



# **SPONSOR REINVESTMENT PLAN**

In connection with the sale of 44 million AREIT shares

As of April 29, 2021

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## I. EXECUTIVE SUMMARY

This Reinvestment Plan sets forth the planned use of the proceeds to be received by Ayala Land, Inc. (“Ayala Land”) from the sale of a portion of its shareholdings in AREIT, Inc. consisting of 44,000,000 shares (“AREIT Shares”) at a transaction price of ₱32.00 per share. Ayala Land expects to receive proceeds of approximately ₱1,408 million (exclusive of fees and taxes) from the sale, upon approval by the Philippine Stock Exchange and sale of shares, expected to be executed on 30 April 2021.

On 29 April 2021, Ayala Land entered into a Placement Agreement with BPI Capital Corporation and UBS AG Singapore Branch for a block sale of the AREIT Shares. The block sale is in preparation for the property-for-share swap between Ayala Land, and its subsidiaries, Westview Commercial Ventures Corp. (“Westview”), and Glensworth Development, Inc. (“Glensworth”), and AREIT. Under the property-for-share swap transaction, AREIT will issue 483,254,375 primary common shares of stock (“Swap Shares”) to Ayala Land, Westview, and Glensworth, at an issue price of ₱32.00 per share, in exchange for identified properties valued at ₱15,464,140,000.00. The Swap Shares will be issued out of the increase in AREIT’s authorized capital stock to ₱29.5 billion. The property-for-share swap, and the increase in authorized capital stock has been approved by the stockholders of AREIT at its Annual Stockholders’ Meeting last 23 April 2021.

Pursuant to Securities and Exchange Commission (“SEC”) Memorandum Circular No. 1, series of 2020, and Bureau of Internal Revenue (“BIR”) – Revenue Regulations No. 3-2020, any sponsor/promoter of a REIT who contributes income-generating real estate to a REIT, shall submit a sworn statement to the SEC, the Philippine Stock Exchange (“PSE”), and the BIR, a reinvestment plan undertaking to reinvest any proceeds realized by the sponsor/promoter from the sale of REIT shares or other securities issued in exchange for income-generating real estate transferred to the REIT, and any money raised by the sponsor/promoter from the sale of any of its income-generating real estate to the REIT, in any real estate, including any redevelopment thereof, and/or infrastructure projects in the Philippines, within one (1) year from the date of receipt of proceeds or money by the sponsor/promoter.

Following current regulations, Ayala Land intends to invest its proceeds in the development of three (3) malls located within Metro Manila and Cavite. All disbursements for such projects are intended to be distributed within one year upon receipt of the proceeds from the sale of the AREIT shares. Please see section on “Reinvestment Plan” starting on page 5 of this Sponsor Reinvestment Plan for more details on the commercial facilities and land parcels. Ayala Land does not intend to reinvest the proceeds from the sale of the AREIT shares in any infrastructure project.

## II. ABOUT THE SPONSOR

### a. Company Background

Ayala Land, Inc., is a public corporation organized under the laws of the Philippines. Spun off from its parent company, Ayala Corporation, in 1988, Ayala Land focuses on the real estate business of the Ayala group. Ayala Land went public in July 1991 when its class “B” common shares were listed on both the Manila and Makati Stock Exchanges. In 1997, the SEC approved the declassification of Ayala Land’s common class “A” and common class “B” shares into common shares. 44.44% of Ayala Land’s common shares are held by Ayala Corporation, 54.63% are held publicly, and 21.33% are held by foreign owners as of March 31, 2021.

Ayala Land is the largest property developer in the Philippines with a solid track record in developing large-scale, integrated, mixed-use, sustainable estates that are thriving economic centers in their respective regions. Ayala Land has successfully developed properties in and transformed the neighborhoods of the Makati CBD, Ayala Alabang, Cebu Park District, and Bonifacio Global City.<sup>1</sup> With 12,483 hectares in its land bank, 30

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<sup>1</sup> In connection with its IPO last August 13, 2020, AREIT, Inc. engaged Colliers International Philippines, Inc. to conduct an independent market research study on the real estate industry in the Philippines. Colliers is a leader in global real estate services. It provides a total real estate solution to both local and multinational corporation across all sectors worldwide. The Market Study on the Metro Manila Office Sector dated

developed estates, and presence in 57 growth centers across the country, Ayala Land holds a balanced and complementary mix of residential developments, shopping centers, offices, hotels and resorts, and other businesses. Ayala Land has ample experience in the real estate industry in the Philippines, focusing its business on strategic business lines, including property development, commercial leasing, hotels and resorts, and real-estate-adjacent services.

