844
Interest income	4, 7	(16,982,371)	(19,700,460)
Operating profit before working capital changes		1,077,934,944	819,335,921
Increase in trade and other receivables		(222,173,190)	(256,438,703)
Decrease (increase) in other current assets		(221,995,343)	(75,622,681)
Decrease (increase) in other non-current assets		(18,700,479)	(32,472,437)
Increase in accounts and other payables		1,054,285,089	828,316,368
Increase (decrease) in deposits and other liabilities		(27,232,647)	(144,693,548)
Cash generated from operations		1,642,118,374	1,138,424,920
Interest received		17,482,132	19,055,276
Income tax paid		(3,260,376)	(3,674,658)
Net Cash From Operating Activities		<u>1,656,340,130</u>	<u>1,153,805,538</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	16	(932,356,835)	(687,772,054)
Interest paid		(117,276,000)	(66,642,081)
Net Cash From (Used in) Financing Activities		(1,049,632,835)	(754,414,135)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		606,707,295	399,391,403
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		<u>2,025,255,095</u>	<u>1,678,912,045</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD		<u>P 2,631,962,390</u>	<u>P 2,078,303,448</u>

See Notes to Financial Statements.

MREIT, INC.
(A Subsidiary of Megaworld Corporation)
SELECTED EXPLANATORY NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(With Comparative Figures as of December 31, 2024
and For The Nine Months Ended March 31, 2024)
(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 63.44% 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 financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). PFRS Accounting Standards are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(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 to PFRS Accounting Standards, which are mandatorily effective for annual periods beginning on or after January 1, 2024:

PAS 1 (Amendments)	:	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current, and Non-current Liabilities with Covenants
PAS 7 and PFRS 7 (Amendments)	:	Statement of Cash Flow, and Financial Instruments: Disclosures – Supplier Finance Arrangements
PFRS 16 (Amendments)	:	Leases – Lease Liability in a Sale and Leaseback

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 provide guidance on whether a liability should be classified as either current or non-current. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and that the classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The application of these amendments had no significant impact on the Company's financial statements.
- (ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants*. The amendments specifies that if the right to defer settlement for at least 12 months is subject to an entity complying with conditions after the reporting period, then those conditions would not affect whether the right to defer settlement exists at the end of the reporting period for the purposes of classifying a liability as current or non-current. For non-current liabilities subject to conditions, an entity is required to disclose information about the conditions, whether the entity would comply with the conditions based on its circumstances at the reporting date and whether and how the entity expects to comply with the conditions by the date on which they are contractually required to be tested. The required disclosures under these amendments are disclosed in Note 10.
- (iii) PAS 7 and PFRS 7 (Amendments), *Statement of Cash Flows, Financial Instruments: Disclosures – Supplier Finance Arrangements*. The amendments add a disclosure objective to PAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, PFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The application of these amendments had no significant impact on the Company's financial statements.
- (iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback*. The amendments requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. The application of these amendments had no significant impact on the Company's financial statements.

(b) *Effective Subsequent to 2024 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2024, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and unless otherwise indicated, none of these are expected to have significant impact on the Company's financial statements:

- (i) PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)
- (ii) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026)
- (iii) PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The amendments, however, do not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.
- (iv) PFRS 19, *Subsidiaries without Public Accountability: Disclosures* (effective from January 1, 2027) The new standard reduces the disclosure requirements prescribed by other standards for subsidiaries without public accountability. It changes disclosure requirements prescribed by other standards as the reporting entity will instead refer to PFRS 19 for required disclosures.

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, 2024.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Cash on hand and in bank	P 1,283,710,907	P 1,783,198,297
Short-term placements	<u>1,348,251,483</u>	<u>242,056,796</u>
	<u>P 2,631,962,390</u>	<u>P 2,025,255,093</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 three months ended March 31, 2025 and 2024 amounted to P16.3 million and P14.7 million, 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:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Current –		
Trade receivables:		
Billed	P 341,752,264	P 243,894,057
Accrued	36,934,665	64,100,330
Others	<u>170,230,811</u>	<u>81,038,053</u>
	548,917,740	389,032,440
Non-current –		
Trade receivables –		
Accrued	<u>265,703,297</u>	<u>204,385,118</u>
	<u>P 814,621,037</u>	<u>P 593,417,558</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. 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.

	March 31, 2025 <u>(Unaudited)</u>	December 31, 2024 <u>(Audited)</u>
Balance at beginning of period	P 72,922,717,200	P 58,980,800,000
Additions	-	13,151,500,400
Fair value gains	<u>-</u>	<u>790,416,800</u>
Balance at end of period	<u>P 72,922,717,200</u>	<u>P 72,922,717,200</u>

As of March 31, 2025 and December 31, 2024, the Company has a total of twenty-four (24) 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)
- Two West Campus (80% owned pro indiviso)
- Ten West Campus (80% owned pro indiviso)
- Five West Campus (80% owned pro indiviso)
- One Le Grand (80% own 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
- One Fintech Place
- Two Fintech Place

Located at Davao Park District, Davao City:

- Davao Finance Center

EXHIBIT 5

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.

Similarly, on October 10, 2024, the SEC issued its confirmation of valuation of the six prime, grade A, office properties in PEZA-accredited zones transferred by MC to the Company in payment of its subscription to 926,162,000 common shares of the Company pursuant to the Deed of Exchange of Property for Shares dated May 10, 2024 (see Note 11.4). Accordingly, the subject properties were transferred to the Company, and 926,162,000 common shares of the Company were issued in the name of MC on November 19, 2024. Pursuant to the Deed of Exchange of Property for Shares for this transaction, the Company recognized the income from the Six properties beginning October 1, 2024.

