

# 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  
Sep 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	31,499,183,872
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:  
Philippine Stock Exchange - Common and Preferred Shares
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	Sep 30, 2022
Currency (indicate units, if applicable)	Php (In Thousands)

#### Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Sep 30, 2022	Dec 31, 2021
Current Assets	228,057,662	227,834,770
Total Assets	411,502,608	397,977,251
Current Liabilities	76,644,224	61,908,026
Total Liabilities	174,192,968	168,273,260
Retained Earnings/(Deficit)	152,309,594	143,903,318
Stockholders' Equity	237,309,640	229,703,991
Stockholders' Equity - Parent	205,963,069	198,838,868
Book Value per Share	6.62	6.32

**Income Statement**

	<b>Current Year (3 Months)</b>	<b>Previous Year (3 Months)</b>	<b>Current Year-To-Date</b>	<b>Previous Year-To-Date</b>
<b>Gross Revenue</b>	13,741,907	13,488,480	39,326,502	34,047,594
<b>Gross Expense</b>	8,555,423	8,799,032	24,185,605	22,430,730
<b>Non-Operating Income</b>	1,274,980	979,721	3,145,158	2,822,755
<b>Non-Operating Expense</b>	2,653,082	1,594,514	6,234,279	3,663,854
<b>Income/(Loss) Before Tax</b>	3,808,382	4,074,655	12,051,776	10,775,765
<b>Income Tax Expense</b>	855,329	815,790	2,365,612	2,160,836
<b>Net Income/(Loss) After Tax</b>	2,953,053	3,258,865	9,686,164	8,614,929
<b>Net Income Attributable to Parent Equity Holder</b>	2,510,621	3,150,836	8,394,844	8,158,349
<b>Earnings/(Loss) Per Share (Basic)</b>	0.08	0.1	0.27	0.26
<b>Earnings/(Loss) Per Share (Diluted)</b>	0.08	0.1	0.27	0.25

	<b>Current Year (Trailing 12 months)</b>	<b>Previous Year (Trailing 12 months)</b>
<b>Earnings/(Loss) Per Share (Basic)</b>	0.44	0.32
<b>Earnings/(Loss) Per Share (Diluted)</b>	0.44	0.32

**Other Relevant Information**

Amended to update for the quarterly period ended September 30, 2022.

**Filed on behalf by:**

<b>Name</b>	Jamie Katrina Chan
<b>Designation</b>	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 September 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, Philippines**  
Province, Country or other jurisdiction of incorporation or organization
6. (SEC Use Only)  
Industry Classification Code
7. **30<sup>th</sup> Floor, Alliance Global Tower**  
**36<sup>th</sup> Street cor. 11<sup>th</sup> 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
<b>Common</b>	<b>31,499,183,872</b>
<b>Preferred</b>	<b>6,000,000,000</b>
<b>Total</b>	<b>37,499,183,872</b>

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 September 30, 2022

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

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

Exhibit 4 - Consolidated Statements of Cash Flow as of September 30, 2022 and September 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  
November 14, 2022

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

EXHIBIT 1

	Unaudited September 30, 2022	Audited December 31, 2021
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	P 37,202,041	P 43,794,606
Trade and other receivables - net	35,635,610	34,482,656
Contract assets	12,888,267	11,970,853
Inventories	120,085,276	115,741,509
Advances to contractors and suppliers	11,827,284	12,233,168
Prepayments and other current assets	<u>10,419,184</u>	<u>9,611,978</u>
Total Current Assets	<u>228,057,662</u>	<u>227,834,770</u>
<b>NON-CURRENT ASSETS</b>		
Trade and other receivables - net	19,249,637	12,489,999
Contract assets	6,205,461	7,951,395
Advances to contractors and suppliers	3,975,425	2,783,551
Advances to landowners and joint operators	7,673,142	7,158,576
Financial assets at fair value through other comprehensive income	5,106,670	5,760,368
Investments in associates -net	3,069,143	3,287,474
Investment properties - net	127,297,332	119,222,249
Property and equipment - net	6,593,148	6,530,888
Deferred tax assets - net	396,947	377,448
Other non-current assets - net	<u>3,878,041</u>	<u>4,580,533</u>
Total Non-current Assets	<u>183,444,946</u>	<u>170,142,481</u>
<b>TOTAL ASSETS</b>	<b><u>P 411,502,608</u></b>	<b><u>P 397,977,251</u></b>

	Unaudited September 30, 2022	Audited December 31, 2021
<b><u>LIABILITIES AND EQUITY</u></b>		
<b>CURRENT LIABILITIES</b>		
Interest-bearing loans and borrowings	P 13,278,856	P 12,685,534
Bonds payable	14,720,708	-
Trade and other payables	24,325,051	22,875,967
Contract liabilities	2,983,582	2,447,090
Customers' deposits	10,253,135	10,872,699
Redeemable preferred shares	251,598	251,598
Advances from associates and other related parties	1,810,692	3,243,337
Income tax payable	11,701	55,405
Other current liabilities	9,008,901	9,476,396
	<hr/>	<hr/>
Total Current Liabilities	76,644,224	61,908,026
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing loans and borrowings	40,393,646	38,964,170
Bonds payable	32,144,846	41,982,042
Contract liabilities	5,443,009	4,956,606
Customers' deposits	1,029,545	1,281,161
Deferred tax liabilities - net	11,355,497	11,541,789
Retirement benefit obligation	510,575	546,803
Other non-current liabilities	6,671,626	7,092,663
	<hr/>	<hr/>
Total Non-current Liabilities	97,548,744	106,365,234
	<hr/>	<hr/>
Total Liabilities	174,192,968	168,273,260
<b>EQUITY</b>		
Total equity attributable to the Company's shareholders	205,963,069	198,838,868
Non-controlling interests	31,346,571	30,865,123
	<hr/>	<hr/>
Total Equity	237,309,640	229,703,991
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P 411,502,608</b>	<b>P 397,977,251</b>

