



October 15, 2021

**THE DISCLOSURE DEPARTMENT
THE PHILIPPINE STOCK EXCHANGE, INC.**
6/F PSE Tower, 5th Avenue corner 28th Street
Bonifacio Global City
Taguig City

Attention: **MS. JANET ENCARNACION**
Head of Disclosure Department

Dear Sir:

In compliance with the disclosure requirements of the Philippine Stock Exchange, please find the following:

1. Quarterly Progress Report on the Application of Proceeds from the Initial Public Offering of D.M. Wenceslao & Associates, Incorporated as of and for the quarter ended September 30, 2021; and,
2. Report of Independent Auditors on Factual Findings.

D.M. WENCESLAO & ASSOCIATES, INCORPORATED


ATTY. HEHERSON M. ASIDDAO
Chief Finance Officer

• CONSTRUCTION • SUPERVISION AND MANAGEMENT • PLANNING AND DESIGN • DEVELOPMENT •



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October 15, 2021

THE PHILIPPINE STOCK EXCHANGE, INC.

6/F PSE Tower, 5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

Attention: **Ms. Janet Encarnacion**
Head of Disclosure Department

Re: **D.M. Wenceslao & Associates, Incorporated**
Quarterly Progress Report on the Application of Initial Public Offering (IPO)
Proceeds with Certification by the Company's External Auditors

Gentlemen:

In connection with the IPO of **D.M. Wenceslao & Associates, Incorporated** (the "Company") on June 29, 2018, we submit herewith our report on the application of the offering proceeds. The details of the disbursements as of and for the quarter ended September 30, 2021 are as follows:

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Offering Proceeds (679,172,800 shares at Php12.00 per share)	P 8,150,073,600
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Less: IPO-related expenses	
Taxes	332,794,672
Professional fees and commissions	180,550,327
PSE listing and processing fees	31,220,207
PSEC registration, filing and research fees	1,948,008
Other expenses	4,346,786
Net Offering Proceeds	<u>7,599,213,600</u>
Less: Disbursements	
Accumulated costs incurred as of June 30, 2021	5,807,592,233
Costs incurred for the quarter ended September 30, 2021	44,779,007
Total disbursements	<u>5,852,371,240</u>
Balance of the Offering Proceeds as of September 30, 2021	<u>P 1,746,842,360</u>

We hope you find everything in order.

Very truly yours,


ATTY. HEBERSON M. ASIDDAO
Chief Finance Officer

Punongbayan & Araullo

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The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Report of Independent Auditors on Factual Findings

The Board of Directors and Stockholders

D.M. Wenceslao & Associates, Incorporated

15th Floor, Aseana 3
D. Macapagal Blvd. corner Asean Ave., Aseana City
Parañaque City

We have performed the procedures agreed with you and enumerated in the succeeding page with respect to the attached Quarterly Progress Report (the Report) as of and for the quarter ended September 30, 2021 on the application of proceeds from the initial public offering (Offering Proceeds) of D.M. Wenceslao & Associates, Incorporated (the Company) on June 29, 2018. The procedures were performed solely to enable the Company to comply with the requirement of the Philippine Stock Exchange (PSE) to submit the Report relating to the application of the Offering Proceeds 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.

We present below the summary of the breakdown and application of the Offering Proceeds as of and for the quarter ended September 30, 2021 based on the information we obtained from the Company.

	Revised Allocation of Offering Proceeds	Application of Offering Proceeds as of June 30, 2021	Application of Offering Proceeds for the Quarter ended September 30, 2021	Balance of Offering Proceeds as of September 30, 2021
Pipeline project development	P 4,731,213,878	P 4,717,574,413	P 10,106,390	P 3,533,075
Land assets	1,880,101,954	566,061,976	-	1,314,039,978
Infrastructure development within Aseana City	524,345,738	294,366,233	9,622,567	220,356,938
General corporate purposes	<u>463,552,030</u>	<u>229,589,611</u>	<u>25,050,050</u>	<u>208,912,369</u>
	<u>P 7,599,213,600</u>	<u>P 5,807,592,233</u>	<u>P 44,779,007</u>	<u>P 1,746,842,360</u>