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

	<u>Ownership</u>
One Fintech Place, Megaworld Blvd., Digital Road and Festive Walk Road, Iloilo Business Park, Manduriao, Iloilo City	100%
Two Fintech Place, Megaworld Blvd., Festive Walk Road, Manduriao, Iloilo City	100%
Davao Finance Center, Davao Park District, Agdao, Davao City	100%
Two West Campus, 5 Le Grand Avenue, McKinley West, Fort Bonifacio, Taguig City	80% pro indiviso
Ten West Campus, 5 Le Grand Avenue, McKinley West, Fort Bonifacio, Taguig City	80% pro indiviso
One Le Grand, Le Grand Avenue, McWest Blvd and Chateau Road, McKinley West, Fort Bonifacio, Taguig City	80% pro indiviso

The details of the assets transferred to the Company in 2023 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

EXHIBIT 5

For the three months ended March 31, 2025 and 2024, rental income from investment properties amounted to P1,018.6 million and P837.1 million, respectively.

The direct operating costs incurred relating to investment properties, which pertains to repairs and maintenance and real property taxes, amounted to P9.5 million, P53.5 million for the three months ended March 31, 2025 and, 2024, 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:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Current:		
Prepaid expenses	P 253,326,568	89,998,106
Creditable withholding tax	127,682,960	157,964,435
Deferred input VAT	66,192,084	74,051,496
Supplies	5,068,344	4,538,279
Creditable VAT withheld	2,328,700	1,866,495
Other current asset	95,815,495	—
	<u>550,414,151</u>	<u>328,418,811</u>
Non-current:		
Advances to contractors	140,756,537	131,251,893
Deferred charges	65,723,500	66,527,664
Security deposit	36,928,173	26,458,224
	<u>243,408,210</u>	<u>224,237,781</u>
	<u>P 793,822,361</u>	<u>P 552,656,592</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 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:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Dividends payable	P 920,715,890	P —
Accrued expenses	509,071,156	482,385,265
Accounts payable	271,225,147	197,854,085
Interest payable	48,455,456	8,055,636
Output VAT payable	40,771,411	50,385,431
Deferred output VAT	40,750,782	27,320,806
Withholding taxes	5,609,989	12,548,480
Deferred Revenue	—	16,089,623
Others	<u>27,717,215</u>	<u>15,392,632</u>
	<u>P 1,864,317,046</u>	<u>P 810,031,958</u>

9. DEPOSITS AND OTHER LIABILITIES

The details of this account are as follows:

	March 31, 2025 (Unaudited)	December 31, 2024, (Audited)
Current:		
Security deposits	P 486,414,918	P 367,731,879
Advance rent	335,542,156	299,270,394
Deferred credits	<u>9,233,646</u>	<u>4,759,137</u>
	<u>831,190,720</u>	<u>671,761,410</u>
Non-current:		
Security deposits	701,483,112	263,184,311
Advance rent	147,160,619	753,593,448
Deferred credits	<u>85,037,352</u>	<u>93,635,709</u>
	<u>933,681,083</u>	<u>1,110,413,468</u>
	<u>P 1,764,871,803</u>	<u>P 1,782,174,878</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, P7.3 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 until 2024. Beginning 2025, the repriced interest rate is agreed at 6.47%.

The Company is required to maintain certain financial ratios to comply with its debt covenants with a certain local bank. As of March 31, 2025 and December 31, 2024, the Company is in compliance with such financial covenant obligations.

Total capitalized loan origination costs amounted to P54.4 million. Amortization for the first three months of 2025 and 2024 amounted to P1.3 million and P1.4 million respectively, and is presented as part of Interest expense under Other Income (Charges) – net in 2025 and 2024 of statements of comprehensive income.

The related interest incurred amounted to P117.3 million and P66.6 million for the first three months of 2025 and 2024, respectively, and this is presented as part of Interest expense under Other Income (Charges) - net in the 2025 and 2024 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.

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Balance at beginning of period	P 37,827,189	P 43,302,513
Amortization	(1,346,864)	(5,475,324)
Balance at end of period	<u>P 36,480,325</u>	<u>P 37,827,189</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	Notes	Amounts of Transactions		Outstanding Receivable (Payable)	
		March 31, 2025	March 31, 2024	March 31, 2025	December 31, 2024
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Category					
Parent Company:					
Rendering of services	11.1	P110,592,297	P 157,994,144	P63,441,890	P 61,964,065
Property-for-share swap	11.4	—	—	—	—
Advance rent	11.1	609,360	—	(4,325,715)	(3,716,355)
Security deposits received	11.1	366,840	—	(68,191,770)	(67,824,930)
Security deposits paid	11.2	10,469,949	300,081	36,928,173	26,458,224
Land lease	11.2	24,129,465	20,633,376	(24,129,465)	(25,282,946)
Related parties under common Ownership:					
Advance rent	11.1	689,717	29,968	(9,403,464)	(8,713,745)
Security deposits received	11.1	—	—	(25,926,618)	(25,926,618)
Rendering of services	11.1	30,556,294	32,004,430	110,004,660	82,173,827
Land lease	11.2	943,775	—	(1,873,473)	(929,698)
Management services	11.3	74,651,101	59,199,770	(74,651,101)	(310,353,006)
Key management personnel – Compensation					
	11.5	1,367,445	1,367,445	(6,837,225)	(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.

On May 10, 2024, the Company entered into land lease agreements with Davao Park District Holdings, Inc. (DPDHI) 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 lease, the Company shall pay DPDHI rent equivalent to: (a) Two and a Half Percent (2.5%) of gross rental income for office for the period May 10, 2024 and until June 30, 2025 and Five Percent (5%) thereafter; and, (b) One and a Half Percent (1.5%) of hotel rental / revenues for hotel properties for the period May 10, 2024 and until June 30, 2025, and Three Percent (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 P106.8 million.

