

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
Jun 30, 2022
2. SEC Identification Number
167423
3. BIR Tax Identification No.
000-477-103
4. Exact name of issuer as specified in its charter
MEGAWORLD CORPORATION
5. Province, country or other jurisdiction of incorporation or organization
Metro Manila, Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio,
Taguig City
Postal Code
1634
8. Issuer's telephone number, including area code
(632) 8894-6300/6400
9. Former name or former address, and former fiscal year, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	31,530,993,872
Preferred	6,000,000,000

11. Are any or all of registrant's securities listed on a Stock Exchange?
Yes No
If yes, state the name of such stock exchange and the classes of securities listed therein:
The shares of common stock of the Company are listed on the Philippine Stock Exchange.
12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 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 (or for such shorter period that the registrant was required to file such reports)

Yes No

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

Yes No

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



Megaworld Corporation MEG

PSE Disclosure Form 17-2 - Quarterly Report
*References: SRC Rule 17 and
Sections 17.2 and 17.8 of the Revised Disclosure Rules*

For the period ended	Jun 30, 2022
Currency (indicate units, if applicable)	Php (In Thousands)

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Jun 30, 2022	Dec 31, 2021
Current Assets	225,189,252	227,834,770
Total Assets	401,387,560	397,977,251
Current Liabilities	77,047,484	61,908,026
Total Liabilities	166,739,994	168,273,260
Retained Earnings/(Deficit)	149,794,919	143,903,318
Stockholders' Equity	234,647,566	229,703,991
Stockholders' Equity - Parent	203,520,505	198,838,868
Book Value per Share	6.53	6.32

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	13,327,979	11,229,211	25,584,595	20,559,114
Gross Expense	8,093,463	7,390,162	15,630,182	13,631,698
Non-Operating Income	995,348	997,428	1,870,178	1,843,034
Non-Operating Expense	2,380,711	1,251,792	3,581,197	2,069,340
Income/(Loss) Before Tax	3,849,153	3,584,685	8,243,394	6,701,110
Income Tax Expense	623,849	719,416	1,510,283	1,345,046
Net Income/(Loss) After Tax	3,225,304	2,865,269	6,733,111	5,356,064
Net Income Attributable to Parent Equity Holder	2,815,690	2,645,077	5,884,223	5,007,513
Earnings/(Loss) Per Share (Basic)	0.09	0.08	0.19	0.15
Earnings/(Loss) Per Share (Diluted)	0.09	0.08	0.19	0.15

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.46	0.29
Earnings/(Loss) Per Share (Diluted)	0.45	0.29

Other Relevant Information

None

Filed on behalf by:

Name	Jamie Katrina Chan
Designation	Senior Manager II

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **30 June 2022**
2. Commission Identification Number: **167423** 3. BIR Tax Identification No.: **000-477-103**
4. **MEGAWORLD CORPORATION**
Exact name of issuer as specified in its charter
5. **Metro Manila**
Province, Country or other jurisdiction of incorporation or organization
6. (SEC Use Only)
Industry Classification Code
7. **30th Floor, Alliance Global Tower**
36th Street cor. 11th Avenue
Uptown Bonifacio, Taguig City 1634
Address of issuer's principal office
8. **(632) 8894-6300/6400**
Issuer's telephone number, including area code
9. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Stock Outstanding
Common	31,530,993,872
Preferred	6,000,000,000
Total	37,530,993,872

10. Are any or all of the securities listed on a Stock Exchange?

Yes No

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

The shares of common stock of the Company are listed on the Philippine Stock Exchange.

11. Indicate by check mark whether the registrant:

- (a) has filed all reports required to be filed by Section 17 of the Code 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 (or for such shorter period the registrant was required to file such reports).

Yes No

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

Yes

No

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Interim financial statements are attached as Exhibits 1 to 5 hereof and incorporated herein by reference:

Exhibit 1 - Consolidated Statements of Financial Position as of December 31, 2021 and June 30, 2022

Exhibit 2 - Consolidated Statements of Income for the periods ended June 30, 2022 and June 30, 2021

Exhibit 3 - Consolidated Statements of Changes in Equity as of June 30, 2022 and June 30, 2021

Exhibit 4 - Consolidated Statements of Cash Flow as of June 30, 2022 and June 30, 2021

Exhibit 5 - Notes to Interim Financial Information

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

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 has 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.

MEGAWORLD CORPORATION
Issuer

By:



DR. FRANCISCO C. CANUTO
Treasurer (Principal Financial Officer)
and Duly Authorized Officer
August 09, 2022

MEGAWORLD CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In thousand pesos)

EXHIBIT 1

	Unaudited June 30, 2022	Audited December 31, 2021
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	P 35,511,206	P 43,794,606
Trade and other receivables - net	35,797,307	34,482,656
Contract assets	10,291,515	11,970,853
Inventories	120,366,975	115,741,509
Advances to contractors and suppliers	13,350,061	12,233,168
Prepayments and other current assets	<u>9,872,188</u>	<u>9,611,978</u>
Total Current Assets	<u>225,189,252</u>	<u>227,834,770</u>
NON-CURRENT ASSETS		
Trade and other receivables - net	15,290,709	12,489,999
Contract assets	8,013,577	7,951,395
Advances to contractors and suppliers	2,317,262	2,783,551
Advances to landowners and joint operators	7,423,306	7,158,576
Financial assets at fair value through other comprehensive income	5,181,598	5,760,368
Investments in associates -net	3,135,698	3,287,474
Investment properties - net	123,846,857	119,222,249
Property and equipment - net	6,433,186	6,530,888
Deferred tax assets - net	396,705	377,448
Other non-current assets - net	<u>4,159,410</u>	<u>4,580,533</u>
Total Non-current Assets	<u>176,198,308</u>	<u>170,142,481</u>
TOTAL ASSETS	<u>P 401,387,560</u>	<u>P 397,977,251</u>

	Unaudited June 30, 2022		Audited December 31, 2021	
<u>LIABILITIES AND EQUITY</u>				
CURRENT LIABILITIES				
Interest-bearing loans and borrowings	P	13,551,804	P	12,685,534
Bonds payable		13,746,613	-	
Trade and other payables		24,518,378		22,875,967
Contract liabilities		3,500,572		2,447,090
Customers' deposits		9,349,896		10,872,699
Redeemable preferred shares		251,598		251,598
Advances from associates and other related parties		2,835,700		3,243,337
Income tax payable		20,199		55,405
Other current liabilities		9,272,724		9,476,396
		<hr/>		<hr/>
Total Current Liabilities		77,047,484		61,908,026
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings		33,169,975		38,964,170
Bonds payable		30,792,301		41,982,042
Contract liabilities		5,533,228		4,956,606
Customers' deposits		927,807		1,281,161
Deferred tax liabilities - net		11,865,411		11,541,789
Retirement benefit obligation		560,548		546,803
Other non-current liabilities		6,843,240		7,092,663
		<hr/>		<hr/>
Total Non-current Liabilities		89,692,510		106,365,234
		<hr/>		<hr/>
Total Liabilities		166,739,994		168,273,260
EQUITY				
Total equity attributable to the Company's shareholders		203,520,505		198,838,868
Non-controlling interests		31,127,061		30,865,123
		<hr/>		<hr/>
Total Equity		234,647,566		229,703,991
		<hr/>		<hr/>
TOTAL LIABILITIES AND EQUITY	P	401,387,560	P	397,977,251

MEGAWORLD CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME
(In thousand pesos, except earnings per share)

EXHIBIT 2

	2022 Unaudited Apr 1 - Jun 30	2022 Unaudited Jan 1 - Jun 30	2021 Unaudited Apr 1 - Jun 30	2021 Unaudited Jan 1 - Jun 30
REVENUES AND INCOME				
Real estate sales	P 8,943,351	P 16,993,907	P 7,631,100	P 13,533,208
Rental income	3,805,715	7,508,870	3,209,389	6,301,540
Hotel operations	578,913	1,081,818	388,722	724,366
Interest and other income - net	995,348	1,870,178	997,428	1,843,034
	<u>14,323,327</u>	<u>27,454,773</u>	<u>12,226,639</u>	<u>22,402,148</u>
COSTS AND EXPENSES				
Cost of real estate sales	4,621,714	8,738,564	4,167,387	7,286,759
Hotel operations	340,894	650,382	224,591	438,792
Operating expenses	3,130,855	6,241,236	2,998,184	5,906,147
Equity in net losses of associates	85,733	151,776	160,571	226,909
Interest and other charges - net	2,294,978	3,429,421	1,091,221	1,842,431
Tax expense	623,849	1,510,283	719,416	1,345,046
	<u>11,098,023</u>	<u>20,721,662</u>	<u>9,361,370</u>	<u>17,046,084</u>
NET PROFIT FOR THE PERIOD	<u><u>P 3,225,304</u></u>	<u><u>P 6,733,111</u></u>	<u><u>P 2,865,269</u></u>	<u><u>P 5,356,064</u></u>
Net profit attributable to:				
Company's shareholders	P 2,815,690	P 5,884,223	P 2,645,077	P 5,007,513
Non-controlling interests	409,614	848,888	220,192	348,551
	<u><u>P 3,225,304</u></u>	<u><u>P 6,733,111</u></u>	<u><u>P 2,865,269</u></u>	<u><u>P 5,356,064</u></u>
Earnings Per Share :				
Basic	<u><u>P 0.089</u></u>	<u><u>P 0.187</u></u>	<u><u>P 0.084</u></u>	<u><u>P 0.154</u></u>
Diluted	<u><u>P 0.090</u></u>	<u><u>P 0.187</u></u>	<u><u>P 0.084</u></u>	<u><u>P 0.154</u></u>