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

EXHIBIT 2

	2022 Unaudited Jul 1 - Sep 30	2022 Unaudited Jan 1 - Sep 30	2021 Unaudited Jul 1 - Sep 30	2021 Unaudited Jan 1 - Sep 30
<b>REVENUES AND INCOME</b>				
Real estate sales	P 9,193,478	P 26,187,385	P 9,614,576	P 23,147,784
Rental income	3,873,554	11,382,424	3,321,623	9,623,163
Hotel operations	674,875	1,756,693	552,281	1,276,647
Interest and other income - net	<u>1,274,980</u>	<u>3,145,158</u>	<u>979,721</u>	<u>2,822,755</u>
	<u>15,016,887</u>	<u>42,471,660</u>	<u>14,468,201</u>	<u>36,870,349</u>
<b>COSTS AND EXPENSES</b>				
Cost of real estate sales	4,597,196	13,335,760	5,190,830	12,477,589
Hotel operations	435,903	1,086,285	337,526	776,318
Operating expenses	3,522,324	9,763,560	3,270,676	9,176,823
Equity in net losses of associates	66,556	218,332	244,821	471,730
Interest and other charges - net	2,586,526	6,015,947	1,349,693	3,192,124
Tax expense	<u>855,329</u>	<u>2,365,612</u>	<u>815,790</u>	<u>2,160,836</u>
	<u>12,063,834</u>	<u>32,785,496</u>	<u>11,209,336</u>	<u>28,255,420</u>
<b>NET PROFIT FOR THE PERIOD</b>	<u>P 2,953,053</u>	<u>P 9,686,164</u>	<u>P 3,258,865</u>	<u>P 8,614,929</u>
<b>Net profit attributable to:</b>				
Company's shareholders	P 2,510,621	P 8,394,844	P 3,150,836	P 8,158,349
Non-controlling interests	<u>442,432</u>	<u>1,291,320</u>	<u>108,029</u>	<u>456,580</u>
	<u>P 2,953,053</u>	<u>P 9,686,164</u>	<u>P 3,258,865</u>	<u>P 8,614,929</u>
<b>Earnings Per Share :</b>				
Basic	<u>P 0.081</u>	<u>P 0.268</u>	<u>P 0.101</u>	<u>P 0.255</u>
Diluted	<u>P 0.081</u>	<u>P 0.268</u>	<u>P 0.100</u>	<u>P 0.254</u>



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

	2022 Unaudited Jul 1 - Sep 30	2022 Unaudited Jan 1 - Sep 30	2021 Unaudited Jul 1 - Sep 30	2021 Unaudited Jan 1 - Sep 30
<b>NET PROFIT FOR THE PERIOD</b>	P 2,953,053	P 9,686,164	P 3,258,865	P 8,614,929
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<b>Items that will not be reclassified</b>				
<b>subsequently to consolidated profit or loss:</b>				
Fair value gains (loss) on financial assets at fair value through other comprehensive income	( 125,310 )	( 766,202 )	278,552	525,584
<b>Items that will be reclassified</b>				
<b>subsequently to consolidated profit or loss:</b>				
Unrealized gain on cash flow hedge	101,017	172,976	13,339	116,620
Exchange difference on translating foreign operations	44,362	98,346	27,693	43,083
	<u>145,379</u>	<u>271,322</u>	<u>41,032</u>	<u>159,703</u>
<b>Total Other Comprehensive Income (Loss)</b>	<u>20,069</u>	<u>( 494,880 )</u>	<u>319,584</u>	<u>685,287</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>P 2,973,122</u>	<u>P 9,191,284</u>	<u>P 3,578,449</u>	<u>P 9,300,216</u>
<b>Total comprehensive income attributable to:</b>				
Company's shareholders	2,542,005	7,972,995	3,467,540	8,849,808
Non-controlling interests	431,117	1,218,289	110,909	450,408
	<u>P 2,973,122</u>	<u>P 9,191,284</u>	<u>P 3,578,449</u>	<u>P 9,300,216</u>

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

**EXHIBIT 3**

	Unaudited September 30, 2022		Unaudited September 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	(	2,646,156)	(	1,764,347)
TRANSLATION RESERVES	(	238,706)	(	350,165)
REVALUATION RESERVES		7,444,724	(	2,660,887)
RETAINED EARNINGS		152,309,594		139,965,866
NON-CONTROLLING INTERESTS		<u>31,346,571</u>		<u>27,504,444</u>
<b>TOTAL EQUITY</b>	<b>P</b>	<b><u>237,309,640</u></b>	<b>P</b>	<b><u>211,786,621</u></b>

