



Property-for-Share Swap between Ayala Land, Inc., Mermac, Inc., and Ayala Corporation

Fairness Opinion Report

STRICTLY PRIVATE & CONFIDENTIAL

January 20, 2022

Ayala Land, Inc.

31/F Tower One & Exchange Plaza,
Ayala Triangle, Ayala Avenue, Makati City

Ayala Corporation

34/F Tower One & Exchange Plaza,
Ayala Triangle, Ayala Avenue, Makati City

Attention: Boards of Directors of Ayala Land, Inc. and Ayala Corporation

Re: Fairness Opinion Report

Ladies and Gentlemen:

FTI Consulting Philippines, Inc. ("FTI Consulting") is pleased to submit this Fairness Opinion Report ("Report") covering the property-for-share swap transaction in relation to the planned infusion of certain assets (the "Assets") of Ayala Corporation ("AC") and Mermac, Inc. ("Mermac") to Ayala Land, Inc. ("ALI").

AC and Mermac intend to transfer their ownership in Assets to ALI in exchange for primary shares to be issued by ALI (the "Transaction"). The Assets include AC's 50 percent stake in Ayala Hotels, Inc. which owns the land leased to Manila Peninsula Hotel, Inc. and is the partner of ALI for the Park Central Towers condominium project; 100 percent stake in Darong Agricultural and Development Corporation which has business operations in Davao del Sur, together with three lots in the same area; site of Honda Cars Pasig; 32nd to 35th floors and parking slots in Tower One and Exchange Plaza (35th floor is 62.65 percent owned by AC and 37.35 percent owned by Mermac); and land in Calauan, Laguna.

FTI Consulting has been asked to render an opinion on whether the number of primary shares to be issued by ALI in exchange for the Assets owned by AC and Mermac are fair from a financial point of view.

FTI Consulting conducted a valuation study of both the ALI shares and the Assets in accordance with the International Valuation Standards (“IVS”) to determine the fairness of the consideration to be transferred and consideration to be received by AC and Mermac. The following standards were used:

- IVS 101 Scope of Work
- IVS 102 Investigations and Compliance
- IVS 103 Reporting
- IVS 104 Bases of Value
- IVS 105 Valuation Approaches and Methods
- IVS 200 Business and Business Interests
- IVS 400 Real Property Interests*
- IVS 410 Development Property*

The Valuation Date is 31 August 2021, with the Philippine Peso (“PHP”) as the Valuation Currency. Market Value (also referred to as “Fair Value”) is the basis of value used in this engagement. Market Value according to IVS is defined as the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

The PSE Memorandum on Guidelines for Fairness Opinions and Valuation Reports (No. 2011-0104) requires a fairness opinion covering the property-for-share swap transactions. Such fairness opinion must be supported by a valuation report.

FTI Consulting is an independent firm accredited by the PSE (PSE Accreditation CN 2017-0064 renewed on October 11, 2017) for purposes of issuing fairness opinions and valuation reports of listed companies and prospective initial listing applicants of the Exchange in compliance with the PSE Memorandum on Guidelines for Fairness Opinions and Valuation Reports (No. 2011-0104). FTI Consulting is also accredited by the Securities and Exchange Commission (SEC Accreditation No. 032) as a Professional Services Organization (PSO) in accordance with SEC Memorandum No. 2 Series of 2014 (Guideline on Asset Valuation).

Summary of Findings

Valuation of ALI Shares

ALI was valued using the Sum-of-the-Parts (SOTP) Method. Various valuation methodologies were considered in valuing each strategic business unit (SBU) under ALI such as the Discounted Cash Flows (DCF) and Residual methods of the Income Approach; Market Capitalization, Volume Weighted Average Price, and Comparable Public Companies methods of the Market Approach; and the Net Asset Value (NAV) method of the Cost Approach.

Based upon discussions with and representations of ALI's management, research conducted, and the valuation analyses performed, the estimated valuation range of ALI as of the Valuation Date is from **PHP727.38 billion** to **PHP1,125.41 billion** or **PHP49.44** to **PHP76.50** per share.

Valuation of the Assets

We applied different valuation approaches and methodologies to estimate the fair range of market values for each of the Assets. These include the DCF method, direct capitalization method, term and reversion method, and NAV method.