MEGAWORLD CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousand pesos)

	2022 Unaudited Apr 1 - Jun 30	2022 Unaudited Jan 1 - Jun 30	2021 Unaudited Apr 1 - Jun 30	2021 Unaudited Jan 1 - Jun 30
NET PROFIT FOR THE PERIOD	P 3,225,304	P 6,733,111	P 2,865,269	P 5,356,064
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified				
subsequently to consolidated profit or loss:				
Fair value gains (loss) on financial assets at fair value through other comprehensive income	(333,074)	(640,892)	77,407	247,032
Items that will be reclassified				
subsequently to consolidated profit or loss:				
Unrealized gain (loss) on cash flow hedge	33,519	71,959	(8,200)	103,281
Exchange difference on translating foreign operations	34,924	53,984	1,053	15,390
	<u>68,443</u>	<u>125,943</u>	<u>(7,147)</u>	<u>118,671</u>
Total Other Comprehensive Income (Loss)	<u>(264,631)</u>	<u>(514,949)</u>	<u>70,260</u>	<u>365,703</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>P 2,960,673</u>	<u>P 6,218,162</u>	<u>P 2,935,529</u>	<u>P 5,721,767</u>
Total comprehensive income attributable to:				
Company's shareholders	2,627,586	5,430,990	2,725,212	5,382,268
Non-controlling interests	333,087	787,172	210,317	339,499
	<u>P 2,960,673</u>	<u>P 6,218,162</u>	<u>P 2,935,529</u>	<u>P 5,721,767</u>

MEGAWORLD CORPORATION AND SUBSIDIARIES
 INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 (In thousand pesos)

EXHIBIT 3

	Unaudited June 30, 2022		Unaudited June 30, 2021	
CAPITAL STOCK	P	32,430,866	P	32,430,866
ADDITIONAL PAID-IN CAPITAL		16,662,747		16,660,844
TREASURY SHARES - AT COST	(2,542,661)	(1,762,668)
TRANSLATION RESERVES	(283,068)	(377,859)
REVALUATION RESERVES		7,457,702	(2,949,897)
RETAINED EARNINGS		149,794,919		136,810,100
NON-CONTROLLING INTERESTS		<u>31,127,061</u>		<u>27,426,865</u>
TOTAL EQUITY	P	<u>234,647,566</u>	P	<u>208,238,251</u>

MEGAWORLD CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW
(In thousand pesos)

EXHIBIT 4

	Unaudited June 30, 2022	Unaudited June 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	P 8,243,394	P 6,701,110
Adjustments for:		
Depreciation and amortization	1,667,073	1,690,093
Interest and other charges	2,950,609	1,188,498
Interest and other income	(842,206)	(746,849)
Employee share options	8,408	6,119
Equity in net losses of associates	151,776	226,909
Operating profit before working capital changes	<u>12,179,054</u>	<u>9,065,880</u>
Net Changes in Operating Assets and Liabilities		
Increase in current and non-current assets	(6,054,082)	(2,333,222)
Increase (decrease) in current and non-current liabilities	<u>1,170,940</u>	<u>(766,334)</u>
Cash generated from operations	7,295,912	5,966,324
Cash paid for income taxes	<u>(1,436,055)</u>	<u>(976,140)</u>
NET CASH FROM OPERATING ACTIVITIES	5,859,857	4,990,184
CASH FLOWS USED IN INVESTING ACTIVITIES	(5,157,374)	(1,818,985)
CASH FLOWS USED IN FINANCING ACTIVITIES	<u>(8,985,883)</u>	<u>(13,388,435)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,283,400)	(10,217,236)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>43,794,606</u>	<u>40,166,756</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>P 35,511,206</u></u>	<u><u>P 29,949,520</u></u>

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(UNAUDITED)
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Megaworld Corporation (the Parent Company) was incorporated in the Philippines on August 24, 1989, primarily to engage in the development of large scale, mixed-use planned communities or townships that integrate residential, commercial, leisure and entertainment components. The Parent Company is presently engaged in property-related activities such as project design, construction and property management. The Parent Company'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 or the Ultimate Parent Company) is the ultimate parent company of Megaworld Corporation and its subsidiaries (the Group). AGI is a holding company and is presently engaged in food and beverage, real estate development, quick-service restaurant, tourism-entertainment and gaming businesses.

The Parent Company and AGI's common shares are publicly-listed at the Philippine Stock Exchange (PSE).

The Parent Company's registered office address, which is also its principal place of business, is located at 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City. AGI's registered office address, which is also its principal place of business, is located at the 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

The Company holds ownership interests in the following subsidiaries and associates:

Subsidiaries	Explanatory Notes	<u>Effective Percentage of Ownership</u>	
		June 2022	December 2021
Subsidiaries:			
Prestige Hotels and Resorts, Inc. (PHRI)		100%	100%
Richmonde Hotel Group International Ltd. (RHGI)		100%	100%
Eastwood Cyber One Corporation (ECOC)		100%	100%
Megaworld Cebu Properties, Inc. (MCP)		100%	100%
Megaworld Newport Property Holdings, Inc. (MNPHI)		100%	100%
Oceantown Properties, Inc. (OPI)		100%	100%
Luxury Global Hotels and Leisure, Inc. (LGHLI)		100%	100%

Subsidiaries	Explanatory Notes	Effective Percentage of Ownership	
		June 2022	December 2021
Subsidiaries:			
Arcovia Properties, Inc. (API)		100%	100%
Mactan Oceanview Properties and Holdings, Inc. (MOPHI)	(a)	100%	100%
Megaworld Cayman Islands, Inc. (MCII)	(a)	100%	100%
Piedmont Property Ventures, Inc. (PPVI)	(a)	100%	100%
Stonehaven Land, Inc. (SLI)	(a)	100%	100%
Streamwood Property, Inc. (SP)	(a)	100%	100%
Global One Integrated Business Services, Inc. (GOIBSI)		100%	100%
Luxury Global Malls, Inc. (LGMI)		100%	100%
Davao Park District Holdings, Inc. (DPDHI)		100%	100%
Belmont Newport Luxury Hotels, Inc. (BNLHI)		100%	100%
Global One Hotel Group, Inc. (GOHGI)		100%	100%
Landmark Seaside Properties, Inc. (LSPI)	(a)	100%	100%
San Vicente Coast, Inc. (SVCI)	(a)	100%	100%
Hotel Lucky Chinatown, Inc. (HLCI)		100%	100%
Savoy Hotel Manila, Inc. (SHMI)		100%	100%
Savoy Hotel Mactan, Inc. (SHM)		100%	100%
Kingsford Hotel Manila, Inc. (KHMI)	(j)	100%	100%
Agile Digital Ventures, Inc. (ADVI)	(n)	100%	100%
MREIT Fund Managers, Inc. (MFMI)	(h)	100%	100%
MREIT Property Managers, Inc. (MPMI)	(h)	100%	100%
MREIT Inc. formerly Megaworld Holdings, Inc. (MREIT)	(h)	62.09%	62.09%
Megaworld Bacolod Properties, Inc. (MBPI)		91.55%	91.55%
Megaworld Central Properties, Inc. (MCPI)	(b)	76.55%	76.55%
Megaworld Capital Town, Inc. (MCTI)		76.28%	76.28%
Soho Café and Restaurant Group, Inc. (SCRGI)		75%	75%
La Fuerza, Inc. (LFI)		66.67%	66.67%
Megaworld-Daewoo Corporation (MDC)	(l)	60%	60%
Northwin Properties, Inc. (NWPI)	(a)	60%	60%
Gilmore Property Marketing Associates, Inc. (GPMAI)	(a, c)	52.14%	52.14%
Manila Bayshore Property Holdings, Inc. (MBPHI)	(d)	68.03%	68.03%
Megaworld Globus Asia, Inc. (MGAI)		50%	50%
Integrated Town Management Corporation (ITMC)		50%	50%
Maple Grove Land, Inc. (MGLI)	(a)	50%	50%
Megaworld Land, Inc. (MLI)		100%	100%
City Walk Building Administration, Inc. (CBAI)	(e)	100%	100%
Forbestown Commercial Center Administration, Inc. (FCCAI)	(e)	100%	100%
Paseo Center Building Administration, Inc. (PCBAI)	(e)	100%	100%
Uptown Commercial Center Administration, Inc. (UCCAI)	(e)	100%	100%
Iloilo Center Mall Administration, Inc. (ICMAI)	(e)	100%	100%
Newtown Commercial Center Administration, Inc. (NCCAI)	(e)	100%	100%
Valley Peaks Property Management, Inc. (VPPMI)	(e)	100%	100%
San Lorenzo Place Commercial Center Administration, Inc. (SLPCCAI)	(e)	100%	100%
Southwoods Lifestyle Mall Management, Inc. (SLMMI)	(e)	100%	100%
Suntrust Properties, Inc. (SPI)		100%	100%
Suntrust Ecotown Developers, Inc. (SEDI)		100%	100%
Governor's Hills Science School, Inc. (GHSSI)		100%	100%
Sunrays Property Management, Inc. (SPMI)		100%	100%
Suntrust One Shanata, Inc. (SOSI)	(a)	100%	100%

