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MREIT, Inc. MREIT

PSE Disclosure Form REIT-2 - Reinvestment Plan Progress Report Reference: Section 6 of the Amended PSE Listing Rules for REITS

- ☐ Annual Report
- ☒ Quarterly Report

Subject of the Disclosure

Quarterly Progress Report on the Disbursement of Proceeds from the sale to MREIT, Inc. ("MREIT") of four Prime, Grade A buildings, located in PEZA-registered Zones on December 2021 ("December 2021 Asset Sale") for the Third Quarter of 2022, pursuant to the Reinvestment Plan of Megaworld Corporation, as Sponsor of MREIT

Background/Description of the Disclosure

Progress Report on the Use of Proceeds for the quarter ending 30 September 2022, in relation to the Reinvestment Plan submitted by Megaworld Corporation in connection with the December 2021 Asset Sale to MREIT, duly certified by external auditors

Update or Status of the Reinvestment Plan

As of 30 September 2022, the remaining balance of the proceeds from the December 2021 Asset Sale amounts to Three Billion Five Hundred One Million Nine Hundred Sixty-four Thousand Six Hundred Eighty-Eight Pesos and Fifty-Three Centavos (Php3,501,964,688.53)

Summary of Transactions Involving Real Estate and/or Infrastructure Projects for the Period

The following disbursements for the Reinvestment Plan were made for the period of July 1 to September 30, 2022:

Project Name: Iloilo Business Park

Type of Investment: Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries

Disbursing Entity: Megaworld Corporation

Total: Php262,500,000.00

Project Name: The Mactan Newtown

Type of Investment: Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries

Disbursing Entity: Oceantown Properties, Inc.

Total: Php315,000,000.00

Project Name: Bacolod Projects

Type of Investment: Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries

Disbursing Entity: Megaworld Bacolod Properties, Inc.

Total: Php55,000,000.00

Project Name: Cavite Projects

Type of Investment: Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries

Disbursing Entity: Megaworld Corporation

Total: Php135,000,000.00

Project Name: Taguig Projects

Type of Investment: Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries

Disbursing Entity: Megaworld Corporation

Total: Php350,000,000.00

Project Name: The Mactan Newtown

Type of Investment: Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries

Disbursing Entity: Megaworld Cebu Properties, Inc.

Total: Php450,000,000.00

Description of Real Estate Assets and/or Infrastructure Projects for the Period

Iloilo Business Park – Malls, Offices, Land Development, and other developments in Iloilo
 The Mactan Newtown – Malls, Offices, Land Development, and other developments in Cebu
 Bacolod Projects – Malls, Offices, Land Development, and other developments in Bacolod
 Cavite Projects – Malls, Offices, Land Development, and other developments in Cavite
 Taguig Projects – Malls, Offices, Land Development, and other developments in Taguig
 The Mactan Newtown – Malls, Offices, Land Development, and other developments in Cebu

Other Relevant Information

-

Filed on behalf by:

Name	Cheryll Sereno
Designation	Compliance Officer and Data Protection Officer



MEGAWORLD CORPORATION

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

Trunkline: (632) 905-2900 • (632) 905-2800

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

October 14, 2022

THE PHILIPPINE STOCK EXCHANGE

Philippine Stock Exchange Plaza

6th Floor, PSE Tower

Bonifacio Global City, Taguig

Attention: Alexandra D. Tom-Wong
Officer-In-Charge, Disclosure Department

Subject: 3rd 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. Tom-Wong,


We hereby submit our Progress Report on the Use of Proceeds for the quarter ending September 30, 2022, duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

The proceeds are in connection with the sale to MREIT, Inc. of four (4) prime, Grade A buildings located in PEZA-registered Zones for the purchase price of Php 9.116 million last December. Please be advised that as of September 30, 2022, the remaining balance of the proceeds from the sale amounts to Three Billion Five Hundred One Million Nine Hundred Sixty-four Thousand Six Hundred Eighty-eight pesos and fifty-three centavos (Php 3,501,964,688.53) as indicated below:

Balance of Asset Sale proceeds as of June 30, 2022	5,068,964,688.53
less:	
Disbursement for Reinvestment Plan (Annex A)	(1,567,500,000.00)
Balance of Asset Sale proceeds as of June 30, 2022	3,501,464,688.53

Thank you.

Respectfully yours,


FRANCISCO C. CANUTO
Treasurer



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

PROJECT NAME	TOWNSHIP / LOCATION	INVESTMENT TYPE	PRODUCT	Q3 2022 Disbursements	DISBURSING ENTITY
Iloilo Business Park	Iloilo	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	262,500,000.00	Megaworld Corporation
The Mactan Newtown	Mactan	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	315,000,000.00	Oceantown Properties, Inc.
Bacolod Projects	Bacolod	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	55,000,000.00	Megaworld Bacolod Properties, Inc.
Cavite Projects	Cavite	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	135,000,000.00	Megaworld Corporation
Taguig Projects	Taguig	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	350,000,000.00	Megaworld Corporation
The Mactan Newtown	Mactan	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	450,000,000.00	Megaworld Cebu Properties, Inc.

