

July 15, 2021

**THE PHILIPPINE STOCK EXCHANGE**

Philippine Stock Exchange Plaza  
6<sup>th</sup> Floor, PSE Tower  
Bonifacio Global City, Taguig

Attention: Ms. Janet A. Encarnacion  
Head, Disclosure Department

Subject: 2021 Second Quarter Progress Report on the Disbursement of Proceeds from the Initial Public Offering ("IPO") of AREIT, Inc. ("AREIT") and Sale of Teleperformance Cebu Building

Dear Ms. Encarnacion,

We are pleased to submit our Progress Report on the Application of Proceeds for the Second Quarter of 2021, duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

Please be advised that as of June 30, 2021 the remaining balance of the proceeds from the AREIT IPO and Sale of Teleperformance Cebu amounts to Eight Billion Seven Hundred Three Million Three Hundred Seventy Thousand Two Hundred Five Pesos and Twenty-One Centavos (Php8,703,370,205.21).

The details of the disbursement for the Second Quarter of 2021 are as follows:

|                                                         |     |                                |
|---------------------------------------------------------|-----|--------------------------------|
| Balance of IPO Proceeds as of March 31, 2021            | Php | 9,251,470,500.48               |
| Proceeds from Sale of Teleperformance Cebu              |     | <u>1,450,000,000.00</u>        |
| Total Balance of Proceeds                               |     | 10,701,470,500.48              |
| Less: Disbursements from April 1 to June 30 (Annex A)   |     | 1,926,528,687.85               |
| Additional disbursements from Jan 1 to Mar 31 (Annex B) |     | <u>71,571,607.42</u>           |
| Balance of IPO Proceeds as of June 30, 2021             | Php | <u><b>8,703,370,205.21</b></u> |

Thank you.

Very truly yours,

  
**Ma. Luisa D. Chiong**  
Ayala Land, Inc.  
Attorney-in-fact

  
**Ma. Teresa R. Famy**  
AREIT, Inc.  
Chief Finance and Compliance Officer 


SUBSCRIBED AND SWORN to before me this JUL 15 2021 at Makati City, affiants exhibiting to me their identification documents as follows:

| Name                                                              | Competent Evidence of Identity                             | Date and Place Issued       |
|-------------------------------------------------------------------|------------------------------------------------------------|-----------------------------|
| AYALA LAND, INC.<br><i>Represented by:</i><br>Ma. Luisa D. Chiong | TIN: 000-153-790-000<br>Passport No. P6354499B             | 22 Feb 2021 / DFA NCR East  |
| AREIT, Inc.<br><i>Represented by:</i><br>Ma. Teresa R. Famy       | TIN: 006-346-689-000<br>Driver's License No. D06-97-186463 | Expiration Date 05 Dec 2023 |

Doc No. 43 ;  
Page No. 16 ;  
Book No. 7V ;  
Series of 2021 ;

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



  
MA. FLORENCE THERESE D.G. MARTIREZ-CRUZ  
Notary Public - Makati City  
Appt. No. M-154 until December 31, 2021  
Roll of Attorneys No. 60896  
IBP No. 136246 - 12/21/2020 - Makati City  
PTR No. 8533969ME - 01/04/2021 - Makati City  
MCLE Compliance No. VI - 0909482 - 06/20/2018  
28th Floor, Tower One and Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City, Philippines