Subsidiaries	Explanatory Notes	Effective Percentage of Ownership	
		June 2022	December 2021
Subsidiaries:			
Suntrust Two Shanata, Inc. (STSI)	(a)	100%	100%
Stateland, Inc. (STLI)	(k)	98.31%	98.31%
Global-Estate Resorts, Inc. (GERI)	(f)	82.32%	82.32%
Elite Communities Property Services, Inc. (ECPSI)		82.32%	82.32%
Southwoods Mall, Inc. (SMI)		91.09%	91.09%
Megaworld Global-Estate, Inc. (MGEI)	(f)	89.39%	89.39%
Twin Lakes Corporation (TLC)	(f)	90.99%	90.99%
Twin Lakes Hotel, Inc. (TLHI)		90.99%	90.99%
Fil-Estate Properties, Inc. (FEPI)		82.32%	82.32%
Aklan Holdings, Inc. (AHI)	(a)	82.32%	82.32%
Blu Sky Airways, Inc. (BSAI)	(a)	82.32%	82.32%
Fil-Estate Subic Development Corp. (FESDC)	(a)	82.32%	82.32%
Fil-Power Construction Equipment Leasing Corp. (FPCELC)	(a)	82.32%	82.32%
Golden Sun Airways, Inc. (GSAI)	(a)	82.32%	82.32%
La Compañía De Sta. Barbara, Inc. (LCSBI)		82.32%	82.32%
MCX Corporation (MCX)	(a)	82.32%	82.32%
Pioneer L-5 Realty Corp. (PLRC)	(a)	82.32%	82.32%
Prime Airways, Inc. (PAI)	(a)	82.32%	82.32%
Sto. Domingo Place Development Corp. (SDPDC)		82.32%	82.32%
Fil-Power Concrete Blocks Corp. (FPCBC)	(a)	82.32%	82.32%
Fil-Estate Industrial Park, Inc. (FEIPI)	(a)	65.03%	65.03%
Sherwood Hills Development, Inc. (SHD)		45.28%	45.28%
Fil-Estate Golf and Development, Inc. (FEGDI)		82.32%	82.32%
Golforce, Inc. (Golforce)		82.32%	82.32%
Southwoods Ecocentrum Corp. (SWEC)		49.39%	49.39%
Philippine Aquatic Leisure Corp. (PALC)	(a)	49.39%	49.39%
Fil-Estate Urban Development Corp. (FEUDC)		82.32%	82.32%
Novo Sierra Holdings Corp. (NSHC)	(a)	82.32%	82.32%
Global Homes and Communities, Inc. (GHCI)	(a)	82.32%	82.32%
Savoy Hotel Boracay, Inc. (SHBI)	(f)	82.32%	82.32%
Belmont Hotel Boracay, Inc. (BHBI)	(f)	82.32%	82.32%
Oceanfront Properties, Inc. (OFPI)		41.13%	41.13%
Empire East Land Holdings, Inc. (EELHI)		81.73%	81.73%
Eastwood Property Holdings, Inc. (EPHI)		81.73%	81.73%
Valle Verde Properties, Inc. (VVPI)	(a)	81.73%	81.73%
Sherman Oak Holdings, Inc. (SOHI)	(a)	81.73%	81.73%
Empire East Communities, Inc. (EECI)	(a)	81.73%	81.73%
20 th Century Nylon Shirt, Inc. (CNSI)	(a)	81.73%	81.73%
Laguna BelAir School, Inc. (LBASI)		59.67%	59.67%
Sonoma Premier Land, Inc. (SPLI)	(a)	49.04%	49.04%
Pacific Coast Mega City, Inc. (PCMI)	(m)	58.53%	58.53%
Megaworld Resort Estates, Inc. (MREI)	(b, c)	51%	51%
Townsquare Development, Inc. (TDI)		30.60%	30.60%
Golden Panda-ATI Realty Corporation (GPARC)		30.60%	30.60%
Associates:			
Bonifacio West Development Corporation (BWDC)		46.11%	46.11%
Palm Tree Holdings and Development Corporation (PTHDC)	(a)	40%	40%

Associates	Explanatory Notes	Effective Percentage of Ownership	
		June 2022	December 2021
Associates:			
Suntrust Resort Holding, Inc., formerly Suntrust			
Home Developers, Inc. (SUN)	(g)	34%	34%
SWC Project Management Limited (SPML)	(o)	34%	34%
WC Project Management Limited (WPML)	(o)	34%	34%
GERI			
Fil-Estate Network, Inc. (FENI)	(a)	16.46%	16.46%
Fil-Estate Sales, Inc. (FESI)	(a)	16.46%	16.46%
Fil-Estate Realty and Sales Associates, Inc. (FERSAI)	(a)	16.46%	16.46%
Fil-Estate Realty Corp. (FERC)	(a)	16.46%	16.46%
Nasugbu Properties, Inc. (NPI)		11.52%	11.52%

Explanatory Notes:

- (a) These are entities which have not yet started commercial operations as at June 30, 2022.
- (b) As at June 30, 2022, the Company owns 76.55% of MCPI consisting of 51% direct ownership, 18.97% indirect ownership through EELHI and 6.58% indirect ownership through MREI.
- (c) As at June 30, 2022, the Company's ownership in GPMAI is at 52.14%, which consists of 38.72% and 13.42% indirect ownership from EELHI and MREI, respectively.
- (d) As at June 30, 2022, the Parent Company owns 68.03% of MBPHI, which consists of 67.43% direct ownership and 0.60% indirect ownership from THGI
- (e) These were incorporated to engage in operation, maintenance, and administration of various malls and commercial centers. These companies became subsidiaries of the Company through MLL, their immediate parent company.
- (f) As a result of the additional investments in GERI in 2016, the Company's indirect ownership interest over these subsidiaries increased in proportion to the increase in effective interest over GERI. Effective ownership interest over MGEI and TLC increased to 89.39% and 83.37%, respectively. In 2018, the Parent Company acquired shares of TLC increasing its effective ownership to 90.99%, which consists of 49% direct ownership and 41.99% indirect ownership from GERI. In 2019, SHBI and BHBI were incorporated to operate and manage resort hotels.
- (g) In 2020, the Company and TDI disposed certain number of shares over SUN. In addition, the Company and a third-party investor subscribed to the increase in capitalization of SUN, with the third party investor becoming the controlling shareholder. The foregoing transactions decreased the Parent Company's effective ownership over SUN to 34%.
- (h) MFMI, MPMI and MREIT were incorporated in 2021. MFMI is engaged in the business of providing fund management services to real estate investment trust (REIT) companies. MPMI is engaged in the business of providing services in relation to property management, lease management, marketing and project management. MREIT is engaged in the business of a REIT, as provided under Republic Act (R.A.) No. 9856, *The Real Estate Investment Trust Act of 2009*, including its implementing rules and regulations, and other applicable laws.
- (i) In 2021, SUN disposed its investments in FOPMI and CCSI.
- (j) KHMI was incorporated in 2020 and engaged in hotel operations.
- (k) In 2021, the Company acquired additional common shares of STLI from previous stockholders representing 1.44% direct ownership. As at December 31, 2021, the effective ownership of the Company over STLI is 98.31%, consisting of 18.84% direct ownership and 79.47% indirect ownership through SPI.
- (l) In 2021, the application of MDC for the decrease of its authorized capital stock was approved. The Company's ownership interest over MDC remains at 60%.
- (m) PCMI is a subsidiary through EELHI. In 2021, certain number of shares owned by the Parent Company were transferred to the Company, increasing the effective ownership of the Company to 58.53%, which consists of 25.84% direct ownership and 32.69% indirect ownership from EELHI.
- (n) ADVI was incorporated in 2020 engaged in e-commerce business.
- (o) SPML and WPML, a subsidiaries of SUN were incorporated in 2020. These companies are engaged in project management and consultancy services.