1,567,500,000.00

ACKNOWLEDGMENT

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

At Makati City, Metro Manila, on this OCT 14 2022 day of 20, before me personally appeared:

Name	Competent Evidence of Identity	Date and Place Issued
For and on behalf of MEGAWORLD CORPORATION: FRANCISCO C. CANUTO		

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 OCT 14 2022 day of 20.

Doc. No. 09;
Page No. 03;
Book No. 144;
Series of 2022

NOTARY PUBLIC

BUENAVENTURA U. MENDOZA

NOTARY PUBLIC

Until December 31, 2022
PTN No. 8936478 Makati City-01/04/22
IBP No. 131139 08-04-2022 Roll No. 31206
MCU Compliance No. H-0021653
500-A Madrigal Bldg. Ayala Ave., Makati City
Extended until December 31, 2022 per B.M. No. 3295

Report of Independent Auditors on Factual Findings

Punongbayan & Araullo

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

T +63 2 8988 2288

The Board of Directors and Stockholders

Megaworld Corporation

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

We have performed the procedures agreed with you and enumerated below with respect to the attached Quarterly Progress Report (the Report) for the quarter ended September 30, 2022 on the application of proceeds received by Megaworld Corporation (the Company) from the sale of four prime, Grade A buildings located in Philippine Economic Zone Authority-registered zones on December 21, 2021 (the Asset Sale). The procedures were performed solely to enable the Company to comply with the requirement of the Philippine Stock Exchange (PSE) to submit the Report accompanied by an external auditor's report. Our engagement was undertaken and our report is issued in accordance with Philippine Standard on Related Services 4400, *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 September 30, 2022.
2. Compared the total amount of utilization appearing in the Report with the detailed schedule of utilization of proceeds.

3. Compared the schedule of planned application of the Asset Sale proceeds to the Reinvestment Plan. Inquired with the Company's management of the reason for the difference, if any, and requested a copy of the approval by the Board of Directors (BOD) and the PSE, as appropriate, i.e., if it involved reallocation or change in the use of proceeds.
4. Traced to and examined supporting documents such as progress billings, invoices, official receipts, bank statements and approval documents, of 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 September 30, 2022, based on the information we obtained from the Company.

<u>Project Name</u>	<u>Location</u>	<u>Products</u>	<u>Disbursing Entity</u>	<u>Amount</u>
Iloilo Business Park (262.5M) Cavite Projects (135M) Taguig Projects (350M)	IBP/ Cavite City/ Taguig City	Malls, Office, Land developments and Other developments	Megaworld Corporation	P 747,500,000
The Mactan Newtown	Cebu Business Park	Malls, Office, Land developments and Other developments	Megaworld Cebu Properties, Inc.	450,000,000
Bacolod Projects	Bacolod City	Malls, Office, Land developments and Other developments	Megaworld Bacolod Properties, Inc.	55,000,000
The Mactan Newtown	Mactan	Malls, Office, Land developments and Other developments	Oceantown Properties, Inc.	<u>315,000,000</u>
				<u>P 1,567,500,000</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 September 30, 2022 to supporting progress billings, invoices, official receipts, bank statements and approval documents.

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

<u>Disbursing Entity</u>	<u>Project Name</u>	<u>Township or Location</u>	<u>Amount</u>
Oceantown Properties, Inc.	The Mactan Newtown	Mactan	315,000,000
Megaworld Bacolod Properties, Inc.	Bacolod Projects	Bacolod	55,000,000
Megaworld Cebu Properties, Inc.	The Mactan Newtown	Mactan	<u>450,000,000</u>
			<u>P 820,000,000</u>

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

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

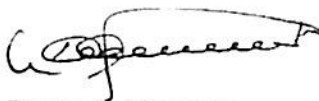
<u>Project name</u>	<u>Amount</u>
Iloilo Business Park	P 262,500,000
Cavite Projects	135,000,000
Taguig Projects	<u>350,000,000</u>
	<u>P 747,500,000</u>

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



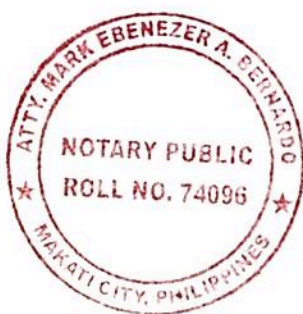
By: **Renan A. Piamonte**
Partner


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 08-002511-037-2022 (until Aug. 10, 2025)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

October 13, 2022

SUBSCRIBED AND SWORN to before me, in the City of Makati, on 14 October 2022, the affiant, **Renan A. Piamonte**, exhibiting his Professional Regulatory Commission (PRC) License ID registration no. 0107805 valid until September 19, 2025.

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




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

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Series of 2022.