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

EXHIBIT 4

	Unaudited September 30, 2022	Unaudited September 30, 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	P 12,051,776	P 10,775,765
Adjustments for:		
Depreciation and amortization	2,437,473	2,518,227
Interest and other charges	5,414,356	2,410,004
Interest and other income	( 1,348,499 )	( 1,015,860 )
Employee share options	12,464	11,049
Equity in net losses of associates	218,332	471,730
Operating profit before working capital changes	18,785,902	15,170,915
Net Changes in Operating Assets and Liabilities		
Increase in current and non-current assets	( 10,552,563 )	( 11,172,091 )
Increase in current and non-current liabilities	1,179,798	769,907
Cash generated from operations	9,413,137	4,768,731
Cash paid for income taxes	( 2,373,035 )	( 1,450,974 )
<b>NET CASH FROM OPERATING ACTIVITIES</b>	7,040,102	3,317,757
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>	( 8,878,680 )	( 2,612,867 )
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>	( 4,753,987 )	( 11,990,946 )
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	( 6,592,565 )	( 11,286,056 )
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	43,794,606	40,166,756
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	P 37,202,041	P 28,880,700

**MEGAWORLD CORPORATION AND SUBSIDIARIES**  
**(A Subsidiary of Alliance Global Group, Inc.)**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 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 30<sup>th</sup> Floor, Alliance Global Tower, 36<sup>th</sup> Street cor. 11<sup>th</sup> Avenue, Uptown Bonifacio, Taguig City. AGI's registered office address, which is also its principal place of business, is located at the 7<sup>th</sup> 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	<b>Effective Percentage of Ownership</b>	
		<b>September 2022</b>	<b>December 2021</b>
<b>Subsidiaries:</b>			
Prestige Hotels and Resorts, Inc. (PHRI)		<b>100%</b>	100%
Richmonde Hotel Group International Ltd. (RHGI)		<b>100%</b>	100%
Eastwood Cyber One Corporation (ECOC)		<b>100%</b>	100%
Megaworld Cebu Properties, Inc. (MCP)		<b>100%</b>	100%
Megaworld Newport Property Holdings, Inc. (MNPHI)		<b>100%</b>	100%
Oceantown Properties, Inc. (OPI)		<b>100%</b>	100%
Luxury Global Hotels and Leisure, Inc. (LGHLI)		<b>100%</b>	100%
Arcovia Properties, Inc. (API)		<b>100%</b>	100%
Mactan Oceanview Properties and Holdings, Inc. (MOPHI)	(a)	<b>100%</b>	100%

Subsidiaries	Explanatory Notes	Effective Percentage of Ownership	
		September 2022	December 2021
<b>Subsidiaries:</b>			
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%
Belmont Hotel Mactan Inc. (BHMI)	(p)	100%	-
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	
		September 2022	December 2021
<b>Subsidiaries:</b>			
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 <sup>th</sup> 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%
<b>Associates:</b>			
Bonifacio West Development Corporation (BWDC)		46.11%	46.11%
Palm Tree Holdings and Development Corporation (PTHDC)	(a)	40%	40%

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

Explanatory Notes:

- (a) These are entities which have not yet started commercial operations as at September 30, 2022.
- (b) As at September 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 September 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 September 30, 2022, the Parent Company owns 68.03% of MBPHI, which consists of 67.43% direct ownership and 0.60% indirect ownership from TIHGI
- (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.
- (p) BHMI was incorporated in 2022, a 100% owned subsidiary offering hotel services but has not yet started commercial operations as at September 30, 2022.

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 September 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 nine months ended September 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 nine months ended September 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 September 30, 2022 and 2021 and certain asset and liability information regarding segments as at September 30, 2022 and 2021.