**ANNEX A- Disbursements from April 1 to June 30, 2021**

| <b>Disbursing Entity</b>              | <b>Project Name</b> | <b>Amount</b>           |
|---------------------------------------|---------------------|-------------------------|
| Primavera Town Center Inc.            | Evo City            | 6,720,000.00            |
| Cavite Commercial Town Center Inc     | Vermosa             | 5,000,000.00            |
| ALI Commercial Center Inc             | One Ayala           | 135,000,000.00          |
| ALI Commercial Center Inc             | One Ayala           | 116,000,000.00          |
| ALI Commercial Center Inc             | One Ayala           | 229,000,000.00          |
| Cavite Commercial Town Center Inc     | Vermosa             | 133,000,000.00          |
| Primavera Town Center Inc.            | Evo City            | 3,200,000.00            |
| ALI Commercial Center Inc             | One Ayala           | 110,000,000.00          |
| ALI Commercial Center Inc             | One Ayala           | 247,000,000.00          |
| ALI Triangle Hotel Ventures Inc.      | ATG Mandarin Hotel  | 49,000,000.00           |
| North Triangle Depot Commercial Corp. | Trinoma Expansion   | 55,000,000.00           |
| ALI Commercial Center Inc             | One Ayala           | 480,000,000.00          |
| ALI Triangle Hotel Ventures Inc.      | Mandarin Oriental   | 119,000,000.00          |
| Ayala Land Inc                        | ATG Office          | 238,608,687.85          |
| <b>TOTAL</b>                          |                     | <b>1,926,528,687.85</b> |

**ANNEX B- Additional Disbursements from Jan 1 to March 31, 2021**

| <b>Disbursing Entity</b> | <b>Project Name</b> | <b>Amount</b> |
|--------------------------|---------------------|---------------|
| Ayala Land Inc           | ATG Office          | 71,571,607.42 |

**STRICTLY CONFIDENTIAL**

**REPORT OF FACTUAL FINDINGS**

**AYALA LAND, INC.**

31st Floor, Tower One & Exchange Plaza  
Ayala Triangle, Ayala Avenue, Makati City

Attention: **Mr. Augusto D. Bengzon**  
Chief Finance Officer

Dear Mr. Bengzon:

We have performed the procedures agreed with you and enumerated below with respect to the attached Quarterly Progress Report as at **June 30, 2021** on the use of the proceeds from the secondary offer received by **Ayala Land, Inc.** (the “Company”) from the Initial Public Offering (IPO) of **AREIT, Inc.** (“AREIT”) on **August 13, 2020** and proceeds from the Sale of Teleperformance Cebu to AREIT. 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 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 and results thereof are summarized as follows:

1. Obtain the Quarterly Progress Summary Report on Use of Proceeds from Initial Public Offering (IPO) and Sale of Teleperformance Cebu (the “Schedule”) and perform the following:
  - Check the mathematical accuracy of the Schedule;
  - Check whether there are additions and disbursements in the schedule and compare with the schedule of application of proceeds;
  - On a sample basis, trace additions and disbursements to the supporting documents such as progress billings, bank statements, invoices, and official receipts, and agree the amount to the accounting records.
  - On a sample basis, inquire into and identify the nature of the additions and disbursements. Check if the disbursements were classified consistently according to its nature based on the schedule of planned use of IPO proceeds.



We report our findings below:

1. We checked the mathematical accuracy of the Schedule, no exceptions noted.
2. We checked whether there are additions and disbursements in the schedule and compared with the schedule of application of proceeds;
3. We traced to the Deed of Absolute Sale, Official Receipt and Bank Statements the additions pertaining to the sale of the Teleperformance Cebu to AREIT.

We traced the disbursements to the supporting documents. We have noted that the Company issued intercompany loans to the following companies to be used in the projects specified:

| <b>Distributing Entity</b>            | <b>Start Date</b> | <b>Amount</b>         | <b>Project Name</b> |
|---------------------------------------|-------------------|-----------------------|---------------------|
| Primavera Town Center Inc.            | 4/8/2021          | 6,720,000             | Evo City            |
| Cavite Commercial Town Center, Inc    | 4/19/2021         | 5,000,000             | Vermosa             |
| ALI Commercial Center, Inc            | 4/21/2021         | 135,000,000           | One Ayala           |
| ALI Commercial Center, Inc            | 4/23/2021         | 116,000,000           | One Ayala           |
| ALI Commercial Center, Inc            | 4/27/2021         | 229,000,000           | One Ayala           |
| Cavite Commercial Town Center, Inc    | 5/3/2021          | 133,000,000           | Vermosa             |
| Primavera Town Center, Inc.           | 5/4/2021          | 3,200,000             | Evo City            |
| ALI Commercial Center, Inc            | 5/24/2021         | 110,000,000           | One Ayala           |
| ALI Commercial Center, Inc            | 5/26/2021         | 247,000,000           | One Ayala           |
| ALI Triangle Hotel Ventures, Inc.     | 5/31/2021         | 49,000,000            | ATG Mandarin Hotel  |
| North Triangle Depot Commercial Corp. | 6/7/2021          | 55,000,000            | Trinoma Expansion   |
| ALI Commercial Center, Inc            | 6/23/2021         | 480,000,000           | One Ayala           |
| ALI Triangle Hotel Ventures, Inc.     | 6/30/2021         | 119,000,000           | Mandarin Oriental   |
|                                       |                   | <b>₱1,687,920,000</b> |                     |

We have traced these amounts to the promissory notes and the bank statements and agreed the amounts to the accounting records.

We also traced the amounts disbursed by the Company during the period for the ATG Office Project amounting to ₱238.61 million to the progress billings, invoices and bank statements and agreed the amount to the accounting records. No exceptions noted.

We also traced the amounts of additional disbursements by the Company from January 1 to March 31, 2021 for the ATG Office Project amounting to ₱71.57 million to the progress billings, invoices and bank statements and agreed the amount to the accounting records. No exceptions noted.

4. We inquired into and identified the nature of the additions and disbursements. We have noted that the Amended Reinvestment Plan dated June 25, 2021 included the proceeds from the sale of Teleperformance Cebu. We also checked if the disbursements were classified consistently according to its nature based on the schedule of planned use of IPO proceeds as documented in the Amended Reinvestment Plan. We have noted that the abovementioned entities and the related projects were included in the Amended Reinvestment Plan, and the amounts disbursed to these companies have not exceeded the planned use. 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 accounts of the Company or its financial statements, taken as a whole.



Had we performed additional procedures or performed an audit or review of the financial statements in accordance with PSA or PSRE, 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.

**SYCIP GORRES VELAYO & CO.**

A handwritten signature in black ink, appearing to read 'Michael C. Sabado', written in a cursive style.

Michael C. Sabado

Partner

CPA Certificate No. 89336

SEC Accreditation No. 0664-AR-4 (Group A),

November 11, 2019, valid until November 10, 2022

Tax Identification No. 160-302-865

BIR Accreditation No. 08-001998-073-2020,

December 3, 2020, valid until December 2, 2023

PTR No. 8534357, January 4, 2021, Makati City

**ACKNOWLEDGMENT**

REPUBLIC OF THE PHILIPPINES )  
MAKATI CITY ) S.S.

I certify that on 15 July 2021, before me a notary public duly authorized in the city named above to take acknowledgments, personally appeared:

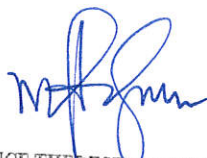
| Name              | Competent Evidence of Identity | Date / Place Issued |
|-------------------|--------------------------------|---------------------|
| Michael C. Sabado | P1178919B                      | March 25, 2019/DFA  |

who were identified by me through competent evidence of identity to be the same person described in the foregoing instrument, who acknowledged before me that their signatures on the instrument were voluntarily affixed by them for the purposes stated therein, and who declared to me that they have executed the instrument as their free and voluntary act and deed.

IN WITNESS WHEREOF, I hereunto set my hand and affix my notarial seal on the date and at the place above written.

Doc. No. 75 ;  
Page No. 16 ;  
Book No. xv ;  
Series of 2021.

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affixed on Notary Public's copy



**MA. FLORENCE THERESE D.G. MARTIREZ-CRUZ**  
Notary Public - Makati City  
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