Ayala Land’s property development activities concern the sale of high-end residential lots and units (including leisure community developments), office spaces, commercial and industrial lots, middle-income residential lots and units, affordable lot units and house and lot packages, economic housing units and house and lot packages, and socialized housing packages, and the lease of residential units and marketing of residential developments. These products are developed and sold through Ayala Land Subsidiaries under a variety of brands, including AyalaLand Premier for high-end village lots and condominium units; Alveo Land Corp. for upscale village lots, condominium and office units; Avida Land Corp. for middle-income village lots, house and lot packages, condominium and office units; Amaia Land Corp. for economic house and lot packages; and BellaVita Land Corp. for the socialized house and lot packages.

Ayala Land’s experience with commercial leasing is broad and encompasses the development and leasing of office buildings, factory buildings, shopping centers, and hotels and resorts. This experience also includes the operation of movie theaters, food courts, entertainment facilities, and carparks in developed shopping centers; management and operations of malls which are co-owned with partners; and operation and management of branded and owner-operated hotels.

Ayala Land also offers real estate related services such as construction, for land development and construction of Ayala Land and third-party projects, and property management, for properties of Ayala Land and third-party projects. Such property management activities also include operation of water and sewage treatment facilities, distribution of district cooling systems, and bulk purchase and supply of electricity for energy solutions. Construction and property management services are led by Ayala Land’s Subsidiaries, Makati Development Corporation and Ayala Property Management Corporation, respectively.

## **b. Management and Organization**

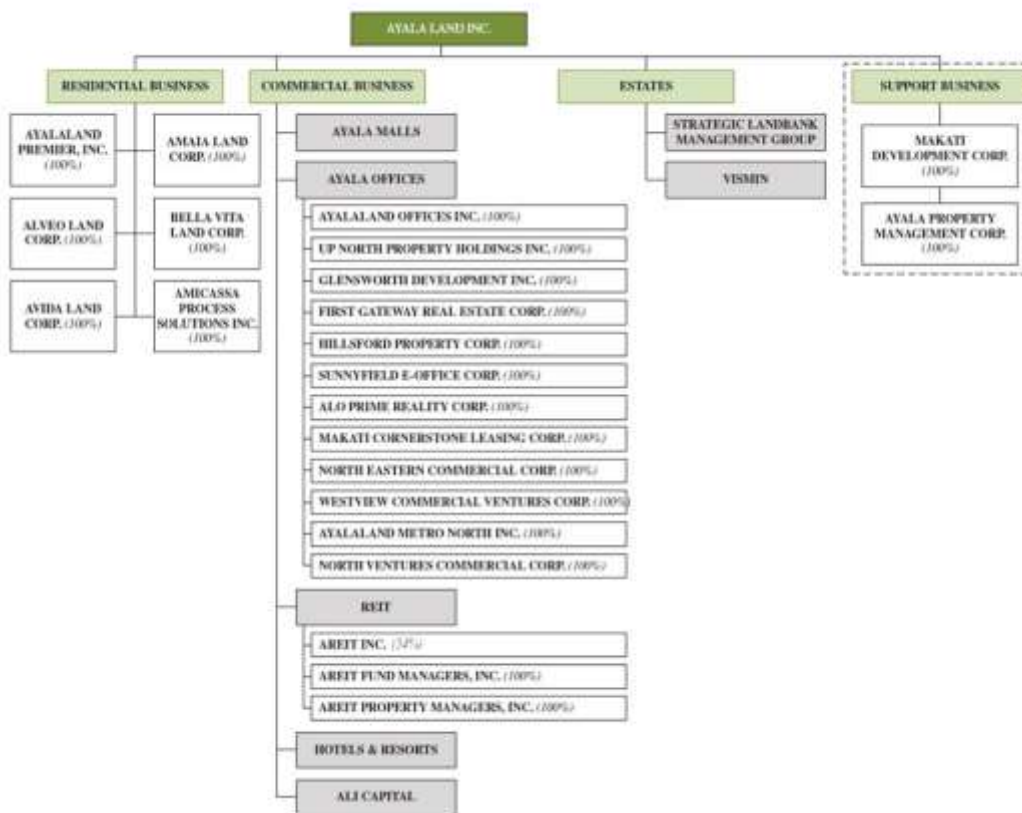
The following table provides information regarding the members of the executive management of Ayala Land.