September 30, 2022						
	Real Estate	Rental	Hotel Operations	Corporate and Others	Elimination	Consolidated
<b>TOTAL REVENUES</b>						
Sales to external customers	P 26,187,385,017	P11,382,424,579	P 1,756,692,999	P 1,221,010,850	P -	P 40,547,513,445
Interest income	1,390,782,469	528,850,297	807,962	1,234,450	-	1,921,675,178
Intersegment sales	-	363,205,461	-	2,050,626,117	( 2,413,831,578)	-
Total revenues	<u>27,578,167,486</u>	<u>12,274,480,337</u>	<u>1,757,500,961</u>	<u>3,272,871,417</u>	<u>( 2,413,831,578)</u>	<u>42,469,188,623</u>
<b>RESULTS</b>						
Cost of sales and operating expense excluding depreciation and amortization	17,685,073,062	1,372,997,276	1,535,773,484	3,046,839,567	(1,892,550,895)	21,748,132,494
Interest expense	1,351,207,403	690,983,559	-	13,565,058	-	2,055,756,020
Depreciation and amortization	185,919,500	2,056,501,390	106,815,557	88,236,405	-	2,437,472,852
	<u>19,222,199,965</u>	<u>4,120,482,225</u>	<u>1,642,589,041</u>	<u>3,148,641,030</u>	<u>(1,892,550,895)</u>	<u>26,241,361,366</u>
Segment results	<u>P 8,335,967,521</u>	<u>P 8,153,998,112</u>	<u>P 114,911,920</u>	<u>P 124,230,387</u>	<u>(P 521,280,683)</u>	<u>P 16,227,827,257</u>
Unallocated other income						2,471,574
Unallocated other expenses						( 3,960,191,175)
Equity share in net losses of associates						( 218,331,599)
Tax expense						( 2,365,612,311)
Net profit						<u>P 9,686,163,746</u>
<b>ASSETS AND LIABILITIES</b>						
Segment assets	P 248,577,569,416	P 138,626,132,207	P 5,108,945,681	P 9,914,732,455	P -	P 402,227,379,759
Investments in and advances to associates and other related parties - net	-	-	-	9,275,228,677	-	9,275,228,677
Total assets	<u>P 248,577,569,416</u>	<u>P 138,626,132,207</u>	<u>5,108,945,681</u>	<u>P19,189,961,132</u>	<u>P -</u>	<u>P 411,502,608,436</u>
Segment liabilities	<u>P 115,077,213,046</u>	<u>P 50,060,094,634</u>	<u>P1,673,617,919</u>	<u>P 7,382,042,191</u>	<u>P -</u>	<u>P 174,192,967,790</u>
September 30, 2021						
	Real Estate	Rental	Hotel Operations	Corporate and Others	Elimination	Consolidated
<b>TOTAL REVENUES</b>						
Sales to external customers	P 23,147,784,193	P 9,623,162,662	P 1,276,646,813	P 1,337,072,537	P -	P 35,384,666,205
Interest income	1,096,165,588	371,144,185	1,322,274	1,413,834	-	1,470,045,881
Intersegment sales	-	290,692,839	-	1,824,809,046	( 2,115,501,885)	-
Total revenues	<u>24,243,949,781</u>	<u>10,284,999,686</u>	<u>1,277,969,087</u>	<u>3,163,295,417</u>	<u>( 2,115,501,885)</u>	<u>36,854,712,086</u>
<b>RESULTS</b>						
Cost of sales and operating expense excluding depreciation and amortization	16,462,026,918	1,218,287,242	1,119,449,810	2,935,832,474	( 1,823,093,582)	19,912,502,862
Interest expense	1,268,084,691	410,282,020	-	13,893,517	-	1,692,260,228
Depreciation and amortization	204,725,057	2,065,540,635	118,365,959	129,595,667	-	2,518,227,318
	<u>17,934,836,666</u>	<u>3,694,109,897</u>	<u>1,237,815,769</u>	<u>3,079,321,658</u>	<u>( 1,823,093,582)</u>	<u>24,122,990,408</u>
Segment results	<u>P 6,309,113,115</u>	<u>P 6,590,889,789</u>	<u>P 40,153,318</u>	<u>P 83,973,759</u>	<u>(P 292,408,303)</u>	<u>P 12,731,721,678</u>
Unallocated other income						15,637,166
Unallocated other expenses						( 1,499,863,797)
Equity share in net losses of associates						( 471,730,323)
Tax expense						( 2,160,835,473)
Net profit						<u>P 8,614,929,251</u>
<b>ASSETS AND LIABILITIES</b>						
Segment assets	P 238,756,662,034	P 118,413,051,874	P 4,957,355,205	P 8,072,709,735	P -	P 370,199,778,848
Investments in and advances to associates and other related parties - net	-	-	-	7,353,178,381	-	7,353,178,381
Total assets	<u>P238,756,662,034</u>	<u>P118,413,051,874</u>	<u>P 4,957,355,205</u>	<u>P 15,425,888,116</u>	<u>P -</u>	<u>P 377,552,957,229</u>
Segment liabilities	<u>P 112,726,506,161</u>	<u>P 43,928,717,422</u>	<u>P 1,740,671,008</u>	<u>P 7,370,441,161</u>	<u>P -</u>	<u>P 165,766,335,752</u>

## 5. EARNINGS PER SHARE

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

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Net profit attributable to Company's Shareholders	<b>P 8,394,843,655</b>	P 8,158,348,975
Distribution to holders of perpetual securities	-	( 151,963,438)
Computed dividends on cumulative preferred shares series "A"	<u>( 448,767)</u>	<u>( 448,767)</u>
Profit available to Company's common shareholders	<b><u>P 8,394,394,888</u></b>	<b><u>P 8,005,936,770</u></b>
Divided by weighted average number of outstanding common shares	<b><u>31,296,215,832</u></b>	<b><u>31,450,597,729</u></b>
Basic EPS	<b><u>P 0.268</u></b>	<b><u>P 0.255</u></b>
Divided by weighted average number of outstanding common shares and potential dilutive shares	<b><u>31,361,975,338</u></b>	<b><u>31,550,719,557</u></b>
Diluted EPS	<b><u>P 0.268</u></b>	<b><u>P 0.254</u></b>

## 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.

	September 30, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Carrying Values	Fair Values	Carrying Values	Fair Values
<b>Financial Assets</b>				
Financial assets at amortized cost:				
Cash and cash equivalents	P 37,202,041,270	P 37,202,041,270	P 43,794,605,919	P 43,794,605,919
Trade and other receivables	54,885,247,775	55,358,151,009	46,972,655,082	47,357,915,588
Guarantee deposits	863,554,808	863,554,808	877,329,410	877,329,410
Derivative Asset	407,099,382	407,099,382	-	-
	<u>P 93,357,943,235</u>	<u>P 93,830,846,470</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 5,106,670,225</u>	<u>P 5,106,670,225</u>	<u>P 5,760,368,447</u>	<u>P 5,760,368,447</u>
<b>Financial Liabilities</b>				
Financial liabilities at amortized cost:				
Interest-bearing loans and borrowings	P 53,672,502,865	P 52,275,931,181	P 51,649,704,598	P 51,056,234,787
Bonds payable	46,865,554,033	46,351,626,728	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	23,868,284,515	23,868,284,515	22,593,431,337	22,593,431,337
Advances from subsidiaries, associate and other related parties	1,810,691,917	1,810,691,917	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	4,161,865,045	4,161,865,045	4,777,468,040	4,777,468,040
	<u>P131,745,160,964</u>	<u>P129,834,661,975</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 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.