Based upon discussions with and representations of AC's and Mermac's respective managements, research conducted, and the valuation analyses performed, the total market value of the Assets owned by AC was estimated within the range of **PHP16.58 billion** and **PHP22.41 billion** and the total market value of the Assets owned by Mermac was estimated within the range of **PHP0.11 billion** and **PHP0.14 billion**.

Fair Range of ALI shares to be Exchanged

Given the range of market values for ALI shares and the Assets, we determined the range of ALI shares to be issued which is considered fair from a financial point of view as shown in Exhibit 1.

Exhibit 1. Fair Range of ALI Shares to be Issued

In Billions, except for per share values and shares to be issued	Assets Market Value (PHP)		ALI's Price Per Share (PHP)		Fair Range of Shares to be Issued*	
	Low	High	Low	High	Low (in millions)	High (in millions)
Assets owned by AC	16.58	22.41	49.44	76.50	216.77	453.25
Assets owned by Mermac	0.11	0.14	49.44	76.50	1.44	2.81

Source: FTI Consulting Analysis

*Calculated by dividing the market value range of Assets by ALI's price per share.

Valuation Conclusion and Fairness Opinion

Exhibit 2 shows the comparison of the fair range of ALI shares to be issued calculated by FTI Consulting and the proposed number of shares to be issued by ALI's management in the Transaction.

Exhibit 2. Comparison of the Fair Range of ALI Shares to be Issued and the Proposed Number of Shares to be Issued by ALI

Total Number of Shares In Millions	Fair Range of Shares to be Issued		Proposed Number of Shares to be issued by ALI
	Low	High	
Total number of shares to AC	216.77	453.25	309.60
Total number of shares to Mermac	1.44	2.81	1.98

Source: FTI Consulting Analysis, AC, Mermac, and ALI Management

Given that the total numbers of shares to be issued by ALI to AC and Mermac both fall within our fair range of the total number of shares that ALI can issue in exchange for the Assets (as seen in Exhibit 2), the proposed Transaction is fair from a financial point of view.

Statement of Limitations

- This Report opines solely on the fairness of the number of primary shares to be issued by ALI and the valuation of the Assets to be transferred by AC and Mermac. It does not opine as to the operational merits or strategic rationale of the Transaction.
- In the preparation of the valuation report, FTI Consulting relied on available information and records, including but not limited on the representation of ALI and AC, audited and unaudited financial statements, reports of competent entities and regulatory agencies, and such other relevant supporting documents.
- While our work may include an analysis of financial and accounting data, our work does not constitute an audit conducted in accordance with generally accepted auditing standards, an examination of internal controls, or other attestation or review services in accordance with standards established by the Auditing and Assurance Standards Council (“AASC”). Accordingly, we do not express an opinion or any other form of assurance on the financial statements of ALI and AC or any financial or other information.
- With respect to prospective financial information relative to the Properties referenced throughout the valuation report, we did not examine, compile, or apply agreed-upon procedures to such information in accordance with standards established by the AASC and we express no assurance of any kind on such information. There will usually be differences between estimated and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We take no responsibility for the achievability of the expected results anticipated by the Management.
- Management is responsible for any and all financial information provided to us during the course of our work.

Statement of Compliance

- The Report is not approved by an internal committee. The Report is reviewed and approved by the Senior Managing Directors of FTI Consulting.
- The Report does not express an opinion about the fairness of the compensation in the Transaction to any of ALI's or AC's or Mermac's directors, officers, or employees relative to the compensation to ALI's or AC's shareholders.
- FTI Consulting did not act as a financial advisor to any party to the Transaction and did not or will not receive a payment that is contingent on the successful completion of the transaction, for rendering the fairness opinion.
- There is no material relationship between FTI Consulting and any party to the Transaction during the prior two years in which compensation was received or intended to be received.
- Information with respect to ALI's, AC's, and Mermac's operations and account balances purported to be in effect and described in our valuation report was obtained primarily through analyses provided by and discussions with ALI's and AC's management ("Management").
- FTI Consulting performed appropriate analysis to evaluate inputs and assumptions, and their appropriateness for the valuation purpose.
- Members of FTI Consulting, particularly those who are registered Certified Public Accountants and Chartered Financial Analysts, are compliant with the Code of Ethics of the Philippine Institute of Certified Public Accountants and the CFA Institute Code of Ethics.
- A brief description of FTI Consulting and the educational and professional qualification of its representatives who conducted the valuation is included in our valuation report.

