



MEGAWORLD CORPORATION

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

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April 13, 2022

THE PHILIPPINE STOCK EXCHANGE

Philippine Stock Exchange Plaza

6th Floor, PSE Tower

Bonifacio Global City, Taguig

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

Subject: 1st Quarter 2022 Progress Report on the Use of Proceeds from sale to MREIT,
Inc. of four (4) prime, Grade A buildings located in PEZA-registered Zones

Dear Ms. Encarnacion ,


We hereby submit our Progress Report on the Use of Proceeds for the quarter ending March 31, 2022 duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

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

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

Thank you.

Respectfully yours,


FRANCISCO C. CANUTO
Treasurer



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

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

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
_____, METRO MANILA) SS


At _____ City, Metro Manila, on this _____ day of _____, 20____, before me
personally appeared:

Name	Competent Evidence of Identity	Date and Place Issued
Francisco C. Canuto	SSS ID#03-5188143-1	

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

IN WITNESS WHEREOF, I have hereunto set my hand and seal this _____
day of _____, 20____.

Doc. No. _____
Page No. _____
Book No. _____
Series of _____

NOTARY PUBLIC

NOTARY PUBLIC
Until December 31, 2022
PTR No. 8852784, Makati City-01/04/22
IBP No. 178030 01-04-1027-3rd No. 31206
MCLE Compliance No. 1-0021653
500-A Madrigal Bldg. Ayala Ave., Makati City
Extended until June 30, 2022 per B.M. No. 3795

Punongbayan & Araullo20th 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, 2022 on the application of proceeds received by Megaworld Corporation (the Company) from the sale of four prime, Grade A buildings located in Philippine Economic Zone Authority-registered zones on December 21, 2021 (the Asset Sale). The procedures were performed solely to enable the Company to comply with the requirement of the Philippine Stock Exchange (PSE) to submit the Report accompanied by an external auditor's report. Our engagement was undertaken and our report is issued in accordance with Philippine Standard on Related Services 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*, applicable to agreed-upon procedures engagements.

Agreed-upon Procedures

The procedures we performed are as follows:

1. Obtained and checked the mathematical accuracy of the following:
 - a) The Report;
 - b) Schedule of planned application of proceeds from the Asset Sale; and,
 - c) Detailed schedule of utilization of proceeds for the quarter ended March 31, 2022.
2. Compared the total amount of utilization appearing in the Report with the detailed schedule of utilization of proceeds.

3. Compared the schedule of planned application of the Asset Sale proceeds to the Reinvestment Plan. Inquired with the Company's management of the reason for the difference, if any, and requested a copy of the approval by the Board of Directors (BOD) and the PSE, as appropriate, i.e., if it involved reallocation or change in the use of proceeds.
4. Traced to and examined supporting documents such as progress billings, invoices, official receipts, bank statements and approval documents, of a sample of disbursements in the detailed schedule of utilization of proceeds and traced the total amount of disbursements per category to the Report.

Results of the Performance of Agreed-Upon Procedures

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

We present below the summary of the application of the proceeds from the Asset Sale for the quarter ended March 31, 2022, based on the information we obtained from the Company.

<u>Project Name</u>	<u>Location</u>	<u>Products</u>	<u>Disbursing Entity</u>	<u>Amount</u>
Paragua Coasttown	Palawan	Malls, Office, Land developments and Other developments	Megaworld San Vicente Coast, Inc.	P 500,000,000
The Mactan Newtown	Mactan	Malls, Office, Land developments and Other developments	Oceantown Properties, Inc.	<u>235,000,000</u>
				<u>P 735,000,000</u>

2. With respect to item 2, we noted that the total amount of utilization appearing in the Report is in agreement with the amount in the detailed schedule of utilization of proceeds.
3. With respect to item 3, we noted that the planned application of the Asset Sale proceeds is in agreement with the amended Reinvestment Plan as approved by the Company's BOD on February 28, 2022.

4. With respect to item 4, we traced the utilization of the Asset Sale proceeds for the quarter ended March 31, 2022 for the cash advances granted by the Company to the following disbursing entities to be used in the projects specified to supporting official receipts issued by the entities, bank statements and accounting records:

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

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

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

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

PUNONGBAYAN & ARAULLO




By: **Renan A. Piamonte**
Partner

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

April 13, 2022

SUBSCRIBED AND SWORN to before me the above-mentioned affiant on April 20, 2022 at the City of Makati exhibiting his Professional Regulatory Commission (PRC) License ID registration no. 0107805 valid until September 19, 2022.

Notary Public


ATTY. MARK EBENEZER A. BERNARDO
Notary Public for Makati City
Until December 31, 2022
Notarial Commission No. M-02
Roll No. 74096
IBP Number: 169485 01/03/2022, PPLM
PTR No. 8851839 01/03/2022, Makati City
MCLE Compliance No. VII-0011480 valid until April 14, 2025

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Page No. 5;
Book No. 2;
Series of 2022.