### ***10.2 Cash dividends***

The Board of Directors (BOD) of the Company declared cash dividend of Php0.06 per share on its outstanding common shares. This will be payable on November 14, 2022.

### ***10.3 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.



### 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 September 30, 2022 versus September 30, 2021

Megaworld, the country's largest developer of integrated urban townships, grew its net income by 12.43% to Php9.69 billion in the third quarter of 2022 from Php8.61 billion during the same period in 2021.

Net income attributable to parent company stood at Php8.39 billion, increased by 2.90% from Php8.16 billion last year.

Megaworld's consolidated revenues increased by 15.19% from Php36.87 billion in the third quarter of 2021 to Php42.47 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 61.66% of total revenues. Real estate sales grew by 13.13% year-on-year to Php26.19 billion from the previous year's Php23.15 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 18.28% increase, reaching Php11.38 billion in the third quarter of 2022 from the previous year's Php9.62 billion. This contributed 27.35% of the total consolidated revenues for the first nine months of the year.

**Hotel Operations.** The Group's revenues attributable to hotel operations posted a strong recovery in 2022 to Php1.76 billion during the third quarter of 2022 with an increase of 37.60% from Php1.28 billion for the same period last year.

Total costs and expenses amounted to Php32.79 billion, an increase by 16.03% from Php28.26 billion last year. Interest and other charges – net increased by 88.46%, amounting to Php6.02 billion this year from Php3.19 billion in 2021. Tax expense in 2022 amounting to Php2.37 billion resulted to an increase of 9.48% from 2021 reported amount of Php2.16 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 September 30, 2022 amounted to Php411.50 billion, posting an increase of 3.40% compared to Php397.98 billion as at December 31, 2021.

The Group shows steady liquid position as at September 30, 2022 as reflected in its current assets at Php228.06 billion as against its current obligations at Php76.64 billion. Current assets posted an increase of 0.10% from December 31, 2021 balance of Php227.83 billion. Current obligations reflected an increase of 23.80% from December 31, 2021 balance of Php61.91 billion.

Cash and cash equivalents decreased by 15.05% from Php43.79 billion in 2021 to Php37.20 billion as at September 30, 2022. Current and non-current trade and other receivables – net increased by 16.85%, amounting to Php54.89 billion as at September 30, 2022 compared to Php46.97 billion as at December 31, 2021. Contract assets decreased by 4.16%, amounting to Php19.09 billion as at September 30, 2022 compared to Php19.92 billion as at December 31, 2021. Inventories increased by 3.75% from Php115.74 billion in 2021 to Php120.09 billion as at September 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 6.77% amounting to Php127.30 billion in September 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 Php24.33 billion and Php22.88 billion as at September 30, 2022 and December 31, 2021, respectively, reflecting an increase of 6.33%. Contract liabilities increased by 13.82%, amounting to Php8.43 billion as at September 30, 2022 compared to Php7.40 billion as at December 31, 2021. Total current and non-current customers' deposits as at September 30, 2022 amounted to Php11.28 billion compared Php12.15 billion as at December 31, 2021 with 7.17% decrease.

The interest-bearing loans and borrowings current and non-current amounted to Php53.67 billion and Php51.65 billion for September 30, 2022 and December 31, 2021, respectively, reflecting an increase of 3.92%. Bonds payable increased by 11.63%, amounting to Php46.87 billion as at September 30, 2022 compared to Php41.98 billion as at December 31, 2021. Total other liabilities amounted to Php15.68 billion from Php16.57 billion as at September 30, 2022 and December 31, 2021, respectively, translating to a decrease of 5.36%.

Total Equity (including non-controlling interests) increased by 3.31% from Php229.70 billion as at December 31, 2021 to Php237.31 billion as at September 30, 2022.

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

	September 30, 2022	December 31, 2021
Current Ratio *1	2.98:1.00	3.68:1.00
Debt to Equity Ratio *2	0.42:1.00	0.41:1.00
Net Debt to Equity Ratio *3	0.27:1.00	0.22:1.00

	September 30, 2022	September 30, 2021
Return on Assets *4	2.39%	2.29%
Return on Equity *5	4.15%	4.41%

\*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**

15.05% decrease in cash and cash equivalents

Mainly due to capital expenditure and operating activities for business expansion

16.85% increase in current and noncurrent trade and other receivables – net

Pertains mainly to receivables from sales and rental during the period

11.35% decrease in financial assets at fair value through other comprehensive income

Due to changes in the fair value of shares

7.19% increase in advances to landowners and joint ventures

Due to additional advances made to landowners and co-venturer

5.17% increase in deferred tax assets

Due to higher deferred tax assets on taxable temporary differences

5.23% increase in advances to contractors and suppliers  
Represents advance payments to contractors and suppliers