Should you require clarification on any of the matters contained in this Report or any further information, we would be pleased to meet and discuss.

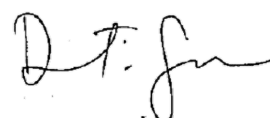
Yours faithfully,

FTI CONSULTING PHILIPPINES, INC.

Unit 1404, The Victor Hotel
7258 J. Victor Street, Makati City
1200 Metro Manila, Philippines
PSE Accreditation CN - No. 2017-0064
Validity Date: 3 November 2017 to 3 November 2022
SEC Accreditation No. 032
Validity Date: 29 October 2020 to 28 October 2025

A handwritten signature in black ink, appearing to read 'John B. Balce'.

John B. Balce
Senior Managing Director
Unit 1404, The Victor Hotel, 7258 J. Victor Street, Makati City
PRC License No: 0113153
Validity Date: 01 April 2019 to 27 June 2022
APO Receipt Number: 574676
PTR Number: 8873904
TIN: 236-703-421

A handwritten signature in black ink, appearing to read 'D.T. Gregorio III'.

Dominador T. Gregorio III
Senior Managing Director
Unit 1404, The Victor Hotel, 7258 J. Victor Street, Makati City
PRC License No: 0057726
Validity Date: 30 April 2019 to 18 May 2022
APO Receipt Number: 574676
PTR Number: 8880987
TIN: 177-088-250



Property-for-Share Swap between Ayala Land, Inc., Mermac, Inc., and Ayala Corporation

Valuation Report

STRICTLY PRIVATE & CONFIDENTIAL

January 20, 2022

Ayala Land, Inc.

31/F Tower One & Exchange Plaza,
Ayala Triangle, Ayala Avenue, Makati City

Ayala Corporation

34/F Tower One & Exchange Plaza,
Ayala Triangle, Ayala Avenue, Makati City

Attention: Boards of Directors of Ayala Land, Inc. and Ayala Corporation

Re: Valuation Report

Ladies and Gentlemen:

FTI Consulting Philippines, Inc. (“FTI Consulting”) is pleased to submit this Valuation Report (“Report”) dated January 20, 2022, covering the property-for-share swap transaction in relation to the planned infusion of certain assets (the “Assets”) of Ayala Corporation (“AC”) and Mermac, Inc. (“Mermac”) to Ayala Land, Inc. (“ALI”). The Assets include AC’s 50 percent stake in Ayala Hotels, Inc. which owns the land leased to Manila Peninsula Hotel, Inc. and is the partner of ALI for the Park Central Towers condominium project; 100 percent stake in Darong Agricultural and Development Corporation which has business operations in Davao del Sur, together with three lots in the same area; site of Honda Cars Pasig; 32nd to 35th floors and parking slots in Tower One and Exchange Plaza (35th floor is 62.65 percent owned by AC and 37.35 percent owned by Mermac); and land in Calauan, Laguna.

AC and Mermac intend to transfer their ownership in Assets to ALI in exchange for primary shares to be issued by ALI (the “Transaction”). On January 20, 2022, the Board of Directors of ALI approved the issuance of 309,597,711 primary common shares in exchange for Assets owned by AC and 1,982,289 primary common shares in exchange for Assets owned by Mermac, totaling 311,580,000 primary common shares.