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 use of proceeds from the Offering Prospectus; and,
 - c.) Detailed schedule of disbursements of proceeds for the quarter ended September 30, 2021.
2. Agreed total amount of disbursements of the Offering Proceeds shown in the Report to the detailed schedule of disbursements of proceeds for the quarter ended September 30, 2021.
3. Compared the disbursements of the Offering Proceeds shown in the Report with the schedule of planned use of proceeds indicated in the Offering Prospectus.
4. Inquired and identified the nature of disbursements of the Offering Proceeds in the detailed schedule and checked that such disbursements were consistent with the planned use of the Offering Proceeds.
5. Traced to and examined supporting documents of the disbursements in the schedule and agreed the total amount of disbursements per category in 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.
2. With respect to item 2, we noted that the total amount of disbursements appearing in the Report is in agreement with the amount in the detailed schedule of disbursements of the Offering Proceeds.
3. With respect to item 3, we found the disbursements of proceeds in the Report as of and for the quarter ended September 30, 2021 consistent with the planned application of proceeds indicated in the Use of Proceeds section of the Offering Prospectus and its subsequent revision of allocation as approved by the Company's Board of Directors (BOD) on November 5, 2020 and disclosed in the Philippine Stock Exchange Electronic Disclosure Generation Technology on November 6, 2020.
4. With respect to item 4, we noted the following:
 - a.) The details of the disbursements incurred from July 1 to September 30, 2021 showed that the Company used the Offering Proceeds for the following purposes:

- ***Pipeline Project Development***

The amount allocated for project development is intended to fund a portion of the development and construction costs for the Company's planned real estate projects, including but not limited to, costs related to design, planning and construction activities.

Planned and ongoing pipeline projects include 8912 Asean Ave. (formerly known as Aseana Four), Aseana Plaza (formerly known as Aseana Five and Six), Parqal (formerly known as Aseana Mainstreet 1), Aseana Mainstreet 2, Pixel Residences, MidPark Towers (formerly known as Parkside Place 1) and Parkside Place 2.

On November 5, 2020, the Company's BOD approved the reallocation of P1,000.0 million of the Offering Proceeds originally intended for the purchase of land assets to pipeline project developments.

There were also certain reallocations made within the pipeline project development; however, these did not result in a change on the planned use of proceeds with respect to the total allocation for the pipeline project development as disclosed in the Offering Prospectus and its subsequent reallocation as discussed above.

As of September 30, 2021, P4,727.7 million from the Offering Proceeds were released and used for this purpose. Disbursements for the quarter then ended amounted to P10.1 million broken down below.

	Initial Allocation of Offering Proceeds on June 29, 2018	Revised Allocation of Offering Proceeds as of September 30, 2021	Application of Offering Proceeds as of June 30, 2021	Application of Offering Proceeds for the Quarter ended September 30, 2021	Balance of Offering Proceeds as of September 30, 2021
8912 Asean Ave	P 518,001,926	P2,249,287,391	P 2,247,099,711	P 400,000	P 1,787,680
Aseana Plaza	1,149,704,276	108,781,061	106,614,990	763,000	1,403,071
MidPark Towers	711,302,646	252,387,332	252,387,332	-	-
Parqal	528,101,964	1,837,409,094	1,828,123,380	8,943,390	342,324
Parkside Place 2	349,401,300	-	-	-	-
Aseana Mainstreet 2	325,801,212	-	-	-	-
Pixel Residences	<u>148,900,554</u>	<u>283,349,000</u>	<u>283,349,000</u>	<u>-</u>	<u>-</u>
	<u>P 3,731,213,878</u>	<u>P4,731,213,878</u>	<u>P 4,717,574,413</u>	<u>P 10,106,390</u>	<u>P 3,533,075</u>

o **8912 Asean Ave.**

8912 Asean Ave. is a 15-storey office building with total gross leasable area of approximately 68,000 sq.m.

The project stretches 120 meters along Aseana Ave. with convenient access to retail options at the Ayala Malls Bay Area, connected through an elevated walkway. Commercial retail spaces are located on the first level while offices are located starting on the fifth floor and above.

P2,249.3 million from the Offering Proceeds were allocated to fund the construction, planning related activities and pile driving works of this project, P2,247.5 million of which were released as of September 30, 2021. Disbursements for the quarter then ended amounted to P0.4 million.

o **Aseana Plaza**

Aseana Plaza is the fifth and latest office project of the Group, located along Aseana Avenue beside 8912 Asean Avenue & Parqal mixed-use development.