The Company incurred a total of P25.0 million first three months of 2025 which is presented as part of Cost of Services under the statement of comprehensive income. The outstanding balance of P26.0 million as of March 31, 2025 and P 26.2 million as of December 31, 2024 are presented as part of Accounts payable under Accounts and Other Payables account in the 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 P74.7 million and P59.2 million management fees for the three months March 31, 2025 and 2024, respectively, which is presented as part of Cost of Services in the interim statements of comprehensive income. The outstanding balance of P74.7 million as of March 31, 2025 and P324.9 million as of December 31, 2024 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.

Similarly, pursuant to the Company's investment plan to infuse asset to reach 500,000 square meters of gross leasable area before the end of 2024, the BOD approved on May 10, 2024 the subscription of MC to 926,162,000 shared of the Company to be paid by way of transfer of six grade A buildings in PEZA-registered zones (See Note 6). Pursuant to the Deed of Exchange of Property for Shares between two parties, the Company shall start

recognizing the income from the six properties from the start of fourth quarter of 2024. In 2024, MC remitted P623.5 million to the Company.

In 2024 and 2023, MC transferred certain real properties for lease to the Company amounting to P13,151.5 million and P5,274.0 million, respectively (see Note 6).

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.

EXHIBIT 5

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.

On May 10, 2024, the BOD of the Company approved the subscription of MC to 926,162,000 common shares of the Company for a total subscription price of P13.2 billion to be paid by way of transfer of six prime, grade A, office properties in PEZA-accredited zones. On October 10, 2024, the SEC issued its confirmation of the valuation of the property-for-share swap. Consequently, on November 19, 2024, the Company issued 926,162,000 common shares.

On November 22, 2024, the Company filed the application for listing of the additional shares with the PSE, which is still pending as of the issuance date of the Company's financial statements. The Company recognized APIC in 2024 amounting to P12,225,338,400, less issuance cost amounting to P211.2 million.

There are 28,547 shareholders of at least one board lot of the listed shares as of March 31, 2025 and December 31, 2024. As of March 31, 2025 and December 27, 2024, the last trading dates for each year, the shares closed at P13.84 and P13.34 per share, respectively.

12.2 Dividends

On March 20, 2025, the BOD approved the declaration of cash dividends of P0.2505 per share to stockholders on record as of March 21, 2025. The dividends were declared out of the unrestricted retained earnings for the year ending December 31, 2024. The cash dividends were paid on April 04, 2025.

12.3 Distributable Income

The computation of the distributable income of the Company for the months ended March 31, 2025 is shown below.

Net income	P	963,104,503
Unrealized gains or adjustments to income as a result of certain transactions accounted for under PFRS		(42,444,811)
Adjustments due to any prescribed accounting standard which results to a loss		<u>11,610,652</u>
Distributable income	<u>P</u>	<u>932,270,344</u>

13. EARNINGS (LOSS) PER SHARE

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

	March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)
Net profit for the period	P 963,104,503	P 733,134,879
Divided by weighted number Of outstanding common shares	<u>3,721,983,381</u>	<u>2,795,821,381</u>
Basic and diluted earnings (loss) per share	<u>P 0.26</u>	<u>P 0.26</u>

The Company has no potential dilutive common shares as of nine months ended March 31, 2025 and 2024.

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 March 31, 2025 and December 31, 2024 are shown below:

	March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)
Within one year	P 4,041,831,749	P 3,362,743,794
After one year but not more than two years	3,299,579,930	2,406,849,008
After two years but not more than three years	2,458,530,172	1,608,051,378
After three years but not more than four years	1,899,046,189	891,516,009
After four years but not more than five years	1,416,364,914	604,024,084
More than five years	<u>3,055,947,030</u>	<u>2,542,415,221</u>
	<u>P 16,171,299,984</u>	<u>P 11,415,599,494</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 March 31, 2025 and December 31, 2024, 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.

EXHIBIT 5

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	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Cash and cash equivalents	4	P 2,631,962,390	P 2,025,255,093
Trade and other receivables	5	814,621,037	593,417,558
Security deposit	7	36,928,173	26,458,224
		<u>P 3,483,511,600</u>	<u>P 2,645,130,875</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 March 31, 2025 and December 31, 2024 is presented below.

	Gross Maximum Exposure	Fair Value of Collaterals	Net Exposure
As of March 31, 2025 (Unaudited)	<u>P 814,621,037</u>	<u>P 1,768,758,713</u>	<u>P -</u>
As of December 31, 2024 (Audited)	<u>P 593,417,558</u>	<u>P 1,683,780,032</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 March 31, 2025 and December 31, 2024, the Company's financial liabilities have contractual maturities which are presented below.

		<u>Within 1 Year</u>	<u>1 to 5 Years</u>	<u>More than 5 Years</u>
<u>March 31, 2025 (unaudited)</u>				
Interest-bearing loan	P	475,619,334	P 2,416,186,233	P 7,571,556,833
Security deposits		154,859,524	727,937,915	289,987,098
Accounts payable		271,225,147	-	-
Accrued expenses		<u>509,071,156</u>	<u>-</u>	<u>-</u>
		<u>P 1,410,775,161</u>	<u>P 3,144,124,148</u>	<u>P 7,861,543,931</u>
<u>December 31, 2024 (audited)</u>				
Interest-bearing loan	P	470,155,247	P 1,999,814,229	P 8,079,679,275
Security deposits		210,919,111	687,712,822	256,376,203
Accounts payable		197,854,085	-	-
Accrued expenses		<u>482,385,265</u>	<u>-</u>	<u>-</u>
		<u>P 1,361,313,708</u>	<u>P 2,687,527,051</u>	<u>P 8,336,055,478</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.