6.77% increase in investment properties-net  
Includes costs of completed and on-going construction of office buildings and commercial centers for lease and raw land intended to be developed for leasing properties and raw land currently with undetermined use

6.64% decrease in investments in associates  
Due to incurred net losses of associates

11.63% increase in bonds payable  
Due to changes in dollar exchange rate

6.33% increase in trade and other payables  
Due to higher payables to suppliers and contractors

13.82% increase in contract liabilities - net  
Represents excess of collection over the progress of work

7.17% decrease in customers' deposits  
Pertains to amounts received from customers for sale of residential lots and condominium units not yet qualified for sales recognition

44.17% decrease in advances from other related parties  
Due to decrease in advances arising from related party transactions

78.88% decrease in income tax payable  
Due to payment of prior year income tax due

5.36% decrease in other current and noncurrent liabilities – net  
Mainly due to payment of commission payable and other liabilities

6.63% decrease in retirement benefit obligation  
Due to changes in financial assumptions used to compute for the present value of retirement obligation

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

### **Statements of Income**

13.13% increase in sales  
Higher sales bookings resulting from increase in percentage of project completion and additional sales from new projects

18.28% 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

37.60% increase in hotel operations

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

11.42% increase in interest and other income - net

Primarily due to higher interest and other income recognized for the current year

6.88% increase in cost of sales

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

39.93% increase in cost of hotel operations

Represents direct costs attributable to hotel operations

6.39% increase in operating expenses

Mainly due to increase in selling, administrative and miscellaneous expenses

53.72% decrease in equity share in net losses of associates

Mainly due to incurred losses of an associate

88.46% increase in interest and other charges-net

Primarily due to higher foreign currency loss, finance costs and other charges incurred during the period

9.48% 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 third 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 third 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

Aging of Accounts Receivables

September 30, 2022

(In thousand pesos)

EXHIBIT 7

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>54,885,247</u>	<u>51,884,504</u>	<u>1,043,158</u>	<u>517,581</u>	<u>686,760</u>	<u>753,244</u>	<u>-</u>

MEGAWORLD CORPORATION AND SUBSIDIARIES  
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS  
September 30, 2022 and December 31, 2021

**EXHIBIT 8**

<b>Ratio</b>	<b>Formula</b>	<b><u>September 30, 2022</u></b>	<b><u>December 31,2021</u></b>
Current ratio	Current assets / Current liabilities	2.98	3.68
Acid test ratio	Quick assets / Current liabilities (Quick assets include current assets less inventories)	1.41	1.81
Debt-to-equity ratio	Total debt / Total stockholders' equity (Total debt includes interest bearing loans and borrowings and bonds and notes payable )	0.42	0.41
Asset-to-equity ratio	Total assets / Total stockholders' equity	1.73	1.73
			<b><u>September 30,2021</u></b>
Solvency ratio	EBITDA / Total debt (Total debt includes interest bearing loans and borrowings and bonds and notes payable )	0.16	0.17
Interest rate coverage ratio	EBIT / Total Interest (Total interest includes interest expense and capitalized interest)	4.24	3.92
Return on equity	Net profit attributable to Company's shareholders / Average total equity attributable to the Company's shareholders	0.04	0.04
Return on assets	Net profit/ Average total assets	0.02	0.02
Net profit margin	Net profit / Total revenues	0.23	0.23



## Disclosures for REIT Companies<sup>1</sup>

### (a) Real Estate Transactions for the Third Quarter of 2022

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

### (b) Schedule of Properties as of 30 Sept 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
<b>Eastwood, Quezon City</b>										
1800 Eastwood Avenue	6,948	7,836	48.75	34,738	34,704	100%	278.7	365.6	59.9	305.7
1880 Eastwood Avenue	6,749	6,814	48.75	33,744	26,228	78%	188.9	259.6	48.5	211.1
E-Commerce Plaza	4,188	4,289	48.75	20,940	18,834	90%	123.2	157.8	36.3	121.6
<b>McKinley Hill, Taguig</b>										
One World Square	7,529	8,047	48.75	30,482	30,223	99%	289.9	343.7	44.4	299.3
Two World Square	5,258	5,554	48.75	21,286	21,283	100%	195.5	251.6	48.4	203.2
Three World Square	5,241	5,208	48.75	21,217	19,493	92%	190.1	245.5	45.3	200.1
8/10 Upper McKinley	4,925	5,000	48.75	19,938	19,669	99%	203.3	238.0	33.1	204.9
18/20 Upper McKinley	4,795	4,460	48.75	19,414	19,413	100%	180.8	208.0	26.6	181.4
World Finance Plaza	5,153	5,265	49.25	25,067	25,003	100%	239.5	272.9	30.1	242.8
<b>Iloilo Business Park, Iloilo</b>										
Richmonde Tower	2,062	1,709	48.75	13,124	13,124	100%	83.9	93.3	20.1	73.2
One Techno Place	1,509	1,228	48.75	9,549	9,041	95%	44.1	58.9	16.2	42.7
Two Techno Place	1,465	1,498	49.25	10,809	10,809	100%	52.2	71.0	24.9	46.0
Three Techno Place	1,242	1,244	49.25	9,568	9,305	97%	61.6	78.6	18.4	60.2
One Global Center	1,256	1,274	49.25	10,301	9,837	95%	50.6	67.0	16.9	50.1
<b>Total</b>	<b>58,318</b>	<b>59,426</b>		<b>280,177</b>	<b>266,965</b>	<b>95%</b>	<b>2,182.2</b>	<b>2,711.5</b>	<b>469.2</b>	<b>2,242.3</b>