Aseana Plaza is designed to cater to the traditional corporate offices and Business Process Outsourcing industry, and gaming and tourism-related companies.

The four-tower project sits in an approximately 15,000 sq.m. site and to date has a planned total construction floor area of 230,173.14 sq.m. and a gross floor area of approximately 150,000 sq.m. It is connected to the skywalk system master plan that follows Aseana City's urban concept.

P108.8 million from the Offering Proceeds were allocated for this purpose, P107.4 million of which were released as of September 30, 2021. Disbursements for the quarter then ended amounted to P0.8 million.

- **MidPark Towers**

Comprises of four 15-storey buildings that offers various sizes ranging from 36 sq.m. for a studio unit to 108 sq.m. for a three-bedroom unit.

Centrally located in Aseana City, MidPark Towers is bordered by two main avenues – Aseana Avenue and Macapagal Boulevard. The property is within walking distance from Ayala Malls Bay Area and the planned Light Rail Transit Aseana station.

MidPark Towers is situated within two to five kilometers from all terminals of Ninoy Aquino International Airport and the recently inaugurated Parañaque Integrated Terminal Exchange (formerly known as Southwest Integrated Bus Terminal Exchange).

P252.4 million from the Offering Proceeds were allocated to fund the general construction, architectural design and pile driving works of the project, and were fully released as of September 30, 2021. There were no disbursements related to this purpose for the quarter ended September 30, 2021.

- **Parqal**

Parqal with approximately 70,000 sq.m. leasable floor area is a mixed-use project with office and retail spaces that stretches from Diokno Ave. to Macapagal Ave.

The project features a climate protected and walkable mixed-use development with a 50% retail component. It is composed of nine independent 4-storey buildings. Around 60% of Parqal lot area is dedicated to lush green landscapes and recreational facilities.

P1,837.4 million from the Offering Proceeds were allocated for this purpose, P1,837.1 million of which were released as of September 30, 2021. Disbursements for the quarter then ended amounted to P8.9 million.

- **Pixel Residences**

Pixel Residences is the first mixed-use residential development of the Company conceptualized to meet the demand for quality, generous living spaces and a private space at a prime location. Starting the last quarter of 2019, the Company has started the turnover of units for this project.

P283.3 million from the Offering Proceeds were allocated and fully used for this purpose as of September 30, 2021. There were no disbursements related to this purpose for the quarter ended September 30, 2021.

- **Infrastructure Development within Aseana City**

The estimated amount allocated for the development of infrastructure within Aseana City is intended to fund a portion of the development costs for common amenities and utilities within Aseana City. Aseana City is designed to be a self-contained community, serviced by central water supply, drainage and sewage systems, electricity supply, telecommunication facilities, internet providers, and liquefied petroleum gas providers.

As of September 30, 2021, P304.0 million were released and used for this purpose. Disbursements for the quarter then ended amounted to P9.6 million.

b.) Other than the above purposes, the Offering Proceeds are planned to be used for the following:

- **Purchase of Land Assets**

The Company intends to obtain land assets through potential acquisitions of shareholding interests in land holding companies.

As of and for the quarter ended September 30, 2021, P566.1 million from the Offering Proceeds were released and used for this purpose. There were no disbursements related to this purpose for the quarter ended September 30, 2021.

- **General Corporate Purposes**

General corporate purposes include: (1) purchase or lease or repair of construction equipment; (2) provision for potential projects and business opportunities; and, (3) working capital.

As of and for the quarter ended September 30, 2021, P254.6 million from the Offering Proceeds were released and used for this purpose. Disbursements for the quarter then ended amounted to P25.1 million.

c.) The remaining balance of the Offering Proceeds amounting to P1,746.8 million as of September 30, 2021 is expected to be applied on costs to be incurred in accordance with the planned use and estimated completion by the year 2022 as disclosed in the Offering Prospectus, its subsequent revision of allocation, and to the PSE.

5. We found no exceptions with respect to item 5.

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: John Endel S. Mata
Partner

CPA Reg. No. 0121347
TIN: 257-622-627
PTR No. 8533233, January 4, 2021, Makati City
SEC Group A Accreditation
Partner - No. 121347-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002551-040-2019 (until Dec. 15, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

October 15, 2021