		March 31, 2025 (unaudited)		December 31, 2024 (audited)	
	Notes	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets					
Financial assets at amortized cost:					
Cash and cash equivalents	4	P 2,631,962,390	P 2,631,962,390	2,025,255,093	P 2,025,255,093
Trade and other receivables	5	814,621,037	814,621,037	593,417,558	593,417,558
Security deposit	7	<u>36,928,173</u>	<u>35,988,274</u>	<u>26,458,224</u>	<u>25,782,163</u>
		<u>P 3,483,511,600</u>	<u>P 3,482,571,701</u>	<u>P 2,645,130,875</u>	<u>P 2,644,454,814</u>
Financial liabilities					
Financial liabilities at amortized cost:					
Interest-bearing loan	10	P 7,213,519,768	P 7,213,519,768	P 7,212,172,904	P 7,212,172,904
Security deposits	9	1,037,025,269	1,027,095,695	1,052,863,842	1,021,797,438
Accounts payable	8	271,225,147	271,225,147	197,854,085	197,854,085
Accrued expenses	8	509,071,156	509,071,156	482,385,265	482,385,265
Interest payable	8	<u>48,455,456</u>	<u>48,455,456</u>	<u>8,055,636</u>	<u>8,055,636</u>
		<u>P 9,079,296,796</u>	<u>P 9,069,367,221</u>	<u>P 8,953,331,732</u>	<u>P 8,922,265,328</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 March 31, 2025 and December 31, 2024, the Company's investment properties amounting to P72.9 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 Cuervo Appraisers, 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.

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Total liabilities	P 10,842,708,617	P 9,804,379,740
Total equity	66,320,414,371	66,289,666,703

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 (March 31, 2025)

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

Review of Three Months ending March 31, 2025 versus Three Months Ending March 31, 2024

For the three months ended March 31, 2025, the Company's net income increased by 31% or by Php190.3m to Php963 million, from Php733 million in the same period last year. This growth was primarily driven by the infusion of newly acquired assets and further supported by effective expense management, which helped mitigate the impact of a decline in occupancy. By strengthening its core operations and maintaining high-quality service standards, the Company continues to build a solid foundation for sustainable growth and long-term success in a competitive market.

Revenues

In the first three months of 2025, total revenue increased by 25%, or Php264 million, reaching Php1,340.5 million compared to Php1,076.4 million in the same period of 2024. This growth was primarily attributed to the infusion of newly acquired assets, which expanded the Company's income-generating portfolio and strengthened its overall operational performance. The increase highlights the Company's strategic focus on sustainable expansion, long-term value creation through proactive asset management and continuous portfolio enhancement.

Cost and Expenses

The cost of services decreased by 8%, from Php273 million in the first three months of 2024 to Php252 million in the same period of 2025. This reduction was primarily due to the Company's strategic efforts in managing and optimizing operational expenses. Through improved cost control measures, streamlined processes, and enhanced operational efficiencies, the Company successfully minimized expenditures, contributing to stronger financial performance during the period.

Tax Expense

Tax expense decreased by 11%, totaling Php0.4 million, primarily due to lower final tax expenses related to dividends paid and short-term placements during the current period.

	March 31, 2025	December 31, 2024
Current Ratio ¹	1.38	1.90
Debt to Equity Ratio ²	0.11	0.14
Net Debt to Equity Ratio ³	0.12	0.15
Return on Assets ⁴	1.25%	4.63%
Return on Equity ⁵	1.45%	5.38%

*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.
- 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.

EXHIBIT 6

- 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 Income (March 31, 2025 vs March 31, 2024)

Item	March 31, 2025	Increase/Decrease	% Change	Causes
Rental income	1,018,636,641	181,541,286	22%	The increase was primarily attributed to the infusion of six newly acquired assets.
Income from dues - net	321,839,222	82,575,131	35%	
Cost of services	252,439,266	(20,943,087)	-8%	The decrease in the cost of services is attributed to the proper management of repairs and maintenance, as well as other recurring expenses.
Interest expense	128,552,437	(54,468,828)	74%	Interest expenses increased due to the higher repricing of interest rates of the loan.
Interest income	16,982,371	(1,857,230)	-10%	The decrease was due to interest earned from rolled-over short-term placements.
Miscellaneous income	1,871,162	898,494	92%	The increase was due to the collection of penalties and one-time rental income from tenants.
Tax Income (Expense)	3,260,376	414,282	-11%	The decrease was due to lower final tax expenses and higher interest costs on short-term placements during the 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.

EXHIBIT 7

MREIT, INC.

Aging of Accounts Receivables

March 31, 2025

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	642,615,489	469,837,994	69,184,461	49,810,649	31,305,712	4,510,649	17,966,025	-
b. Other receivable	172,005,548	172,005,548	-	-	-	-	-	-
TOTAL	<u>814,621,037</u>	<u>641,843,542</u>	<u>69,184,461</u>	<u>49,810,649</u>	<u>31,305,712</u>	<u>4,510,649</u>	<u>17,966,025</u>	<u>-</u>

EXHIBIT 8

MREIT, INC.
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
MARCH 31, 2025

Ratio	Formula	<u>March 31, 2025</u>	<u>December 31, 2024</u>
Current ratio	Current assets / current liabilities	1.38	1.85
Acid test ratio	Quick assets / Current liabilities (Quick assets include cash and current portion of trade receivables - net)	1.18	1.63
Debt-to-equity ratio	Total debt / Total stockholders' equity (Total debt includes interest bearing loans and borrowings and bonds and notes payable)	0.11	0.11
Asset-to-equity ratio	Total assets / Total stockholders' equity	1.16	1.15
		<u>March 31, 2025</u>	<u>December 31, 2024</u>
Solvency Ratio	EBITDA / Total debt (Total debt includes interest bearing loans and borrowings and bonds and notes payable) **	0.15	0.48
Interest rate coverage ratio	EBIT / Total Interest (Total interest includes interest expense and capitalized interest)	8.46	11.49
Return on equity	Net profit / Average Stockholders' equity	0.0145	0.0538
Return on assets	Net profit / Average total assets	0.0125	0.0463
Net profit margin	Net profit / Total revenues	0.72	0.71

Disclosures for REIT Companies¹

(a) Real Estate Transactions for Q1 2025

There were no real estate transactions in the first quarter of 2025.