### (c) Reinvestment Plan Progress Reports as of 30 Sept 2022

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

<sup>1</sup> Pursuant to Section 6.2 of the Amended Listing Rules for REITs



## MEGAWORLD CORPORATION

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 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: Final Report on the Use of Proceeds from the Initial Public Offering ("IPO") of  
 MREIT, Inc.

Dear Ms. Tom-Wong,

We are please to submit our Final Report on the Use of Proceeds from the Initial Public Offering ("IPO") of MREIT, Inc., duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

On October 1, 2021, Megaworld Corporation ("MEG") received net proceeds from the IPO of MREIT amounting to Fourteen Billion Seven Hundred Ninety Million Five Hundred Thirty-Six Thousand One Hundred Ninety-three pesos and twenty centavos (14,790,536,193.20).

Please be advised that as of September 30, 2022, MEG already disbursed the total net proceeds amounting to Fourteen Billion Seven Hundred Ninety Million Five Hundred Thirty Six Thousand One Hundred Ninety-three pesos and twenty centavos (14,790,536,193.20) in accordance with its reinvestment plan.

The details of the disbursements are as follows:

Gross Proceeds from the IPO	15,292,383,750.00
less:	
Underwriters and IPO related fees deducted from proceeds	(267,616,715.63)
Disbursement for transaction costs	(234,230,841.17)
Net Proceeds received	14,790,536,193.20
less:	
Disbursements from Oct 1 to Dec 31, 2021	(1,554,182,362.90)
Disbursements from Jan 1 to Mar 31, 2022	(3,336,183,047.51)
Disbursements from April 1 to Jun 30, 2022	(3,470,723,632.79)
Disbursements from Jul 1 to Sep 30, 2022	(6,429,447,150.00)
Net Balance of IPO proceeds as of September 30, 2022	0.00

Thank you.

Respectfully yours,

  
 FRANCISCO C. CANUTO  
 MEG Treasurer

  
 ENGLEBERT G. TEH  
 MREIT, Inc. CFO



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

PROJECT NAME	TOWNSHIP/LOCATION	INVESTMENT TYPE	PRODUCT	3Q Disbursements	DISBURSING ENTITY
No. 1 Upper East Avenue	The Upper East	Investment in Building	Office / Retail	289,287,843.48	Megaworld Bacolod Properties, Inc.
Enterprise One	Iloilo Business Park	Investment in Building	Office / Retail	758,239,142.72	Megaworld Corporation
Office - Iloilo	Iloilo Business Park	Investment in Building	Office / Retail	761,998,334.30	Megaworld Corporation
Office - Taguig	Taguig	Investment in Building	Office / Retail	462,606,660.25	Megaworld Corporation
Office / Commercial - Cavite	Maple Grove	Investment in Building	Office / Retail	1,330,603,012.73	Megaworld Corporation
Commercial - Bacolod	The Upper East	Investment in Building	Mall	350,000,000.00	Megaworld Bacolod Properties, Inc.
Commercial 2 - Bacolod	Northhill Gateway	Investment in Building	Mall	317,712,156.52	Megaworld Bacolod Properties, Inc.
Hotel	Various	Investment in Building	Hotel	370,000,000.00	Prestige Hotels and Resorts, Inc.
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	300,000,000.00	Eastwood Cyber One Corporation
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.
Boracay Newcoast Projects	Boracay Newcoast	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	183,000,000.00	Global Estate Resorts, Inc.
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	305,000,000.00	Global Estate Resorts, Inc.
Twin Lakes Projects	Twin Lakes	Investment in Building and its improvements, Land and its developments through the Company and its subsidiaries	Malls, Offices, Land Development and other developments	651,000,000.00	Twin Lakes Corporation

6,429,447,150.00

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)  
\_\_\_\_\_, METRO MANILA) SS

**Makati City**

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

Name	Competent Evidence of Identity	Date and Place Issued
For and on behalf of MEGAWORLD CORPORATION:  FRANCISCO C. CANUTO		
For and on behalf of MREIT INC.:  ENGLEBERT G. TEH		

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

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

Doc. No. 10 ;  
Page No. 03 ;  
Book No. 144 ;  
Series of 2022

NOTARY PUBLIC



**BUENAVENTURA U. MENDOZA**  
NOTARY PUBLIC  
Until December 31, 2022  
PN No. 898978 Makati City-02/04/22  
IBP No. 23139 04-04-2022, Roll No. 31206  
MCLC Compliance No. II-0021653  
508-A Madrigal Bldg. Ayala Ave., Makati City  
Extended until December 31, 2022 per B.M No. 3795