Except for MCII and RHGI, all the subsidiaries and associates were incorporated and have their principal place of business in the Philippines. MCII was incorporated and has principal place of business in the Cayman Islands while RHGI was incorporated and has principal place of business in the British Virgin Islands.

The Company and its subsidiaries, except for entities which have not yet started commercial operations as at June 30, 2022, are presently engaged in the real estate business, hotel, condominium-hotel operations, construction, restaurant operations, business process outsourcing, educational facilities provider, property management operations, marketing services and e-commerce.

There are no significant restrictions on the Company's ability to access or use the assets and settle the liabilities of the Group.

EELHI, GERI, MREIT and SUN are publicly-listed companies in the Philippines.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those applied in the audited consolidated financial statements as of and for the year ended December 31, 2021 except for the application of amendments to standards that became effective on January 1, 2022 (see Note 2.2)

2.1 Basis of Preparation of Interim Condensed Consolidated Financial Statements

These interim condensed consolidated financial statements for the six months ended June 30, 2022 and 2021 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended December 31, 2021.

The preparation of interim condensed consolidated financial statements in accordance with Philippine Financial Reporting Standards (PFRS) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

These interim condensed consolidated financial statements are presented in Philippine peso, the functional and presentation currency of the Group, and all values represent absolute amounts except when otherwise indicated.

2.2 Adoption of New and Amended PFRS

(a) Effective 2022 that is Relevant to the Company

The Group adopted for the first time PFRS 9 (Amendments), *Financial Instruments*, PAS 39 (Amendments), *Financial Instruments*, PAS 39 (Amendments), *Financial Instruments: Recognition and Measurement*, PFRS 7 (Amendments), *Financial Instruments: Disclosures*, PFRS 4 (Amendments), *Insurance Contracts*, and PFRS 16 (Amendments), *Leases – Interest Rate Benchmark Reform – Phase 2* which are mandatorily effective for annual periods beginning on

or after January 1, 2021. The amendments provide practical expedients for changes in the basis for determining the contractual cash flows and reliefs from certain hedge accounting requirements due to alteration of interest rate benchmark as a result of interest rate benchmark reform. Moreover, it requires an entity to disclose information that enable users to understand the nature and extent of risks resulting from interest rate benchmark reform, the management of such risks, the progress of transition to alternative benchmark rates and the management of such transition. The application of these amendments had no significant impact on the Group's interim condensed consolidated financial statements.

(b) *Effective Subsequent to 2022 but not Adopted Early*

There are pronouncements effective for annual periods subsequent to 2022, which are adopted by the FRSC. Management will adopt the relevant pronouncements in the succeeding pages in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's interim condensed consolidated financial statements.

(i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective January 1, 2023). The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

(ii) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective January from 1, 2023)

(iii) PAS 1 (Amendments), *Presentation of Financial Statements – Definition of Accounting Estimates* (effective from January 1, 2023)

(iv) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)

(v) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely). The amendments to PFRS 10 require full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3, *Business Combinations*, between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale or contribution of assets that do not constitute a business. Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing the interim condensed consolidated 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 interim condensed consolidated financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements as at and for the year ended December 31, 2021.

The Group performed its annual impairment test of goodwill and other intangible assets with indefinite useful life at year end and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill arising from business combination and other intangible assets is based on value-in-use calculations. The Group considers the relationship between the market capitalization of the subsidiaries and its net book value, among other factors, when reviewing for indicators of impairment. The Group's management assessed that for the six months ended June 30, 2022 and as at December 31, 2021, goodwill arising from business combination and other intangible assets with indefinite useful life are not impaired.

4. SEGMENT INFORMATION

4.1 Business Segments

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group is engaged in the development of residential and office units including urban centers integrating office, residential and commercial components. The Real Estate segment pertains to the development and sale of residential and office developments. The Rental segment includes leasing of office and commercial spaces. The Hotel Operations segment relates to the management of hotel business operations.

The Corporate and Others segment includes business process outsourcing, educational, facilities provider, maintenance and property management operations, marketing services, general and corporate income and expense items. The Group generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

4.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of operating cash and cash equivalents, receivables, real estate inventories, property and equipment, and investment properties, net of allowances and provisions. Similar to segment assets, segment liabilities are also allocated based on their use or direct association with a specific segment. Segment liabilities include all operating liabilities and consist principally of accounts, wages, taxes currently payable and accrued liabilities.

4.3 Intersegment Transactions

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

4.4 Analysis of Segment Information

The following tables present revenue and profit information regarding industry segments for the nine months ended June 30, 2022 and 2021 and certain asset and liability information regarding segments as at June 30, 2022 and 2021.

	June 30, 2022					
	Real Estate	Rental	Hotel Operations	Corporate and Others	Elimination	Consolidated
TOTAL REVENUES						
Sales to external customers	P 16,993,906,488	P 7,508,870,270	P 1,081,818,267	P 681,978,506	P -	P 26,266,573,531
Interest income	867,086,090	317,183,950	966,172	491,934	-	1,185,728,146
Intersegment sales	-	242,837,419	-	1,342,355,095	(1,585,192,514)	-
Total revenues	<u>17,860,992,578</u>	<u>8,068,891,639</u>	<u>1,082,784,439</u>	<u>2,024,825,535</u>	<u>(1,585,192,514)</u>	<u>27,452,301,677</u>
RESULTS						
Cost of sales and operating expense excluding depreciation and amortization	11,509,171,718	912,373,213	945,949,362	1,858,338,579	(1,262,723,217)	13,963,109,655
Interest expense	847,512,163	451,656,887	-	9,043,372	-	1,308,212,422
Depreciation and amortization	136,127,517	1,396,648,193	70,645,946	63,651,205	-	1,667,072,861
	<u>12,492,811,398</u>	<u>2,760,678,293</u>	<u>1,016,595,308</u>	<u>1,931,033,156</u>	<u>(1,262,723,217)</u>	<u>16,938,394,938</u>
Segment results	<u>P 5,368,181,180</u>	<u>P 5,308,213,346</u>	<u>P 66,189,131</u>	<u>P 93,792,379</u>	<u>(P 322,469,297)</u>	<u>P 10,513,906,739</u>
Unallocated other income						2,471,574
Unallocated other expenses						(2,121,208,531)
Equity share in net losses of associates						(151,776,349)
Tax expense						(1,510,282,638)
Net profit						<u>P 6,733,110,795</u>
ASSETS AND LIABILITIES						
Segment assets	P 243,999,536,299	P 134,225,007,674	P 5,559,009,518	P 9,717,801,299	P -	P 393,501,354,790
Investments in and advances to associates and other related parties - net	-	-	-	7,886,204,878	-	7,886,204,878
Total assets	<u>P 243,999,536,299</u>	<u>P 134,225,007,674</u>	<u>5,559,009,518</u>	<u>P17,604,006,177</u>	<u>P -</u>	<u>P 401,387,559,668</u>
Segment liabilities	<u>P 110,325,126,043</u>	<u>P 47,293,459,665</u>	<u>P1,928,633,675</u>	<u>P 7,192,774,798</u>	<u>P -</u>	<u>P 166,739,994,181</u>
	June 30, 2021					
	Real Estate	Rental	Hotel Operations	Corporate and Others	Elimination	Consolidated
TOTAL REVENUES						
Sales to external customers	P 13,533,207,782	P 6,301,540,019	P 724,366,544	P 800,767,736	P -	P 21,359,882,081
Interest income	774,223,050	254,733,215	1,018,208	1,334,036	-	1,031,308,509
Intersegment sales	-	172,267,842	-	1,104,050,937	(1,276,318,779)	-
Total revenues	<u>14,307,430,832</u>	<u>6,728,541,076</u>	<u>725,384,752</u>	<u>1,906,152,709</u>	<u>(1,276,318,779)</u>	<u>22,391,190,590</u>
RESULTS						
Cost of sales and operating expense excluding depreciation and amortization	9,854,149,931	820,898,637	650,870,034	1,756,582,933	(1,140,897,103)	11,941,604,432
Interest expense	830,395,459	252,360,307	-	9,262,347	-	1,092,018,113
Depreciation and amortization	138,642,955	1,381,375,691	75,677,794	94,397,053	-	1,690,093,493
	<u>10,823,188,345</u>	<u>2,454,634,635</u>	<u>726,547,828</u>	<u>1,860,242,333</u>	<u>(1,140,897,103)</u>	<u>14,723,716,038</u>
Segment results	<u>P 3,484,242,487</u>	<u>P 4,273,906,441</u>	<u>(P 1,163,076)</u>	<u>P 45,910,376</u>	<u>(P 135,421,676)</u>	<u>P 7,667,474,552</u>
Unallocated other income						10,957,784
Unallocated other expenses						(750,413,188)
Equity share in net losses of associates						(226,908,846)
Tax expense						(1,345,046,271)
Net profit						<u>P 5,356,064,031</u>
ASSETS AND LIABILITIES						
Segment assets	P230,864,597,225	P 118,272,960,037	P 4,692,668,428	P 7,461,584,533	P -	P 361,291,810,223
Investments in and advances to associates and other related parties - net	-	-	-	7,724,830,088	-	7,724,830,088
Total assets	<u>P230,864,597,225</u>	<u>P118,272,960,037</u>	<u>P 4,692,668,428</u>	<u>P 15,186,414,621</u>	<u>P -</u>	<u>P 369,016,640,311</u>
Segment liabilities	<u>P 109,190,164,425</u>	<u>P 43,433,395,285</u>	<u>P 1,500,052,250</u>	<u>P 6,654,777,142</u>	<u>P -</u>	<u>P 160,778,389,102</u>

