

REPORT OF FACTUAL FINDINGS

The Stockholders and the Board of Directors

PHILIPPINE ESTATES CORPORATION

35th Floor, One Corporate Centre, Doña Julia Vargas Avenue,
Ortigas Center, Pasig City

We have performed the procedures agreed with you and enumerated below with respect to the attached Progress Report as of and for the quarter ended **March 31, 2023** on the application of the proceeds from the Stock Rights Offering (the "Offering") of **Philippine Estates Corporation** (the "Company"). The procedures were performed solely to enable the Company to comply with the Philippine Stock Exchange, Inc.'s (PSE) requirement to submit an external auditor's certification on the accuracy of information being presented by the Company relating to the use of proceeds. Our engagement was undertaken in accordance with the Philippine Standard on Related Services 4400, Engagements to Perform Agreed-Upon Procedures Regarding Financial Information. These agreed-upon procedures are summarized as follows:

1. Obtained Progress Report on the application of the proceeds (the "Schedule") from the Stock Rights Offer ("SRO") as of and for the quarter ended of March 31, 2023;
2. Checked the mathematical accuracy of the Schedule;
3. Compared the disbursements in the Schedule to the Progress Report as of and for the quarter ended March 31, 2023;
4. Traced disbursements to the supporting documents such as deed of absolute sale, deed of acceptance, official receipts, billing statements, progress billing, tax declaration returns, to name a few and agreed the amount to the accounting records;
5. Inquired into and identified the nature of the disbursements as of and for the quarter ended March 31, 2023. Checked if the disbursements were classified consistently according to its nature based on the schedule of planned use of proceeds from the Offering.

We report our findings below:

- a. With respect to items 1, we were able to obtain the Schedule as of and for the quarter ended March 31, 2023.
- b. With respect to item 2, we found the Schedule to be mathematically correct.
- c. With respect to item 3, we noted that there is no application of proceeds during the quarter. No exceptions noted.
- d. With respect to item 4, there are no disbursements made during the quarter.
- e. With respect to item 5, we noted, based on our inquiries, examination of supporting documents and understanding of the underlying transactions that all the disbursements made as of and for the quarter ended March 31, 2023, as appearing in the Schedule are consistent with the planned use of the proceeds. No exceptions noted.

Because the above procedures do not constitute either an audit or a review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standards on Review Engagements (PSRE), respectively, we do not express any assurance on the use of proceeds from the Offering based on the said standards.

Had we performed additional procedures or 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.

Our report is intended 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 who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report relates only to the report on the Company's use of proceeds from the Offering and items specified above and do not extend to any financial statements of the Company taken as a whole.

VALDES ABAD & COMPANY, CPAs

BOA/PRC Reg. No. 0314

Issued on July 29, 2021, Valid until July 14, 2024

BIR Accreditation No. 08-002126-000-2021

Issued on March 19, 2021, Valid until March 18, 2024

SEC Accreditation No.0314 - SEC, Group A

Issued on November 29, 2022, Valid until December 31, 2026

For the firm:



ALFONSO L. CAY-AN

Partner

CPA Registration No. 99805, Valid until December 14, 2023

TIN No. 213-410-741-000

PTR No. 9574539, Issued Date: January 9, 2023, Makati City

BOA/PRC Reg. No. 0314

Issued on July 29, 2021, Valid until July 14, 2024

BIR Accreditation No. 08-002126-005-2021

Issued on March 19, 2021, Valid until March 18, 2024

SEC Accreditation No. 99805 - SEC, Group A

Issued on November 29, 2022, Valid until December 31, 2026

Makati City, Philippines

April 14, 2023

March 31, 2023

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City 1307



Attention: Director, Markets & Securities Regulation Dept.

THE PHILIPPINE STOCK EXCHANGE, INC.
6th Floor, Philippine Stock Exchange Tower
28th Street corner 5th Avenue Bonifacio Global City, Taguig City

Attention: Head, Disclosure Department

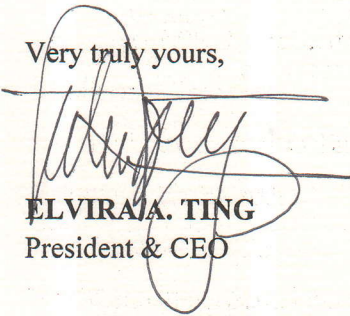
Ladies and Gentlemen:

In compliance with the Notice of Approval dated November 16, 2021 of The Philippine Stock Exchange, Inc., we submit the details of the disbursements made in connection with the planned use of proceeds from **PHILIPPINE ESTATES CORPORATION** (the "Company")'s Stock Rights Offering ("SRO") as at March 31, 2023, as follows:

**Progress Report on the Application of the Proceeds from the SRO
As at March 31, 2023**

Balance of SRO Proceeds as of December 31, 2022	₱	2,057,137.38
Additional Proceeds:		
Full Payment of Delinquent Subscribed Shares		100,000.00
Less Use of Proceeds:		
Land acquisition	₱	0.00
General corporate purposes		0.00
Balance of SRO Proceeds as of March 31, 2023	₱	2,157,137.38

Very truly yours,


ELVIRA A. TING
President & CEO