FTI Consulting conducted a valuation study of the Assets in accordance with the International Valuation Standards (“IVS”) to determine the fair range of values of the consideration to be received by ALI. The following standards were used:

- IVS 101 Scope of Work
- IVS 102 Investigations and Compliance
- IVS 103 Reporting
- IVS 104 Bases of Value
- IVS 105 Valuation Approaches and Methods
- IVS 200 Business and Business Interests
- IVS 400 Real Property Interests*

The Valuation Date is 31 August 2021, with the Philippine Peso (“PHP”) as the Valuation Currency. Market Value (also referred to as “Fair Value”) is the basis of value used in this engagement. Market Value according to IVS is defined as the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

FTI Consulting is accredited by the Securities and Exchange Commission (SEC Accreditation No. 032) as a Professional Services Organization (PSO) in accordance with SEC Memorandum No. 2 Series of 2014 (Guideline on Asset Valuation). FTI Consulting is also an independent firm accredited by the PSE (PSE Accreditation CN 2017-0064 renewed on October 11, 2017) for purposes of issuing fairness opinions and valuation reports of listed companies and prospective initial listing applicants of the Exchange in compliance with the PSE Memorandum on Guidelines for Fairness Opinions and Valuation Reports (No. 2011-0104).

Valuation of the Assets

We applied different valuation approaches and methodologies to estimate the fair range of market values for each of the Assets. These include the Discounted Cash Flows (DCF) method, direct capitalization method, term and reversion method, and Net Asset Value (NAV) method.

Based upon discussions with and representations of AC’s and Mermac’s respective managements, research conducted, and the valuation analyses performed, the total market value of the Assets owned by AC was estimated within the range of PHP16.58 billion and PHP22.41 billion and the total market value of the Assets owned by Mermac was estimated within the range of PHP0.11 billion and PHP0.14 billion.

Statement of Limitations

- This Report opines solely on the fairness of the consideration to be transferred by AC and Mermac and consideration to be received by ALL. It does not opine as to the operational merits or strategic rationale of the Transaction.
- In the preparation of the valuation report, FTI Consulting relied on available information and records, including but not limited on the representation of AC, audited and unaudited financial statements, reports of competent entities and regulatory agencies, and such other relevant supporting documents.
- While our work may include an analysis of financial and accounting data, our work does not constitute an audit conducted in accordance with generally accepted auditing standards, an examination of internal controls, or other attestation or review services in accordance with standards established by the Auditing and Assurance Standards Council (“AASC”). Accordingly, we do not express an opinion or any other form of assurance on the financial statements of AC or any financial or other information.
- With respect to prospective financial information relative to the Assets referenced throughout the valuation report, we did not examine, compile, or apply agreed-upon procedures to such information in accordance with standards established by the AASC and we express no assurance of any kind on such information. There will usually be differences between estimated and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We take no responsibility for the achievability of the expected results anticipated by the Management.
- Management is responsible for any and all financial information provided to us during the course of our work.

Statement of Compliance

- The Report is not approved by an internal committee. The Report is reviewed and approved by the Senior Managing Directors of FTI Consulting.
- The Report does not express an opinion about the fairness of the compensation in the Transaction to any of ALI's or AC's or Mermac's directors, officers, or employees relative to the compensation to ALI's or AC's shareholders.
- FTI Consulting did not act as a financial advisor to any party to the Transaction and did not or will not receive a payment that is contingent on the successful completion of the transaction, for rendering the fairness opinion.
- There is no material relationship between FTI Consulting and any party to the Transaction during the prior two years in which compensation was received or intended to be received.
- Information with respect to AC's and Mermac's operations and account balances purported to be in effect and described in our valuation report was obtained primarily through analyses provided by and discussions with AC's management ("Management").
- FTI Consulting performed appropriate analysis to evaluate inputs and assumptions, and their appropriateness for the valuation purpose.
- Members of FTI Consulting, particularly those who are registered Certified Public Accountants and Chartered Financial Analysts, are compliant with the Code of Ethics of the Philippine Institute of Certified Public Accountants and the CFA Institute Code of Ethics.
- A brief description of FTI Consulting and the educational and professional qualification of its representatives who conducted the valuation is included in our valuation report.

Attached for your reference is our valuation report and this letter should be read together with it.

Should you require clarification on any of the matters contained in this Report or any further information, we would be pleased to meet and discuss.

Yours faithfully,

FTI CONSULTING PHILIPPINES, INC.