5. EARNINGS PER SHARE

Earnings per share (EPS) amounts were computed as follows:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Net profit attributable to Company's Shareholders	P 5,884,223,284	P 5,007,513,512
Distribution to holders of perpetual securities	-	(151,963,438)
Computed dividends on cumulative preferred shares series "A"	<u>(297,534)</u>	<u>(297,534)</u>
Profit available to Company's common shareholders	<u>P 5,883,925,750</u>	<u>P 4,855,252,540</u>
Divided by weighted average number of outstanding common shares	<u>31,391,739,723</u>	<u>31,454,010,005</u>
Basic EPS	<u>P 0.187</u>	<u>P 0.154</u>
Divided by weighted average number of outstanding common shares and potential dilutive shares	<u>31,469,493,392</u>	<u>31,562,444,949</u>
Diluted EPS	<u>P 0.187</u>	<u>P 0.154</u>

6. COMMITMENTS AND CONTINGENCIES

There are commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the accompanying interim condensed consolidated financial statements. The management of the Group is of the opinion, that losses, if any, from these items will not have any material effect on its consolidated financial statements.

In addition, there are no material off-balance sheet transactions, arrangements, obligations and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

7. SEASONAL FLUCTUATIONS

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Group.

8. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial instruments such as cash and cash equivalents, financial assets at fair value through other comprehensive income (FVOCI), interest-bearing loans and borrowings, bonds payable, trade receivables and payables which arise directly from the

Group's business operations. The financial liabilities were issued to raise funds for the Group's capital expenditures.

Exposure to currency, interest rate, credit, liquidity and equity risk arises in the ordinary course of the Group's business activities. The main objective of the Group's risk management is to identify, monitor, and minimize those risks and to provide cost with a degree of certainty.

The Group does not actively engage in the trading of financial assets for speculative purposes.

8.1 Foreign Currency Sensitivity

Most of the Group's transactions are carried out in Philippine peso, its functional currency. Exposures to currency exchange rates arise mainly from the Group's U.S. dollar-denominated cash and cash equivalents, loans and bonds payable which have been used to fund new projects and for general corporate purposes.

Exposures to foreign exchange rates vary during the period depending on the volume of overseas transactions and mainly affect consolidated profit or loss of the Group. There are no material exposures on foreign exchange rate that affect the Group's consolidated other comprehensive income (loss).

8.2 Interest Rate Sensitivity

The Group's interest risk management policy is to minimize interest rate and cash flow risk exposures to changes in interest rates. The Group maintains a debt portfolio unit of both fixed and floating interest rates. Most long-term borrowings are subject to fixed interest rate while other financial assets are subject to variable interest rates.

The Group manages its interest risk by leveraging the fixed interest rate debt obligations over the floating interest rate debt obligations in its debt portfolio.

8.3 Credit Risk

The Group's credit risk is attributable to trade receivables, rental receivables and other financial assets. The Group 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 Group's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk.

8.4 Liquidity Risk

The Group 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 nine-month and a one-year period are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 60-day period. Excess cash are invested in time deposits or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

8.5 Other Price Risk Sensitivity

The Group's market price risk arises from its financial assets at FVOCI carried at fair value. It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

The investments in listed equity securities are considered long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilized in the Group's favor.

9. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

9.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and liabilities presented in the consolidated statements of financial position are shown below.

	June 30, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets				
Financial assets at amortized cost:				
Cash and cash equivalents	P 35,511,206,361	P 35,511,206,361	P 43,794,605,919	P 43,794,605,919
Trade and other receivables	51,088,015,097	51,536,092,335	46,972,655,082	47,357,915,588
Guarantee deposits	<u>860,533,962</u>	<u>860,533,962</u>	<u>877,329,410</u>	<u>877,329,410</u>
	<u>P 87,459,755,420</u>	<u>P 87,907,832,658</u>	<u>P 91,644,590,411</u>	<u>P 92,029,850,917</u>
Financial assets at fair value through other comprehensive income – Equity securities				
	<u>P 5,181,598,222</u>	<u>P 5,181,598,222</u>	<u>P 5,760,368,447</u>	<u>P 5,760,368,447</u>
Financial Liabilities				
Financial liabilities at amortized cost:				
Interest-bearing loans and borrowings	P 46,721,779,147	P 46,374,594,053	P 51,649,704,598	P 51,056,234,787
Bonds payable	44,538,914,307	46,695,558,083	41,982,042,246	42,567,948,736
Redeemable preferred shares	251,597,580	251,597,580	251,597,580	251,597,580
Trade and other payables	25,018,547,555	25,018,547,555	22,593,431,337	22,593,431,337
Advances from subsidiaries, associate and other related parties	2,835,699,933	2,835,699,933	3,243,336,539	3,243,336,539
Subscription payable	1,114,665,008	1,114,665,008	1,114,665,008	1,114,665,008
Other liabilities	<u>4,469,347,063</u>	<u>4,469,347,063</u>	<u>4,777,468,040</u>	<u>4,777,468,040</u>
	<u>P124,950,550,593</u>	<u>P126,760,009,275</u>	<u>P125,612,245,348</u>	<u>P 125,604,682,027</u>
Financial liabilities at fair value through profit or loss – Derivative liabilities				
	<u>P -</u>	<u>P -</u>	<u>P 147,793,407</u>	<u>P 147,793,407</u>

9.2 Fair Value Hierarchy

The Group uses the following hierarchy level in determining the fair values that will be disclosed for its financial instruments.

- 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. Except for Php2.66 billion financial assets at FVOCI categorized in Level 3, all other financial assets at FVOCI are categorized in Level 1.

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

10. OTHER MATTERS

10.1 Continuing Impact of COVID-19

The COVID-19 pandemic started to become widespread in the Philippines in early March 2020. During the first month of year 2022, Alert level 3 was imposed in National Capital Region (NCR) and neighboring provinces of Rizal, Bulacan, Cavite and Laguna due to the rapid spread of the new omicron variant. On February 1, 2022 classification was lowered to Alert level 2 and starting March 1, 2022 NCR is placed under Alert level 1.

The measures taken by the government to contain the virus have affected economic conditions and the Group's business operations.

In response to this matter, the Group has taken the following actions such as maximized digital platforms to sell real estate projects in order to limit face to face engagements; assisted tenants in implementing social distancing measures; continues to work closely with tenants to determine and address their needs; incorporated ADVI, a subsidiary focused on e-commerce and caters to the Parent Company's commercial spaces tenants and retail partners; launched E-Concierge, a mobile application that allows contactless interaction between guests and hotel staff from check-in to check-out, including virtual ordering of food from various food and beverage outlets inside the hotels; reduced its overall capital expenditures spending for the year 2021; obtained lower cost funding through the debt market to support its business operations, such as financing capital expenditures, land banking and refinancing of loans, and maintain its cash preservation objective; undertook an intensive vaccination program to protect the employees and eligible dependents against COVID-19. By end of 2021, all employees have already been fully vaccinated and have received booster shots; provided "care kits" and financial loan assistance to employees who have contracted COVID-19 and have undergone quarantine; and, provided supplies of disinfectant alcohol, face masks, face shields, vitamins and other high-level hygiene kits to employees.