(b) Schedule of Properties as of 31 March 2025

Property and Location	Purchase Price	Latest Appraisal [*]	Remaining Land Lease Term	Gross leasable area (GLA)	Leased Area	Occupancy Rate	Rental Income	Gross Revenue	Cost of Services	Gross Profit
	in Php millions	in Php millions	Years	in sqm	in sqm	%	in Php millions	in Php millions	in Php millions	in Php millions
Eastwood, Quezon City										
1800 Eastwood Avenue	6,948	6,629	46.25	34,738	34,377	99%	79.2	114.6	22.8	91.8
1880 Eastwood Avenue	6,749	5,813	46.25	33,745	33,487	99%	70.9	103.2	20.5	82.8
E-Commerce Plaza	4,188	3,525	46.25	21,032	18,928	90%	43.5	56.5	10.4	46.0
McKinley Hill, Taguig										
One World Square	7,529	5,123	46.25	30,482	22,095	72%	66.2	92.3	16.8	75.4
Two World Square	5,258	5,452	46.25	21,286	19,175	90%	56.3	86.0	17.4	68.6
Three World Square	5,241	4,448	46.25	21,222	18,202	86%	46.8	75.4	16.5	58.9
8/10 Upper McKinley	4,925	4,249	46.25	19,938	17,483	88%	48.6	64.9	10.3	54.6
18/20 Upper McKinley	4,795	4,330	46.25	19,413	15,953	82%	49.0	60.2	8.6	51.5
World Finance Plaza	5,153	2,815	47.67	25,067	17,609	70%	39.1	60.3	11.0	49.3
McKinley West, Taguig										
One West Campus	1,473	1,587	47.75	9,704	9,704	100%	20.4	25.8	4.1	21.7
Five West Campus	1,001	1,960	47.75	10,257	10,257	100%	21.2	27.0	4.4	22.7
Two West Campus	825	1,398	49.42	9,332	9,332	100%	18.7	23.9	3.6	20.3
Ten West Campus	3,250	5,367	49.42	36,277	25,046	69%	59.6	80.0	11.9	68.1
One Le Grand	4,354	6,378	49.42	48,292	45,331	94%	100.7	143.7	31.9	111.8
Iloilo Business Park, Iloilo										
Richmonde Tower	2,062	1,277	46.25	13,124	12,396	94%	27.2	29.9	6.9	23.0
One Techno Place	1,509	1,103	46.25	9,549	9,330	98%	16.3	22.2	5.5	16.6
Two Techno Place	1,465	1,128	47.67	11,393	10,071	88%	18.8	27.9	6.5	21.4
Three Techno Place	1,242	1,354	47.67	9,568	9,392	98%	14.3	24.0	5.1	18.8
One Global Center	1,256	1,443	47.67	10,301	9,903	96%	19.3	25.3	5.2	20.1
Festive Walk 1B	1,507	1,965	47.75	14,703	13,687	93%	26.6	35.4	9.1	26.4
Two Global Center	1,293	1,530	47.75	9,903	9,903	100%	19.6	28.0	5.7	22.3
One Fintech Place	1,589	2,491	49.42	18,088	17,681	98%	34.2	43.6	3.3	40.3
Two Fintech Place	1,638	2,165	49.42	18,053	15,011	83%	30.0	36.4	3.2	33.2
Davao Park, Davao City										
Davao Finance Center	1,496	2,731	49.42	26,074	25,986	100%	38.0	52.5	11.7	40.8
Total	76,744	76,260		481,542	430,340	89%	964	1,339	252	1,086

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

* The latest appraisal valuation for MREIT properties, dated December 31, 2024, aligns with the reports issued by Cuervo Appraisers. All properties were appraised using the Income Approach method.

(c) Reinvestment Plan Progress Report as of 31 March 2025

Relevant Transaction	Date of Reinvestment Plan	Amount of Funds for Reinvestment	Date of Full Compliance
Block Sale by Megaworld Corporation of 40,650,000 Common Shares of MREIT, Inc. on 18 April 2024	22 April 2024	Php496 million	31 March 2025
Sale by Megaworld Corporation of 79,700,000 Common Shares of MREIT, Inc. on 03 June 2024	05 June 2024	Php973 million	31 March 2025



MEGAWORLD CORPORATION

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April 7, 2025

THE PHILIPPINE STOCK EXCHANGE

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

Attention: **ATTY. JOHANNE DANIEL M. NEGRE**
Officer-In-Charge, Disclosure Department

Subject: 1st Quarter 2025 Progress Report on the Use of Proceeds from the Sale of
79,700,000 common shares of MREIT, Inc. (MREIT)

Dear Atty. Negre,

We hereby submit our Progress Report on the Use of Proceeds for the quarter ending March 31, 2025, 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 March 31, 2025, the net proceeds from the block sale have been fully utilized, as detailed below:

Net Proceeds from the Block Sale	973,007,625.80
less:	
Disbursement from Jun. 05 to Jun. 30, 2024	45,000,000.00
Disbursement from Jul. 1 to Sep. 30, 2024	55,000,000.00
Disbursement from Oct. 1 to Dec. 31, 2024	820,000,000.00
Disbursement from Jan. 1 to Mar. 31, 2025 (Annex A)	53,007,625.80
<u>Balance of Proceeds from the Block Sale as of Mar. 31, 2025</u>	<u>0</u>

Thank you.

Respectfully yours,


FRANCISCO C. CANUTO
Treasurer

ANNEX A: Disbursements from the Proceeds of the Sale for the period covering January 01 to March 31, 2025

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	25,000,000.00	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	8,007,625.80	Megaworld Bacolod Properties, Inc
TOTAL				PHP	53,007,625.80	

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
Makati City METRO MANILA) SS

At Makati City City, Metro Manila, on this 7th day of April 2025, 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 7th day of April 2025.