## Report of Independent Auditors on Factual Findings

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**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 Final Report (the Report) as of September 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, *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 as of 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 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 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 Offering as of September 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>
Enterprise One	Iloilo Business Park	Office / Retail	Megaworld Corporation	P 1,000,000,000
Office – Iloilo	Iloilo Business Park	Office / Retail	Megaworld Corporation	900,000,000
Office – Taguig	Taguig City	Office / Retail	Megaworld Corporation	1,735,913,288
Office / Commercial – Cavite	Maple Grove	Office / Retail	Megaworld Corporation	1,430,000,000
No. 1 Upper East Avenue	The Upper East	Office / Retail	Megaworld Bacolod Properties, Inc.	580,000,000
Commercial – Bacolod	The Upper East	Mall	Megaworld Bacolod Properties, Inc.	747,553,284
Commercial 2 – Bacolod	Northhill Gateway	Mall	Megaworld Bacolod Properties, Inc.	676,507,157
Hotel	Eastwood City	Hotel	Prestige Hotels and Resorts, Inc.	<u>1,021,238,247</u>
Balance carried forward				<u>P 8,091,211,976</u>

<u>Project Name</u>	<u>Township or Location</u>	<u>Products</u>	<u>Disbursing Entity</u>	<u>Amount</u>
Balance brought forward				P 8,091,211,976
Eastwood City Projects	Eastwood City	Malls, Offices Land Developments, and Other Developments	Eastwood Cyber One Corporation	1,000,000,000
Arcovia City Projects	ArcoVia City	Malls, Offices Land Developments, and Other Developments	Arcovia Properties, Inc.	1,000,000,000
Boracay Newcoast Projects	Boracay Newcoast	Malls, Offices Land Developments, and Other Developments	Global Estate Resorts, Inc.	570,000,000
Arden Botanical Estate Projects	Arden Botanical Estate	Malls, Offices Land Developments, and Other Developments	Global Estate Resorts, Inc.	430,000,000
Office / Commercial – Pampanga	Pampanga		Megaworld Capital Town, Inc.	1,050,536,193
One LeGrand Tower	McKinley West		Megaworld Corporation	5,185,242
One Paseo	ArcoVia City		Megaworld Corporation	35,072,167
Worldwide Plaza	Uptown Bonifacio		Megaworld Corporation	724,583,571
International Finance Center	Uptown Bonifacio		Megaworld Corporation	110,947,044
Twin Lakes Projects	Twin Lakes	Malls, Offices Land Developments, and Other Developments	Global Estate Resorts, Inc.	<u>1,773,000,000</u>
				<b><u>P 14,790,536,193</u></b>

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 as of 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>
Global Estate Resorts, Inc.	Twin Lakes Projects	Twin Lakes	P 1,773,000,000
Prestige Hotels and Resorts, Inc.	Hotel	Eastwood City	1,021,238,247
Megaworld Capital Town, Inc.	Office / Commercial Pampanga	Pampanga	1,050,536,193
Eastwood Cyber One Corporation	Eastwood City Projects	Eastwood City	1,000,000,000
Arcovia Properties, Inc.	ArcoVia City Projects	ArcoVia City	1,000,000,000
Global-Estate Resorts, Inc.	Boracay Newcoast Projects	Boracay Newcoast	570,000,000
Global-Estate Resorts, Inc.	Arden Botanical Estate Projects	Arden Botanical Estate	430,000,000
Megaworld Bacolod Properties, Inc.	Commercial - Bacolod	The Upper East	747,553,284
Megaworld Bacolod Properties, Inc.	Commercial 2 - Bacolod	Northill Gateway	676,507,157
Megaworld Bacolod Properties, Inc.	No. 1 Upper East Avenue	The Upper East	<u>580,000,000</u>
			<b><u>P 8,848,834,881</u></b>

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>
Office – Taguig	P 1,735,913,288
Office / Commercial – Cavite	1,430,000,000
Enterprise One	1,000,000,000
Office – Iloilo	900,000,000
Worldwide Plaza	724,583,571
International Finance Center	110,947,044
One Paseo	35,072,167
One LeGrand Tower	<u>5,185,242</u>
	<b><u>P 5,941,701,312</u></b>

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

Doc. No. 155;  
Page No. 32;  
Book No. II;  
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*

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: 3<sup>rd</sup> 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)
<u>Balance of Asset Sale proceeds as of June 30, 2022</u>	<u>3,501,464,688.53</u>

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  
 PTA No. 8836478 Makati City-01/04/22  
 IBP No. 231129 08-04-2022 Roll No. 31206  
 MCLM Compliance No. N-0021653  
 500-A Madrigal Bldg. Ayala Ave., Makati City  
 Extended until December 31, 2022 per B.M. No. 3205

## 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>
				<b><u>P 1,567,500,000</u></b>



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. Megaworld Bacolod	The Mactan Newtown	Mactan	315,000,000
Properties, Inc. Megaworld Cebu	Bacolod Projects	Bacolod	55,000,000
Properties, Inc.	The Mactan Newtown	Mactan	<u>450,000,000</u>
			<b><u>P 820,000,000</u></b>

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>
	<b><u>P 747,500,000</u></b>

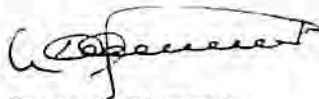
Because the foregoing procedures do not constitute either an audit or review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standard on Review Engagements (PSRE), respectively, we do not express an assurance on the use of Offering Proceeds based on the said standards. Had 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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Page No. 33 :  
Book No. TJ :  
Series of 2022.