Management will continue to take actions to continually improve the operations as the need arises. Based on the foregoing improvements, management projects that the Group would continue to report positive results of operations and would remain liquid to meet current obligations as they fall due. Accordingly, management has not determined a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern due to the effects of the pandemic.

10.2 Property-for-Share Swap

On April 1, 2022, the BOD of the Company approved the subscription of 263,700,000 common shares in MREIT, for a total subscription price of Php5.3 billion to be paid by way of transfer of four grade A buildings located in PEZA-registered zones. MREIT is yet to obtain the SEC's confirmation of the valuation of the properties transferred in exchange for the shares.

Management's Discussion and Analysis of Results of Operations and Financial Condition

Results of Operations

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

Review of June 30, 2022 versus June 30, 2021

Megaworld, the country's largest developer of integrated urban townships, grew its net income by 25.71% to Php6.73 billion in the second quarter of 2022 from Php5.36 billion during the same period in 2021.

Net income attributable to parent company stood at Php5.88 billion, increased by 17.51% from Php5.01 billion last year.

Megaworld's consolidated revenues increased by 22.55% from Php22.40 billion in the second quarter of 2021 to Php27.45 billion during the same period this year.

Development. Among product portfolios, the bulk of consolidated revenues came from the sale of condominium units and commercial lot, comprising 61.90% of total revenues. Real estate sales grew by 25.57% year-on-year to Php16.99 billion from the previous year's Php13.53 billion as construction activities picked up during the year. The Group's registered sales mostly came from the following projects: Park McKinley West, The Ellis, Uptown Parksuites Tower 1 & 2, Vion Tower, Manhattan Plaza Tower 2, Bayshore Residential Resort 2 & Phase 2, Gentry Manor, San Antonio Residence, Belmont Hotel Iloilo, Uptown Arts Residences, Grand Westside Hotel, The Albany-Yorkshire, Maple Grove Commercial District, Saint Honore – Northwing Tower 1, Mactan Belmont Luxury Hotel, St. Marks Residences.

Leasing. The Group's rental businesses, comprising of office and lifestyle mall leasing, yield a 19.16% increase, reaching Php7.51 billion in the second quarter of 2022 from the previous year's Php6.30 billion. This contributed 27.35% of the total consolidated revenues for the first six months of the year.

Hotel Operations. The Group's revenues attributable to hotel operations posted a strong recovery in 2022 to Php1.08 billion during the second quarter of 2022 with an increase of 49.35% from Php724.37 million for the same period last year.

Total costs and expenses amounted to Php20.72 billion, an increase by 21.56% from Php17.05 billion last year. Interest and other charges – net increased by 86.14%, amounting to Php3.43 billion this year from Php1.84 billion in 2021. Tax expense in 2022 amounting to Php1.51 billion resulted to an increase of 12.28% from 2021 reported amount of Php1.35 billion due to higher taxable income.

There were no seasonal aspects that had a material effect on the financial condition or financial performance of the Group. Neither were there any trends, events or uncertainties that have

had or that are reasonably expected to have a material impact on net sales or revenues or income from continuing operations. The Group is not aware of events that will cause material change in the relationship between costs and revenues.

There are no significant elements of income or loss that did not arise from the Group's continuing operations.

Financial Condition

The Group maintains a prudent financial policy as it engages to a more competitive and challenging environment. The Group's Statements of Financial Position reflects stable financial growth. Total resources as at June 30, 2022 amounted to Php401.39 billion, posting an increase of 0.86% compared to Php397.98 billion as at December 31, 2021.

The Group shows steady liquid position as at June 30, 2022 as reflected in its current assets at Php225.19 billion as against its current obligations at Php77.05 billion. Current assets posted a decrease of 1.16% from December 31, 2021 balance of Php227.83 billion. Current obligations reflected an increase of 24.45% from December 31, 2021 balance of Php61.91 billion.

Cash and cash equivalents decreased by 18.91% from Php43.79 billion in 2021 to Php35.51 billion as at June 30, 2022. Current and non-current trade and other receivables – net increased by 8.76%, amounting to Php51.09 billion as at June 30, 2022 compared to Php46.97 billion as at December 31, 2021. Contract assets decreased by 8.12%, amounting to Php18.31 billion as at June 30, 2022 compared to Php19.92 billion as at December 31, 2021. Inventories increased by 4.0% from Php115.74 billion in 2021 to Php120.37 billion as at June 30, 2022. This includes raw land for residential development and property development cost reclassified due to adoption PFRS 15 and PIC Q&As 2018-11, 2018-15 and 2018-12. Investment properties – net increased by 3.88% amounting to Php123.85 billion in June 30, 2022 from Php119.22 billion in December 31, 2021. This includes raw land and property development cost for office and commercial development reclassified due to adoption of PIC Q&As 2018-11, 2018-15 and 2018-12.

Trade and other payables amounted to Php24.52 billion and Php22.88 billion as at June 30, 2022 and December 31, 2021, respectively, reflecting an increase of 7.18%. Contract liabilities increased by 22.02%, amounting to Php9.03 billion as at June 30, 2022 compared to Php7.40 billion as at December 31, 2021. Total current and non-current customers' deposits as at June 30, 2022 amounted to Php10.28 billion compared Php12.15 billion as at December 31, 2021 with 15.44% decrease.

The interest-bearing loans and borrowings current and non-current amounted to Php46.72 billion and Php51.65 billion for June 30, 2022 and December 31, 2021, respectively, reflecting a decrease of 9.54%. Bonds payable increased by 6.09%, amounting to Php44.54 billion as at June 30, 2022 compared to Php41.98 billion as at December 31, 2021. Total other liabilities amounted to Php16.12 billion from Php16.57 billion as at June 30, 2022 and December 31, 2021, respectively, translating to a decrease of 2.73%.

Total Equity (including non-controlling interests) increased by 2.15% from Php229.70 billion as at December 31, 2021 to Php234.65 billion as at June 30, 2022.

The top five (5) key performance indicators of the Group are shown below:

	June 30, 2022	December 31, 2021
Current Ratio *1	2.92:1.00	3.68:1.00
Debt to Equity Ratio *2	0.39:1.00	0.41:1.00
Net Debt to Equity Ratio *3	0.24:1.00	0.22:1.00

	June 30, 2022	June 30, 2021
Return on Assets *4	1.68%	1.38%
Return on Equity *5	2.92%	2.61%

*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 (Computed using figures attributable only to parent company shareholders)

With its strong financial position, the Group will continue investing in and pursuing expansion activities as it focuses on identifying new markets, maintaining established markets and tapping business opportunities.

Material Changes in the Year 2022 Financial Statements

(Increase/decrease of 5% or more versus December 31, 2021)

Statements of Financial Position

18.91% decrease in cash and cash equivalents

Mainly due to capital expenditure and operating activities for business expansion

8.76% increase in current and noncurrent trade and other receivables – net

Pertains mainly to receivables from sales and rental during the period

8.12% decrease in contract asset

Represents excess of progress of work over the right to an amount of consideration

10.05% decrease in financial assets at fair value through other comprehensive income

Due to changes in the fair value of shares

5.10% increase in deferred tax assets

Due to higher deferred tax assets on taxable temporary differences

9.54% decrease in interest-bearing loans and borrowings - net
Due to principal payments

6.09% increase in bonds payable
Due to changes in dollar exchange rate

7.18% increase in trade and other payables
Due to higher payables to suppliers and contractors

22.02% increase in contract liabilities - net
Represents excess of collection over the progress of work

15.44% decrease in customers' deposits
Pertains to amounts received from customers for sale of residential lots and condominium units not yet qualified for sales recognition

12.57% decrease in advances from other related parties
Due to decrease in advances arising from related party transactions

63.54% decrease in income tax payable
Due to payment of prior year income tax due

(Increase/decrease of 5% or more versus December 31, 2021)

Statements of Income

25.57% increase in sales
Higher sales bookings resulting from increase in percentage of project completion and additional sales from new projects

19.16% increase in rental income
Increase in rental due to escalation of rental rates, new tenants and increase in foot traffic in malls due to ease of pandemic restrictions

49.35% increase in hotel operations
Contribution from opening of new hotel last year and consistent performance of the company's in-city hotels

19.92% increase in cost of sales
Higher sales bookings resulting from increase in percentage of project completion and additional sales from new projects

48.22% increase in cost of hotel operations
Represents direct costs attributable to hotel operations

5.67% increase in operating expenses
Mainly due to increase in selling, administrative and miscellaneous expenses

33.11% decrease in equity share in net losses of associates
Mainly due to incurred losses of an associate

86.14% increase in interest and other charges-net
Primarily due to higher foreign currency loss, finance costs and other charges incurred during the period

12.28% increase in income tax expense
Due to higher taxable income and tax effects of deductible temporary differences

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.

