



SPONSOR REINVESTMENT PLAN

In connection with the sale of The 30th Commercial Development to AREIT, Inc.

As of January 15, 2021

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I. EXECUTIVE SUMMARY

This Reinvestment Plan sets forth the planned use of the proceeds received by Ayala Land, Inc. (“Ayala Land”) from the sale of The 30th Commercial Development (“The 30th”) to AREIT, Inc. (“AREIT”). Ayala Land expects to receive proceeds of approximately ₱5,112 million (VAT inclusive) from the sale.

The 30th is a commercial building located along Meralco Avenue in Pasig City. It has a total gross leasable area (GLA) of 75 thousand square meters (sqm), composed of an office tower and a retail podium. The office tower currently has an average occupancy of 94% and is predominantly leased to BPOs (87% of GLA) and other locators (13% of GLA) wherein AREIT will derive stable leasing income. The retail podium is operated by North Eastern Commercial Corp. (NECC), a wholly-owned subsidiary of Ayala Land under the Ayala Malls brand. NECC will pay a monthly guaranteed building lease to AREIT. As a result of the transaction, AREIT’s recurring income portfolio will reach 344 thousand sqms.

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 and acquisition of seven (7) commercial facilities and land parcels comprising two (2) mixed-use offices and malls located within Metro Manila and Cebu, one (1) mall in Metro Manila, one (1) office in Metro Manila, and three (3) land parcels, located in Cavite, Pampanga and Tarlac. All disbursements for such projects are intended to be distributed within one year upon receipt of the proceeds from the sale of The 30th to AREIT. 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 30th 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 21.77% are held by foreign owners as of September 30, 2020.

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.¹ With 12,192 hectares in its land bank, 29 developed estates, and presence in 57 growth centers across the country, Ayala Land holds a balanced and

¹ 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 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].

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.

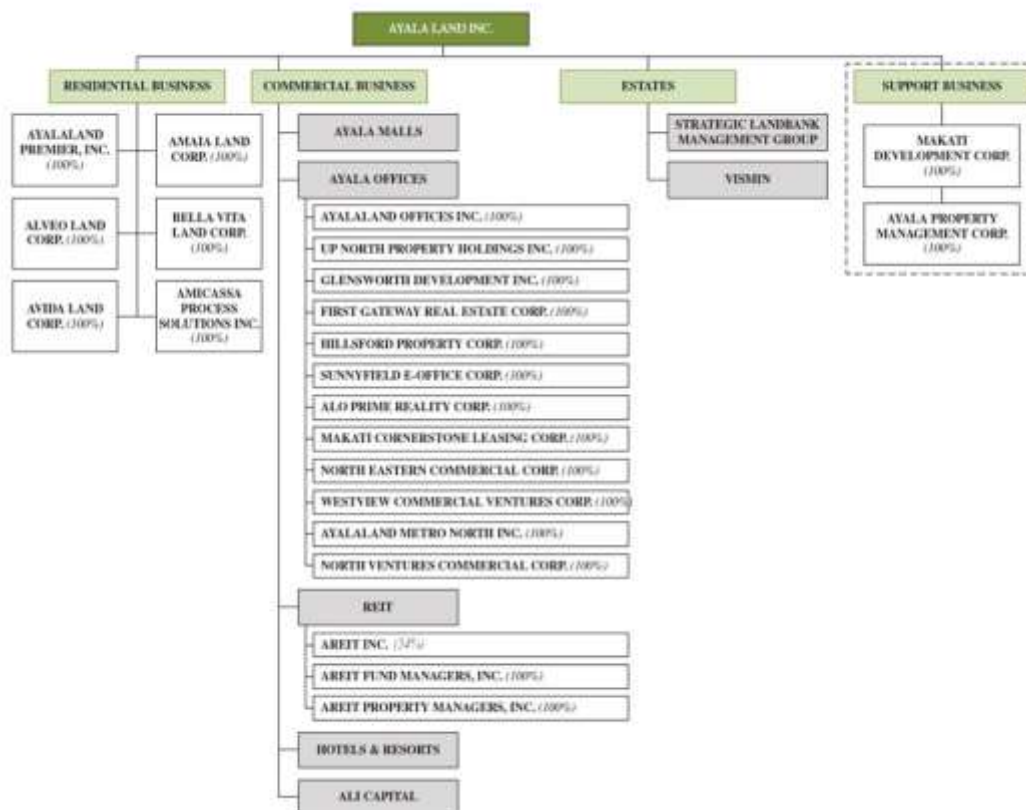
Ayala Land also offers real estate related services such as construction, for land development and construction of Ayala Land and third-party projects, and property management, for properties of Ayala Land and third-party projects. Such property management activities also include operation of water and 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
Jaime E. Ysmael	President and Chief Executive Officer – Ortigas and Co.