Management Committee Members	Position
Bernard Vincent O. Dy	President and Chief Executive Officer
Dante M. Abando	President and Chief Executive Officer, Makati Development Corp.
Augusto D. Bengzon	Chief Finance Officer, Treasurer, & Chief Compliance Officer
Anna Ma. Margarita B. Dy	Group Head – Estates Group Head – Corporate Marketing Group Head – Urban and Regional Planning
Jose Emmanuel H. Jalandoni	Group Head – Commercial Business
Robert S. Lao	Group Head – Residential Business
Eliezer C. Tanlapco	Group Head – Human Resources and Public Affairs
Laurent P. Lamasuta	President and Chief Executive Officer, Ayala Property Management Corporation

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June 22, 2020 is attached to the Preliminary REIT Plan submitted by AREIT, Inc. to the Securities and Exchange Commission on June 29, 2020, as Annex [3].

Ayala Land's group structure is as follows:



### III. PROCEEDS RECEIVED BY THE SPONSOR

Pursuant to the sale of the AREIT shares, Ayala Land expects to receive proceeds of approximately ₱1,408 million (exclusive of fees and taxes).

### IV. REINVESTMENT PLAN

Ayala Land intends to use proceeds received from the sale of the AREIT shares to fund ongoing and future investments in real estate properties in Metro Manila and Cavite, which Ayala Land may undertake on its own or through other subsidiaries (as indicated in the table below) (each an “Ayala Land Subsidiary”). The transfer of funding from Ayala Land to the relevant Ayala Land Subsidiary may be through a capital infusion or through shareholder financing. In either case, the relevant documentary stamp taxes will be paid by the proper party, subject to their agreement. The projected disbursements in connection with the proposed use of proceeds is provided in the succeeding table:

Project name	Description	Location	Investment Type	Product	Status	Percentage Completion	Completion Date	Total Planned Use for one year		3rd Quarter 2021	4th Quarter 2021	1st Quarter 2022	2nd Quarter 2022	Disbursing Entity
<b>1. Trinoma Expansion</b>	9-storey retail mall that with a trade hall (50k sqms GLA)	Quezon City	Investment in Building	Mall	Launched	0%	2022	<b>380,000,000</b>		-	-	140,000,000	240,000,000	North Triangle Depot Commercial Corp. (73%-owned ALI subsidiary)
									<i>Cumulative total</i>	-	-	140,000,000	380,000,000	
									<i>%</i>	0%	0%	37%	100%	
<b>2. Evo City (Retail)</b>	Retail podium catering Evo City, an estate under Alveo brand (50k sqms GLA)	Cavite	Investment in Building	Mall	For launch	0%	TBD	<b>420,000,000</b>		-	-	160,000,000	260,000,000	Primavera Towncentre Inc. (100%-owned ALI subsidiary)
									<i>Cumulative total</i>	-	-	160,000,000	420,000,000	
									<i>%</i>	0%	0%	38%	100%	
<b>3. Glorietta and Greenbelt Refresh</b>	Renovation of the Glorietta and Greenbelt Malls	Makati	Investment in Building	Mall	Ongoing	79%	2022	<b>608,000,000</b>		-	180,000,000	280,000,000	148,000,000	ALI Commercial Center Inc. (100%-owned ALI subsidiary)
									<i>Cumulative total</i>	-	180,000,000	460,000,000	608,000,000	
									<i>%</i>	0%	30%	76%	100%	
<b>TOTAL</b>								<b>1,408,000,000</b>		-	<b>180,000,000</b>	<b>580,000,000</b>	<b>648,000,000</b>	
									<i>Cumulative total</i>	-	<b>180,000,000</b>	<b>760,000,000</b>	<b>1,408,000,000</b>	