There are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing the Group's liquidity in any material way. The Group does not anticipate having any cash flow or liquidity problems. The Group is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

The Group has no unusual nature of transactions or events that affects assets, liabilities, equity, net income or cash flows.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Group.

There were no known material events subsequent to the end of the period that have not been reflected in the Group's Financial Statements as at second quarter of 2022.

There were no changes in estimates of amount reported in the current financial year or changes in estimates of amounts reported in prior financial years.

There was no contingent liability reflected in the most recent annual financial statement, the same in the consolidated financial statements as at second quarter of 2022.

There are no commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the accompanying consolidated financial statements.

There were no other material issuances, repurchases or repayments of debt and equity securities.

MEGAWORLD CORPORATION AND SUBSIDIARIES

EXHIBIT 7

Aging of Accounts Receivables

June 30, 2022

(In thousand pesos)

Type of Receivables:	TOTAL	CURRENT/ NOT YET DUE	1-3 Months	4-6 Months	7 Months - 1 Year	Above 1 Year	Past due accounts & items in Litigation
	a. Trade and other receivables	<u>51,088,016</u>	<u>48,303,012</u>	<u>1,012,627</u>	<u>545,076</u>	<u>716,132</u>	<u>511,169</u>

MEGAWORLD CORPORATION AND SUBSIDIARIES
 SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

EXHIBIT 8

June 30, 2022 and December 31, 2021

Ratio	Formula	<u>June 30, 2022</u>	<u>December 31, 2021</u>
Current ratio	Current assets / Current liabilities	2.92	3.68
Acid test ratio	Quick assets / Current liabilities (Quick assets include current assets less inventories)	1.36	1.81
Debt-to-equity ratio	Total debt / Total stockholders' equity (Total debt includes interest bearing loans and borrowings and bonds and notes payable)	0.39	0.41
Asset-to-equity ratio	Total assets / Total stockholders' equity	1.71	1.73
			<u>June 30, 2021</u>
Solvency ratio	EBITDA / Total debt (Total debt includes interest bearing loans and borrowings and bonds and notes payable)	0.12	0.11
Interest rate coverage ratio	EBIT / Total Interest (Total interest includes interest expense and capitalized interest)	4.44	3.72
Return on equity	Net profit attributable to Company's shareholders / Average total equity attributable to the Company's shareholders	0.03	0.03
Return on assets	Net profit/ Average total assets	0.02	0.01
Net profit margin	Net profit / Total revenues	0.25	0.24

Disclosures for REIT Companies¹

(a) Real Estate Transactions for the Second Quarter of 2022

The Company did not enter into any real estate transaction during the second quarter of 2022.

(b) Schedule of Properties as of 30 June 2022

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	7,836	49.0	34,738	34,704	100%	188.0	56.0	36.8	207.2
1880 Eastwood Avenue	6,749	6,814	49.0	33,744	29,768	88%	128.8	45.4	29.6	144.6
E-Commerce Plaza	4,188	4,289	49.0	20,940	18,834	90%	82.1	16.3	12.5	85.8
McKinley Hill, Taguig										
One World Square	7,529	8,047	49.0	30,482	30,223	99%	192.8	33.6	28.0	198.5
Two World Square	5,258	5,554	49.0	21,286	19,773	93%	132.6	33.5	28.7	137.3
Three World Square	5,241	5,208	49.0	21,217	21,003	99%	134.5	33.0	27.0	140.5
8/10 Upper McKinley	4,925	5,000	49.0	19,938	19,669	99%	145.9	22.2	20.5	147.6
18/20 Upper McKinley	4,795	4,460	49.0	19,414	19,413	100%	109.7	17.1	15.5	111.4
World Finance Plaza	5,153	5,265	49.5	25,067	25,003	100%	159.3	19.5	17.8	161.0
Iloilo Business Park, Iloilo										
Richmonde Tower	2,062	1,709	49.0	13,124	13,124	100%	55.9	6.0	11.5	50.4
One Techno Place	1,509	1,228	49.0	9,549	9,041	95%	29.2	9.6	9.5	29.4
Two Techno Place	1,465	1,498	49.5	10,809	10,809	100%	41.0	10.9	9.7	42.3
Three Techno Place	1,242	1,244	49.5	9,568	9,305	97%	34.3	10.1	8.7	35.7
One Global Center	1,256	1,274	49.5	10,301	9,837	95%	35.1	12.0	9.6	37.5
Total	58,318	59,426		280,177	270,505	97%	1,469.4	325.1	265.3	1,529.2

(c) Reinvestment Plan Progress Reports as of 30 June 2022

Copies of the Reinvestment Plan Progress Reports as of 30 June 2022 are attached as Annexes 1 and 2.

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



MEGAWORLD CORPORATION

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July 14, 2022

THE PHILIPPINE STOCK EXCHANGE

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

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

Subject: 2nd Quarter 2022 Progress Report on the Use of Proceeds from the Initial Public Offering ("IPO") of MREIT, Inc.

Dear Ms. Encarnacion,

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

The IPO proceeds are fully from the Secondary Offer of shares owned by Megaworld Corporation. Please be advised that as of June 30, 2022, the remaining balance of the proceeds from the MREIT IPO amounts to Six Billion Four Hundred Twenty Nine Million and Four Hundred Forty Seven Thousand and One Hundred-fifty Pesos (Php 6,429,447,150.00) as indicated below:

Net Balance of IPO proceeds as of March 31, 2022	9,900,170,782.79
less:	
Disbursement for Reinvestment Plan (Annex A)	(3,470,723,632.79)
<u>Net Balance of IPO proceeds as of June 30, 2022</u>	<u>6,429,447,150.00</u>

Thank you.

Respectfully yours,

FRANCISCO C. CANUTO
 Treasurer



ACKNOWLEDGMENT

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

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

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

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

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

NOTARY PUBLIC

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


NOTARY PUBLIC
Until December 31, 2022
PTR No. 8857784, Makati City-01/04/22
ISP No. 178830 D1-04-2022 Roll No. 31206
MCLE Compliance No. H-0021653
500-A Madrigal Bldg. Ayala Ave., Makati City

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

	Project Name	Township/Location	Investment Type	Product	2Q Disbursements	Disbursing Entity
1	Office - Taguig	Taguig City	Investment in Building	A LEED Office building with support retail to be developed in Taguig	567,092,939.05	Megaworld Corporation
2	Office / Commercial - Cavite	Cavite City	Investment in Building	Malls, Offices, Land Development and other developments	21,630,693.74	Megaworld Corporation
3	Eastwood City Projects	Eastwood City	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	Eastwood Cyber One Corporation
4	ArcoVia City Projects	Arcovia City	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	Arcovia Properties, Inc
5	No. 1 Upper East Avenue	Bacolod City	Investment in Building	Malls, Offices, Land Development and other developments	175,000,000.00	Megaworld Bacolod Properties, Inc
6	Commercial - Bacolod	Bacolod City	Investment in Building	Malls, Offices, Land Development and other developments	350,000,000.00	Megaworld Bacolod Properties, Inc
7	Commercial 2 - Bacolod	Bacolod City	Investment in Building	Malls, Offices, Land Development and other developments	350,000,000.00	Megaworld Bacolod Properties, Inc
8	Boracay Newcoast Projects	Boracay Newcoast	Investment in Building	Malls, Offices, Land Development and other developments	167,000,000.00	Global-Estate Resorts, Inc
9	Arden Botanical Estate Projects	Arden Botanical Estate	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	125,000,000.00	Global-Estate Resorts, Inc
10	Twin Lakes Projects	Twin Lakes	Investment in Building	Malls, Offices, Land Development and other developments	565,000,000.00	Twin Lakes Corporation
11	Hotel	Eastwood City	Investment in Building	Hotel	450,000,000.00	Prestige Hotels & Resorts, Inc

3,470,723,632.79

Report of Independent Auditors on Factual Findings

Punongbayan & Araullo
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Philippines

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The Board of Directors and Stockholders
Megaworld Corporation
30th Floor, Alliance Global Tower
36th Street cor. 11th Avenue
Uptown Bonifacio, Taguig City

We have performed the procedures agreed with you and enumerated below with respect to the attached Quarterly Progress Report (the Report) for the quarter ended June 30, 2022 on the application of proceeds from the secondary offer received by Megaworld Corporation (the Company) from the Initial Public Offering of MREIT, Inc. (MREIT) on October 1, 2021 (the Offering). The procedures were performed solely to enable the Company to comply with the requirement of the Philippine Stock Exchange (PSE) to submit the Report accompanied by an external auditor's report. Our engagement was undertaken and our report is issued in accordance with Philippine Standard on Related Services 4400 (Revised), *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*, applicable to agreed-upon procedures engagements.