Ayala Land’s group structure is as follows:



III. PROCEEDS RECEIVED BY THE SPONSOR

Pursuant to the sale of The 30th to AREIT, Ayala Land expects to receive proceeds of approximately ₱5,112 million (VAT inclusive).

IV. REINVESTMENT PLAN

Ayala Land intends to use proceeds received from the sale of The 30th to AREIT to fund ongoing and future investments in real estate properties in Metro Manila and other key regions in the Philippines, 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. This includes investment in commercial, office, hotel and factory buildings. 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		1st Quarter 2021	2nd Quarter 2021	3rd Quarter 2021	4th Quarter 2021	Disbursing Entity
1. Parklinks (Malls & Offices)	A 5-storey mall with approx. GLA of 50k sqm and a BPO tower with approx. GLA of 13k sqm	Pasig/ Quezon City	Investment in Building	Mall & Office	Pre-Construction	N/A	2024	800,000,000	<i>Cumulative total</i>	60,000,000 60,000,000	100,000,000 160,000,000	190,000,000 350,000,000	450,000,000 800,000,000	ALI Eton Property Development Corporation (a 50:50 JV between ALI and EPPI)
									%	8%	20%	44%	100%	
2. Gatewalk Central (Malls & Offices)	A 4-level retail space with 115k sqm GLA and a 9-level office space on top with 20k sqm GLA	Cebu	Investment in Building	Mall & Office	Under Construction	50%	2023	837,000,000	<i>Cumulative total</i>	50,000,000 50,000,000	100,000,000 150,000,000	200,000,000 350,000,000	487,000,000 837,000,000	Cebu District Property Enterprise Inc. (a 50:50 JV between ALI and Aboitiz Land, Inc)
									%	6%	18%	42%	100%	
3. One Ayala (Malls)	5-storey regional mall with trade hall facilities (50k sqms GLA)	Makati	Investment in Building	Mall	Under Construction	61%	2023	650,000,000	<i>Cumulative total</i>	- 0%	- 0%	- 0%	650,000,000 650,000,000	ALI Commercial Center Inc. (100%-owned ALI subsidiary)
									%				100%	
4. One Ayala (BPO)	A two-tower office development (74k sqms GLA)	Makati	Investment in Building	Office	Under Construction	64%	2023	650,000,000	<i>Cumulative total</i>	- 0%	- 0%	- 0%	650,000,000 650,000,000	ALI Commercial Center Inc. (100%-owned ALI subsidiary)
									%				100%	
5. Cavite Property	N/A	Cavite	Land Acquisition	N/A	Ongoing Acquisition	N/A	N/A	600,000,000	<i>Cumulative total</i>	- 0%	- 0%	346,000,000 346,000,000	254,000,000 600,000,000	Ayala Land, Inc.
									%			58%	100%	
6. Pampanga Property	N/A	Pampanga	Land Acquisition	N/A	Ongoing Acquisition	N/A	N/A	955,000,000	<i>Cumulative total</i>	- 0%	- 0%	955,000,000 955,000,000	- 955,000,000	Unity Realty & Development Corporation (through ALLHC - 71%-owned ALI subsidiary)
									%			100%	100%	
7. Tarlac Property	N/A	Tarlac	Land Acquisition	N/A	Ongoing Acquisition	N/A	N/A	620,000,000	<i>Cumulative total</i>	- 0%	- 0%	420,000,000 420,000,000	200,000,000 620,000,000	Ayala Land, Inc.
									%			68%	100%	
TOTAL								5,112,000,000	<i>Cumulative total</i>	110,000,000	200,000,000	2,111,000,000	2,691,000,000	
										110,000,000	310,000,000	2,421,000,000	5,112,000,000	

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

JAN 15 2021


SUBSCRIBED AND SWORN to before me this th day of January 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. <i>Represented by:</i> Augusto D. Bengzon Ma. Luisa D. Chiong	TIN: 000-153-790-000 Passport No. _____ Passport No. _____	

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**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
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