NOTARY PUBLIC

Doc. No. 352;
Page No. 72;
Book No. 64;
Series of 2025.


ATTY. MIKHAIL JUDE AMANDO R. FABIO II
NOTARY PUBLIC FOR AND IN MAKATI CITY
APPOINTMENT NO. M 326 VALID UNTIL DECEMBER 31, 2025
PTR No. MKT 10471129 / 01-06-25 / MAKATI CITY
IBP No. 501098 01-07-2025 Roll No. 81066
MCLE Compliance No. VIII-0008160 April 14, 2025
VALID UNTIL APRIL 14, 2028

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

T +63 2 8988 2288

Report of Independent Auditors on Factual Findings

The Board of Directors and Stockholders Megaworld Corporation

30th Floor, Alliance Global Tower
36th Street cor. 11th Avenue
Uptown Bonifacio, Taguig City

We have performed the procedures agreed with you and enumerated below with respect to the attached Quarterly Progress Report (the Report) for the quarter ended March 31, 2025 on the application of proceeds received by Megaworld Corporation (the Company) from the sale of 79,700,000 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 March 31, 2025.
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 March 31, 2025, 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 Oceantown Properties, Inc.	P 25,000,000
ArcoVia City	Pasig	Malls, Offices, Land Development, and Other Developments	ArcoVia Properties, Inc.	20,000,000
Bacolod Projects	Bacolod	Malls, Offices, Land Development, and Other Developments	Megaworld Bacolod Properties, Inc.	<u>8,007,627</u>
				<u>P 53,007,627</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 March 31, 2025 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:

Disbursing Entity	Project Name	Township or Location	Amount
Megaworld OceanTown Properties, Inc.	The Mactan Newtown	Cebu	P 25,000,000
ArcoVia Properties Inc.	ArcoVia City	Pasig	20,000,000
Megaworld Bacolod Properties, Inc.	Bacolod Projects	Bacolod	8,007,627
			P 53,007,627

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. 10465907, January 2, 2025, Makati City

BIR AN 08-002551-048-2023 (until January 24, 2026)

BOA/PRC Cert. of Reg. No. 0002/P-012 (until August 12, 2027)

SUBSCRIBED AND SWORN TO BEFORE ME THIS 7 DAY OF APRIL
MAKATI CITY METRO MANILA, PHILIPPINES
April 7, 2025

Doc No. 59 ;
Page No. 13 ;
Book No. 67 ;
Series of 2676 .


ATTY. MIKHAIL JUDE AMANDO R. FABIO III
NOTARY PUBLIC FOR AND IN MAKATI CITY
APPOINTMENT NO. M-326 VALID UNTIL DECEMBER 31, 2025
PTR No. MKT 10471129 / 01-06-25 / MAKATI CITY
IBP No. 501098 01-07-2025 Roll No. 81066
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April 7, 2025

THE PHILIPPINE STOCK EXCHANGE

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Bonifacio Global City, Taguig

Attention: **ATTY. JOHANNE DANIEL M. NEGRE**
Officer-In-Charge, Disclosure Department

Subject: Final Report on the Use of Proceeds from the Sale of
79,700,000 common shares of MREIT, Inc. (MREIT)

Dear Atty. Negre,

We hereby submit our Final Report on the Use of Proceeds for the quarter ending March 31, 2025, 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 March 31, 2025, Megaworld has disbursed the total net proceeds amounting to Nine Hundred Seventy Three Million, Seven Thousand, Six Hundred Twenty Five Pesos and 80/100 (973,007,625.80), in accordance with its reinvestment plan.

The details of the disbursements are as follows:

Net Proceeds from the Block Sale	973,007,625.80
less:	
Disbursement from Jun. 05 to Jun. 30, 2024	45,000,000.00
Disbursement from Jul. 1 to Sep. 30, 2024	55,000,000.00
Disbursement from Oct. 1 to Dec. 31, 2024	820,000,000.00
Disbursement from Jan. 1 to Mar. 31, 2025 (Annex A)	53,007,625.80
Balance of Proceeds from the Block Sale as of Mar. 31, 2025	0

Thank you.

Respectfully yours,


FRANCISCO C. CANUTO
Treasurer

ANNEX A: Disbursements from the Proceeds of the Sale for the period covering January 01 to March 31, 2025

	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	25,000,000.00	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	8,007,625.80	Megaworld Bacolod Properties, Inc
	TOTAL			PHP	53,007,625.80	

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
_____, (METRO MANILA) SS

At Makati City, Metro Manila, on this 7th day of April 2025, 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 7th day of April 2025.

NOTARY PUBLIC

Doc. No. 354
Page No. 72
Book No. 64
Series of 2025.


ATTY. MIKHAIL JUDE AMANDO R. FABIO III
NOTARY PUBLIC FOR AND IN MAKATI CITY
APPOINTMENT NO. M-526 VALID UNTIL DECEMBER 31, 2025
PTR No. MKT 10471129 / 01-06-25 / MAKATI CITY
IBP No. 501098 01-07-2025 Roll No. 81066
MSE Compliance No. VIII-0008160 April 14, 2025
VALID UNTIL APRIL 14, 2026

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 March 31, 2025 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 as of March 31, 2025.
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 March 31, 2025, 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>
Bacolod Projects	Bacolod	Malls, Offices, Land Development, and Other Developments	Megaworld Bacolod Properties, Inc.	P 196,148,389
The Mactan Newtown	Mactan, Cebu	Malls, Offices, Land Development, and Other Developments	Megaworld Oceantown Properties, Inc.	175,000,000
ArcoVia City	Pasig	Malls, Offices, Land Development, and Other Developments	ArcoVia Properties, Inc.	<u>125,000,000</u>
				<u>P 496,148,389</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 as of March 31, 2025 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:

Disbursing Entity	Project Name	Township or Location	Amount
Megaworld Bacolod Properties, Inc.	Bacolod Projects	Bacolod	P 196,148,389
Megaworld Oceantown Properties, Inc.	The Mactan Newtown	Cebu	175,000,000
ArcoVia Properties, Inc.	ArcoVia City	Pasig	125,000,000
			P 496,148,389

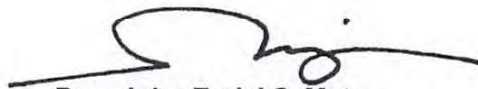
We traced the cash advances granted by the Company to the acknowledgement receipts issued by the entities. Moreover, we agreed the amounts presented in the Report to the accounting records of the Company.