Agreed-upon Procedures

The procedures we performed are as follows:

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

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

Results of the Performance of Agreed-Upon Procedures

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

We present below the summary of the application of the proceeds from the Offering for the quarter ended June 30, 2022, 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>
Office - Taguig	Taguig	Office and Retail	Megaworld Corporation	P 567,092,939
Office / Commercial - Cavite	Maple Grove	Office and Retail	Megaworld Corporation	21,630,694
Eastwood City Projects	Eastwood City	Malls, Offices, Land developments and Other developments	Eastwood Cyber One Corporation	350,000,000
ArcoVia City Projects	ArcoVia City	Malls, Offices, Land developments and Other developments	Arcovia Properties, Inc.	350,000,000
No. 1 Upper East Avenue	The Upper East	Office and Retail	Megaworld Bacolod Properties, Inc.	175,000,000
Commercial - Bacolod	The Upper East	Mall	Meaworld Bacolod Properties, Inc.	<u>350,000,000</u>
<i>Balance carried forward</i>				<u>P 1,813,723,633</u>

<u>Project Name</u>	<u>Township or Location</u>	<u>Products</u>	<u>Disbursing Entity</u>	<u>Amount</u>
<i>Balance brought forward</i>				P 1,813,723,633
Commercial 2 - Bacolod	Northhill Gateway	Mall	Megaworld Bacolod Properties, Inc.	350,000,000
Boracay Newcoast Projects	Boracay Newcoast	Malls, Offices, Land developments and Other developments	Global-Estate Resorts, Inc.	167,000,000
Arden Botanical Estate Projects	Arden Botanical Estate	Malls, Offices, Land developments and Other developments	Global-Estate Resorts, Inc.	125,000,000
Twin Lakes Projects	Twin Lakes	Malls, Offices, Land developments and Other developments	Twin Lakes Corporation	565,000,000
Hotel	Various	Hotel	Prestige Hotels and Resorts, Inc.	<u>450,000,000</u>
				<u>P 3,470,723,633</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 Offering 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 Offering proceeds for the quarter ended June 30, 2022 to supporting progress billings, invoices, official receipts, bank statements and approval documents.

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

<u>Disbursing Entity</u>	<u>Project Name</u>	<u>Township or Location</u>	<u>Amount</u>
Eastwood Cyber One Corporation	Eastwood City Projects	Eastwood City	P 350,000,000
Arcovia Properties, Inc.	ArcoVia City Projects	ArcoVia City	350,000,000
Megaworld Bacolod Properties, Inc.	No. 1 Upper East Avenue	The Upper East	175,000,000
Megaworld Bacolod Properties, Inc.	Commercial - Bacolod	The Upper East	350,000,000
Megaworld Bacolod Properties, Inc.	Commercial 2 - Bacolod	Northhill Gateway	350,000,000
Global-Estate Resorts, Inc.	Boracay Newcoast Projects	Boracay Newcoast	167,000,000
Global-Estate Resorts, Inc.	Arden Botanical Estate Projects	Arden Botanical Estate	125,000,000
Twin Lakes Corporation	Twin Lakes Projects	Twin Lakes	565,000,000
Prestige Hotels and Resorts, Inc.	Hotel	Various	<u>450,000,000</u>
			<u>P 2,882,000,000</u>

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

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

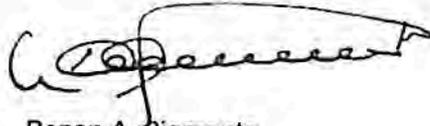
<u>Project name</u>	<u>Amount</u>
Office – Taguig	P 567,092,939
Office / Commercial – Cavite	<u>21,630,694</u>
	<u>P 588,723,633</u>

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

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

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

PUNONGBAYAN & ARAULLO



By: Renan A. Piamonte
Partner

CPA Reg. No. 0107805

TIN 221-843-037

PTR No. 8852342, January 3, 2022, Makati City

SEC Group A Accreditation

Partner - No. 107805-SEC (until Dec. 31, 2023)

Firm - No. 0002 (until Dec. 31, 2024)

BIR AN 08-002511-037-2019 (until Sept. 4, 2022)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

July 14, 2022

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

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




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

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

Doc. No. 109;
Page No. 23;
Book No. 2;
Series of 2022.



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

July 14, 2022

THE PHILIPPINE STOCK EXCHANGE

Philippine Stock Exchange Plaza

6th Floor, PSE Tower

Bonifacio Global City, Taguig

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

Subject: 2nd Quarter 2022 Progress Report on the Use of Proceeds from sale to MREIT,
Inc. of four (4) prime, Grade A buildings located in PEZA-registered Zones

Dear Ms. Encarnacion,

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

The proceeds are in connection with the sale to MREIT, Inc. of four (4) prime, Grade A buildings located in PEZA-registered Zones for the purchase price of Php 9.116 million last December. Please be advised that as of June 30, 2022, the remaining balance of the proceeds from the sale amounts to Five Billion Sixty Eight Million Nine hundred Sixty Four Thousand Six Hundred Eighty-eight Pesos, and fifty-three centavos (Php 5,068,964,688.53) as indicated below:

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

Thank you.

Respectfully yours,


FRANCISCO C. CANUTO
Treasurer



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

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

2,853,865,311.47

ACKNOWLEDGMENT

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

At Makati City City, Metro Manila, on this ___ day of JUL 15 2022, 20___, before me personally appeared:

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

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

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

NOTARY PUBLIC

~~ESCRIBANA MENTURA U. MENDIOLA~~
NOTARY PUBLIC

Until December 31, 2022
PTR No. 8852784 Makati City-03/04/22
UR No. 1/8830 01-04-2022 Roll No. 71200
MCLE Compliance No. IL-0021653
500-A Madrigal Bldg. Ayala Ave., Makati City

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

Report of Independent Auditors on Factual Findings

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

T +63 2 8988 2288

The Board of Directors and Stockholders
Megaworld Corporation
30th Floor, Alliance Global Tower
36th Street cor. 11th Avenue
Uptown Bonifacio, Taguig City

We have performed the procedures agreed with you and enumerated below with respect to the attached Quarterly Progress Report (the Report) for the quarter ended June 30, 2022 on the application of proceeds received by Megaworld Corporation (the Company) from the sale of four prime, Grade A buildings located in Philippine Economic Zone Authority-registered zones on December 21, 2021 (the Asset Sale). The procedures were performed solely to enable the Company to comply with the requirement of the Philippine Stock Exchange (PSE) to submit the Report accompanied by an external auditor's report. Our engagement was undertaken and our report is issued in accordance with Philippine Standard on Related Services 4400 (Revised), *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*, applicable to agreed-upon procedures engagements.

Agreed-upon Procedures

The procedures we performed are as follows:

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

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

Results of the Performance of Agreed-Upon Procedures

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

We present below the summary of the application of the proceeds from the Asset Sale for the quarter ended June 30, 2022, based on the information we obtained from the Company.

<u>Project Name</u>	<u>Location</u>	<u>Products</u>	<u>Disbursing Entity</u>	<u>Amount</u>
Iloilo Business Park	Iloilo	Malls, Office, Land developments and Other developments	Megaworld Corporation	P 98,293,631
Manila Projects	Manila	Malls, Office, Land developments and Other developments	Megaworld Corporation	1,235,519,725
The Mactan Newtown	Mactan	Malls, Office, Land developments and Other developments	Oceantown Properties, Inc.	255,000,000
The Mactan Newtown	Mactan	Malls, Office, Land developments and Other developments	Megaworld Cebu Properties, Inc.	425,000,000
Bacolod Projects	Bacolod	Malls, Office, Land developments and Other developments	Megaworld Bacolod Properties, Inc.	55,000,000
<i>Balance carried forward</i>				<u>P 2,068,813,356</u>

<u>Project Name</u>	<u>Location</u>	<u>Products</u>	<u>Disbursing Entity</u>	<u>Amount</u>
<i>Balance brought forward</i>				P 2,068,813,356
Northwin Global City	Bulacan	Malls, Offices, Land developments and Other developments	Northwin Properties, Inc.	<u>785,051,955</u>
				<u>P 2,853,865,311</u>

2. With respect to item 2, we noted that the total amount of utilization appearing in the Report is in agreement with the amount in the detailed schedule of utilization of proceeds.
3. With respect to item 3, we noted that the planned application of the Asset Sale proceeds is in agreement with the amended Reinvestment Plan as approved by the Company's BOD on February 28, 2022.
4. With respect to item 4, we traced the utilization of the Asset Sale proceeds for the quarter ended June 30, 2022 to supporting progress billings, invoices, official receipts, bank statements and approval documents.

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

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

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

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

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

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

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PUNONGBAYAN & ARAULLO



By: Renan A. Piamonte
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July 14, 2022

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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
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