Unit 1404, The Victor Hotel

7258 J. Victor Street, Makati City

1200 Metro Manila, Philippines

SEC Accreditation No. 032

Validity Date: 29 October 2020 to 28 October 2025

PSE Accreditation CN - No. 2017-0064

Validity Date: 3 November 2017 to 3 November 2022

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John B. Balce

Senior Managing Director

Unit 1404, The Victor Hotel, 7258 J. Victor Street, Makati City

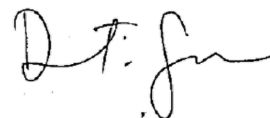
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Dominador T. Gregorio III

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Valuation Report

Property-for-Share Swap between Ayala Land, Inc., Mermac, Inc., and Ayala Corporation

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Executive Summary

Executive Summary

- Ayala Corporation (“AC”) and Mermac, Inc. (“Mermac”) intend to transfer their ownership in certain assets (the “Assets”) to Ayala Land, Inc. (“ALI”) in exchange for primary shares to be issued by ALI under a property-for-share swap (the “Transaction”).
- AC is the holding company of the Ayala Group of Companies, with principal business interests in real estate, financial services, telecommunications, and power, among others.
- Mermac is an investment holding company, which is the controlling shareholder of AC.
- ALI is one of the leading real estate companies in the Philippines. ALI’s core businesses are strategic landbank management, residential development, retail shopping centers, offices, hotels and resorts. It also offers services in property management and construction.
- The Assets include AC’s 50 percent stake in Ayala Hotels, Inc. which owns the land leased to Manila Peninsula Hotel, Inc. and is the partner of ALI for the Park Central Towers condominium project; 100 percent stake in Darong Agricultural and Development Corporation which has business operations in Davao del Sur, together with three lots in the same area; site of Honda Cars Pasig; 32nd to 35th floors and parking slots in Tower One and Exchange Plaza; and land in Calauan, Laguna. The 35th floor of Tower One and Exchange Plaza is 62.65 percent owned by AC and 37.35 percent owned by Mermac (“Mermac Asset”). The Mermac Asset will also be exchanged for ALI shares as part of the Transaction.
- FTI Consulting Philippines, Inc. (“FTI Consulting”) conducted a valuation study of the Assets in accordance with the International Valuation Standards (“IVS”) to determine the fairness of the consideration to be transferred and consideration to be received by ALI. Several approaches and methodologies were considered to value the Assets. Detailed discussion of the different valuation methodologies considered in this valuation exercise is presented in *Valuation Approach* section of this Report.
- The Valuation Date is 31 August 2021, with the Philippine Peso (“PHP”) as the Valuation Currency. Market Value (also referred to as “Fair Value”) is the basis of value used in this engagement. Market Value, according to IVS, is defined as the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion.

Executive Summary

Summary of Findings – Assets

Based upon discussions with and representations of AC’s and Mermac’s respective managements, research conducted, and the valuation analyses performed and described herein, the total market value of the Assets owned by AC was estimated within the range of **PHP16.58 billion** and **PHP22.41 billion** and the total market value of the Assets owned by Mermac was estimated within the range of **PHP0.11 billion** and **PHP0.14 billion**.

Amounts in PHP Billions	Market Values	
	Low Estimate	High Estimate
Assets		
Shares in Ayala Hotels, Inc. ¹	12.67	17.38
Honda Pasig site	0.98	1.13
Tower One and Exchange Plaza – 32F to 35F ² and parking slots	1.25	1.57
Shares in Darong Agricultural and Development Corp.	1.64	2.04
Land in Calauan, Laguna	0.05	0.28
Assets owned by AC	16.58	22.41
Tower One and Exchange Plaza – 35F ² and parking slots	0.11	0.14
Assets owned by Mermac	0.11	0.14

¹ Based on our analysis, the market value range of the equity of Ayala Hotels, Inc. is from PHP 25.34 billion to PHP 34.77 billion, of which 50 percent is owned by AC.

² Ownership of the 35th floor of Tower One and Exchange Plaza is split between AC (62.65%) and Mermac (37.35%).

Source: FTI Consulting Analysis



Valuation Approach

Valuation Approach

In order to arrive at our estimates of value, we have considered different methodologies under the Income Approach and Cost Approach. The succeeding sections contain a brief overview of the theoretical basis of each approach, as well as a discussion of the specific methodologies relevant to the analyses performed.

Income Approach

The Income Approach is based on the premise that the value of a subject company is the present value of the future earning capacity that is available for distribution to investors in the subject company.