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. 10465907, January 2, 2025, Makati City

BAR AN 08-002551-040-2023 (until January 24, 2026)

BOA/PRC Cert. of Reg. No. 0002/P-012 (until August 12, 2027)


07 APR 2025

SUBSCRIBED AND SWORN TO BEFORE ME THIS 07 DAY OF APRIL, 2025
MAKATI CITY METRO MANILA, PHILIPPINES

Doc No. 67;
Page No. 14;
Book No. 67;
Series of 2025

Certified Public Accountants

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International


ATTY. MIKHAEL JUDE AMANDO R. FABIO III
NOTARY PUBLIC FOR AND IN MAKATI CITY
APPOINTMENT NO. M 326-VA-2025
PTR No. MKT 10471129 / 01-06-25 / MAKATI CITY
IBP No. 501098 01-07-2025 Roll No. 81066
MCLE Compliance No. VIII-0008160 April 14, 2025
VALID UNTIL APRIL 14, 2028



MEGAWORLD CORPORATION

30th Floor, Alliance Global Tower, 36th Street Corner 11th Ave, Uptown Bonifacio, Fort Bonifacio, Taguig City, NCR, 4th District, Philippines
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April 7, 2025

THE PHILIPPINE STOCK EXCHANGE

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

Attention: **ATTY. JOHANNE DANIEL M. NEGRE**
Officer-In-Charge, Disclosure Department

Subject: 1st Quarter 2025 Progress Report on the Use of Proceeds from the Block Sale of
40,650,000 common shares of MREIT, Inc. (MREIT)

Dear Atty. Negre,

We hereby submit our Progress Report on the Use of Proceeds for the quarter ending March 31, 2025, 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 March 31, 2025, the net proceeds from the block sale have been fully utilized, as detailed below:

Net Proceeds from the Block Sale	496,148,388.47
less:	
Disbursement from Apr. 22 to Jun. 30, 2024	140,000,000.00
Disbursement from Jul. 1 to Sep. 30, 2024	130,000,000.00
Disbursement from Oct. 1 to Dec. 31, 2024	121,000,000.00
Disbursement from Jan. 1 to Mar. 31, 2025 (Annex A)	105,148,388.47
Balance of Proceeds from the Block Sale as of Mar. 31, 2025	0

Respectfully yours,


FRANCISCO C. CANUTO
Treasurer

ANNEX A: Disbursements from the Proceeds of the Block Sale for the period covering January 1 to March 31, 2025

	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	35,000,000.00	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	26,000,000.00	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	44,148,388.47	Megaworld Bacolod Properties, Inc
	TOTAL			PHP	105,148,388.47	

ACKNOWLEDGMENT

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

At Makati City, Metro Manila, on this 7th day of April 2025, 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 7th day of April 2025.

NOTARY PUBLIC

Doc. No. 351;
Page No. 72;
Book No. 64;
Series of 2025


ATTY. MIKHAIL JUDE AMANDO R. FABIO III
NOTARY PUBLIC FOR AND IN MAKATI CITY
APPOINTMENT NO. M 326 VALID UNTIL DECEMBER 31, 2025
PTR No. MKT 10471129 / 01-06-25 / MAKATI CITY
IBP No. 501098 01-07-2025 Roll No. 81066
MCLE Compliance No. VIII-0008160 April 14, 2025
VALID UNTIL APRIL 14, 2028

Report of Independent Auditors on Factual Findings

The Board of Directors and Stockholders

Megaworld Corporation

30th Floor, Alliance Global Tower
36th Street cor. 11th Avenue
Uptown Bonifacio, Taguig City

We have performed the procedures agreed with you and enumerated below with respect to the attached Quarterly Progress Report (the Report) for the quarter ended March 31, 2025 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 March 31, 2025.
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 March 31, 2025, 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>
Bacolod Projects	Bacolod	Malls, Offices, Land Development, and Other Developments	Megaworld Bacolod Properties, Inc.	P 44,148,389
The Mactan Newtown	Cebu	Malls, Offices, Land Development, and Other Developments	Megaworld Oceantown Properties, Inc.	35,000,000
ArcoVia City	Pasig	Malls, Offices, Land Development, and Other Developments	ArcoVia Properties, Inc.	<u>26,000,000</u>
				<u>P 105,148,389</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 March 31, 2025 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:

Disbursing Entity	Project Name	Township or Location	Amount
Megaworld Bacolod Properties, Inc.	Bacolod Projects	Bacolod	P 44,148,389
Megaworld Oceantown Properties, Inc.	The Mactan Newtown	Cebu	35,000,000
ArcoVia Properties, Inc.	ArcoVia City	Pasig	26,000,000
			P 105,148,389

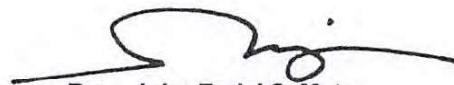
We traced the cash advances granted by the Company to the acknowledgement receipts issued by the entities. Moreover, we agreed the amounts presented in the Report to the accounting records of the Company.

