

20 January 2020

**Philippine Stock Exchange, Inc.**

6th Floor, PSE Tower, 28<sup>th</sup> Street corner 5<sup>th</sup> Avenue  
 Bonifacio Global City, Taguig City  
 Attention: **Ms. Janet A. Encarnacion**  
 Head, Disclosure Department

**Philippine Dealing and Exchange Corporation**

29<sup>th</sup> Floor, BDO Equitable Tower  
 8751 Paseo de Roxas, Makati City  
 Attention: **Atty. Marie Rose M. Magallen-Lirio**  
 Head, Issuer Compliance and Disclosures Department

**Securities and Exchange Commission**

PICC Complex, Roxas Boulevard, Pasay City  
 Attention: **Hon. Vicente Graciano P. Felizmenio, Jr.**  
 Director, Market Regulation Department

Dear Mesdames and Gentlemen,

This is to clarify the news about the U.P.-Ayala Land Technohub development lease arrangement with the University of the Philippines (UP). UP will receive a total value of P171 per square meter, per month. This was derived from P4.23 billion in lease payments and a P6 billion investment for 16 commercial buildings, for a total amount of P10.23 billion, over the life of the 25-year contract. After 2033, UP as owner, will receive 100% of the buildings' rent. UP also continues to own the land which has appreciated in value since the start of the partnership.

In 2006, ALI entered into the lease agreement with UP for the development of the U.P.-Ayala Land Technohub. This was after two failed bids and an invitation for a negotiated proposal to nine real estate developers. Only ALI submitted a proposal and committed to meet the very specific parameters set out by UP-a campus-type development with a minimum of 10, three to four-story buildings catering to IT companies.

Since the start of operations in 2008, the ALI-UP partnership has created 50,000 jobs in the development.

To clarify further, only 20 of the 37-hectare property is developable, given that 4 hectares remain with UP, and 13 hectares are allocated for open space.

Over the 25-year term of the lease, UP will receive the following: 1) lease payments and 2) buildings. This totals P171/sqm/month broken down as follows:

<b>Lease Payments</b>	<b>Total (Php)</b>	<b>Land Area Developable* (ha)</b>	<b>Lease Term (in years)</b>	<b>Effective Lease Rate per month/sqm (Php)</b>
2008 – 2018	1,100,000,000	-	-	-
2019 – 2033	3,130,000,000	-	-	-
<b>Total Lease Payments</b>	<b>4,230,000,000</b>	<b>20</b>	<b>25</b>	<b>71</b>
<b>Buildings (Construction Cost)</b>	<b>6,000,000,000</b>	<b>20</b>	<b>25</b>	<b>100</b>
<b>TOTAL</b>	<b>10,230,000,000</b>	<b>20</b>	<b>25</b>	<b>171</b>

We believe this development has been fruitful and beneficial for UP, ALI and the community. We welcome a transparent review and assessment of our partnership with UP.

Thank you.



**AUGUSTO D. BENGZON**

Senior Vice-President  
 CFO, Treasurer and Chief Compliance Officer