While Ayala Land, and its subsidiaries shall endeavor to cause the completion of the construction of the projects enumerated above within the projected time-frame, the time of completion and accordingly, the timing of disbursements projected above, are subject to fire, earthquake, other natural elements, acts of God, war, civil disturbance, government and economic controls, delay in the construction timetable and progress billings arising out of unforeseen site conditions or difficulty in obtaining the necessary labor or materials for the projects, or due to any other cause beyond the control of Ayala Land, and its subsidiaries.

## **V. MONITORING AND REVIEW**

Ayala Land shall monitor the actual disbursements of projects proposed in this Reinvestment Plan on a quarterly basis. For purposes of monitoring, Ayala Land shall prepare a quarterly progress report of actual disbursements on the projects covered by this Reinvestment Plan.

In the event of changes in the actual disbursements of projects proposed in this Reinvestment Plan, Ayala Land, shall inform the SEC, PSE, BIR or the appropriate government agency, by sending a written notice to that effect.

## **VI. REPORTING**

Ayala Land shall comply with the reportorial and disclosure requirement prescribed by the SEC, PSE, BIR, or the appropriate government agency.

Ayala Land shall submit with the PSE, a quarterly progress report, and a final report on the implementation of the Reinvestment Plan, duly certified by its Chief Finance Officer, Treasurer, and External Auditor. The quarterly progress report shall be submitted to the PSE following the relevant PSE rules. Ayala Land shall likewise submit a final report on the implementation of the REIT Plan and submit the same to the PSE.

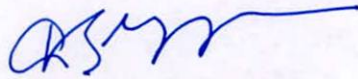
The Reinvestment Plan and the status of its implementation shall be included in the appropriate structured reports of Ayala Land to the SEC, and the PSE. Any investment pursuant to the Reinvestment Plan shall also be disclosed by Ayala Land via SEC Form 17-C as such investment is made. Ayala Land shall likewise furnish the SEC with copies of the relevant documentary stamp tax returns, as may be applicable.

**CERTIFICATION**

This REINVESTMENT PLAN was prepared and assembled under our supervision in accordance with existing rules of the Securities and Exchange Commission, Philippine Stock Exchange, and the Bureau of Internal Revenue. The information and data provided herein are complete, true, and correct to the best of our knowledge and/or based on authentic records.

By:

**AYALA LAND, INC.**  
Sponsor



**AUGUSTO D. BENGZON**  
*Attorney-in-Fact*



**MA. LUISA D. CHIONG**  
*Attorney-in-Fact*

APR 29 2021

SUBSCRIBED AND SWORN to before me this <sup>th</sup> day of April 2021 at Makati City, with the affiant/s exhibiting to me their identification documents as follows:

Name	Competent Evidence of Identity	Date and Place Issued
AYALA LAND, INC.	TIN: 000-153-790-000	
<i>Represented by:</i> Augusto D. Bengzon	Passport No. P4323352B	08 Jan 2020 / DFA NCR East
Ma. Luisa D. Chiong	Passport No. P6354499B	22 Feb 2021 / DFA NCR East

Doc. No. 428 ;  
Page No. 87 ;  
Book No. XXXIV ;  
Series of 2021.

Notarial DST pursuant to  
Sec.188 of the Tax Code  
affixed on Notary Public's copy



**ROBERTO T. ONGSIAKO**  
Notary Public - Makati City  
Appt. No. M-155 until December 31, 2020  
Extended until June 30, 2021  
Roll of Attorneys No. 37041  
Lifetime IBP No. 02163 - RSM Chapter  
PTR No. 8533973ME - 01/04/2021 - Makati City  
MCLE Compliance No. VII - 0000267 - 07/30/20.  
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