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. 10465907, January 2, 2025, Makati City
BIR AN 08-002551-040-2023 (until January 24, 2026)
BOA/PRC Cert. of Reg. No. 0002/P-012 (until August 12, 2027)

SUBSCRIBED AND SWORN TO BEFORE ME THIS 8 DAY OF APRIL
April 7, 2025
MAKATI CITY METRO MANILA, PHILIPPINES

Doc No. 63;
Page No. 14;
Book No. 67;
Series of 2025

Certified Public Accountants
Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd.


ATTY. MIKHAIL JUDE AMANDO R. FABIO III
NOTARY PUBLIC FOR AND IN MAKATI CITY
APPOINTMENT NO. M 326 VALID UNTIL DECEMBER 31, 2025
PTR No. MKT 10471129 / 01-06-25 / MAKATI CITY
IBP No. 501098 01-07-2025 Roll No. 81066
MGLC Compliance No. VIII-0008160 April 14, 2025
VALID UNTIL APRIL 14, 2028



MEGAWORLD CORPORATION

30th Floor, Alliance Global Tower, 36th Street Corner 11th Ave, Uptown Bonifacio, Fort Bonifacio, Taguig City, NCR, 4th District, Philippines
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April 7, 2025

THE PHILIPPINE STOCK EXCHANGE

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

Attention: **ATTY. JOHANNE DANIEL M. NEGRE**
Officer-In-Charge, Disclosure Department

Subject: Final Report on the Use of Proceeds from the Block Sale of 40,650,000 common shares of MREIT, Inc. (MREIT)

Dear Atty. Negre,

We hereby submit our Final Report on the Use of Proceeds for the quarter ending March 31, 2025, 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 March 31, 2025, Megaworld has disbursed the total net proceeds amounting to Four Hundred Ninety Six Million One Hundred Forty Eight Thousand, Three Hundred Eighty Eight Pesos and 47/100 (496,148,388.47), in accordance with its reinvestment plan.

The details of the disbursements are as follows:

Net Proceeds from the Block Sale	496,148,388.47
less:	
Disbursement from Apr. 22 to Jun. 30, 2024	140,000,000.00
Disbursement from Jul. 1 to Sep. 30, 2024	130,000,000.00
Disbursement from Oct. 1 to Dec. 31, 2024	121,000,000.00
Disbursement from Jan. 1 to Mar. 31, 2025 (Annex A)	105,148,388.47
Balance of Proceeds from the Block Sale as of Mar. 31, 2025	0

Respectfully yours,


FRANCISCO C. CANUTO
Treasurer

ANNEX A: Disbursements from the Proceeds of the Block Sale for the period covering January 1 to March 31, 2025

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	35,000,000.00	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	26,000,000.00	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	44,148,388.47	Megaworld Bacolod Properties, Inc
TOTAL				PHP	105,148,388.47	

ACKNOWLEDGMENT

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

At ~~Makati City~~ City, Metro Manila, on this 7th day of April 2025, 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 7th day of April 2025.

NOTARY PUBLIC

ATTY. MIKHAIL JUDE AMANDO R. FABIO III

NOTARY PUBLIC FOR AND IN MAKATI CITY

APPOINTMENT NO. M-326 VALID UNTIL DECEMBER 31, 2025

PTR No. MKT 10471129 / 01-06-25 / MAKATI CITY

IBP No. 501098 01-07-2025 Roll No. 81066

MCLE Compliance No. VIII-0008160 April 14, 2025

VALID UNTIL APRIL 14, 2028

Doc. No. 353;
Page No. 72;
Book No. 64;
Series of 2025

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

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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 March 31, 2025 on the application of proceeds received by Megaworld Corporation (the Company) from the block sale of 79,700,000 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 Block Sale; and,
 - c) Detailed schedule of utilization of proceeds as of March 31, 2025.
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 March 31, 2025, 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.	P 785,051,955
The Mactan Newtown	Cebu	Malls, Offices, Land Development, and Other Developments	Megaworld Oceantown Properties, Inc.	75,000,000
ArcoVia City	Pasig	Malls, Offices, Land Development, and Other Developments	ArcoVia Properties, Inc.	62,000,000
Bacolod Projects	Bacolod	Malls, Offices, Land Development, and Other Developments	Megaworld Bacolod Properties, Inc.	<u>51,007,627</u>
				<u>P 973,059,582</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 June 5, 2024.
4. With respect to item 4, we traced the utilization of the Block Sale Proceeds as of March 31, 2025 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:

Disbursing Entity	Project Name	Township or Location	Amount
Northwin Properties, Inc.	Northwin Global City	Bulacan	P 785,051,955
Megaworld Oceantown Properties, Inc.	The Mactan Newtown	Mactan, Cebu	75,000,000
ArcoVia Properties, Inc.	ArcoVia City	Pasig	62,000,000
Megaworld Bacolod Properties, Inc.	Bacolod Projects	Bacolod	51,007,627
			P 973,059,582


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. 10465907, January 2, 2025, Makati City

BIRAN 08-002551-040-2023 (until January 24, 2026)

BOA/PRC Cert. of Reg. No. 0002/P-012 (until August 12, 2027)

07 APR 2025
SUBSCRIBED AND SWORN TO BEFORE ME THIS 7 DAY OF APRIL
MAKATI CITY METRO MANILA, PHILIPPINES

April 7, 2025

ATTY. MIKHAIL JUDE AMANDO R. FABIO III

NOTARY PUBLIC FOR AND IN MAKATI CITY

APPOINTMENT NO. M 326 VALID UNTIL DECEMBER 31, 2025

PTR No. MKT 10471129 / 01-06-25 / MAKATI CITY

IBP No. 501098 01-07-2025 Roll No. 81066

MCLE Compliance No. VIII-0008160 April 14, 2025

VALID UNTIL APRIL 14, 2028

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Certified Public Accountants

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