The Income Approach should be used as primary basis of valuation under the following circumstances:

- The income-producing ability of the subject company or asset is the critical element affecting value from a participant perspective; and/or
- Reasonable projections of the amount and timing of future income are available for the subject company or asset, but there are few, if any, relevant market comparables.

The methods considered under the Income Approach are the Discounted Cash Flows Method, Direct Capitalization Method, and Term and Reversion Method.

Discounted Cash Flows (DCF) Method

This method involves forecasting the subject company's appropriate cash flow stream over an appropriate period and discounting it back to present value using an appropriate discount rate. This discount rate should consider the time value of money, inflation, and the risk inherent in the ownership of the subject company being valued.

Free Cash Flows to Firm (FCFF) are determined and discounted using the weighted average cost of capital (WACC). FCFFs are used when (1) the subject company's leverage is either too high or too low, and is expected to change over time, and (2) the subject company has limited or partial information on leverage.

FCFF represents the cash flows available for distribution to debtors and equity shareholders of the company after all operating expenses have been paid and all necessary investments in working capital and fixed assets have been made, as shown below:

$$FCFF = \text{Net Income} + \text{Noncash Charges} - \text{FCInv} - \text{WCInv} + [(1 - \text{Tax}) \times \text{Int}]$$

where:

Noncash Charges = Depreciation and amortization

FCInv = Fixed capital investments

WCInv = Working capital investments

Tax = Effective tax rate of the company

Int = Interest payments

WACC is computed by multiplying the weights of debt and equity in the company's financing by the after-tax costs of debt and equity, respectively. A summary of the WACCs used in this valuation exercise is presented in Appendix B of this Report. The formula for the calculation of WACC is shown in the next slide.

Valuation Approach

$$WACC = Wd Rd (1 - Tax Rate) + We Re$$

where:

Wd = Weight of debt

We = Weight of equity

Rd = Pre-tax cost of debt

Re = Cost of equity

The pre-tax cost of debt is computed using the build-up approach by adding the risk-free rate and an assumed margin. The margin is a credit spread based on estimated synthetic rating¹ referenced from Aswath Damodaran².

The cost of equity, on the other hand, is computed using the Capital Asset Pricing Model (CAPM). CAPM is calculated as follows:

$$Re = Rf + \beta (Rm - Rf)$$

where: Rf = Risk-free rate

B = Levered Beta

Rm = Expected market rate of return

Risk-free rate represents the return that would be earned from an investment in risk-free assets such as government bonds. Market rate of return corresponds to the historical rate of return of the country's equity index, while beta measures a stock's sensitivity of returns to changes in the market and is a measure of systematic risk. Levered beta was estimated by leveraging the unlevered beta derived from comparable public companies.

The unlevered beta was based on the average raw betas of comparable publicly traded companies. The comparable companies were selected on the basis of their business operations and risks.

The raw betas were unlevered using reported gearing or debt-to-equity ratio of the comparable companies using the following formula: *Unlevered Beta of Each Comparable = Raw Beta / [1 + (1 - Effective Tax Rate) x (Debt/Equity of Comparable Company)]*

Please refer to Appendix E for the details of the unlevered beta computation.

To re-lever the unlevered beta, the formula is as follows:

$$\text{Levered Beta of Subject Company or Asset } (\beta_L) = \text{Average Unlevered Beta of Comparable Companies} \times [1 + (1 - \text{Effective Tax Rate}) \times (\text{Debt/Equity of Subject Company})]$$

Direct Capitalization Method

This method values an asset by capitalizing the net operating income (NOI) at a predetermined capitalization rate. The formula for the Direct Capitalization Method is as follows: *Value = NOI / Capitalization Rate.*

Net operating income is the amount of income remaining after deducting vacancy and collection losses, and operating expenses from gross income at full occupancy. Since this method assumes that NOI will be grown at a constant rate in perpetuity, a long-term sustainable level of income net of maintenance capital expenditures is determined.

¹ Ratings, Interest Coverage Ratios and Default Spread as of January 2021 (http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ratings.htm)

² Aswath Damodaran is a professor of Finance at the Stern's School of Business at New York University ("NYU"), where he teaches Corporate Finance and Equity Valuation.

Valuation Approach

The applied capitalization rate in the valuation exercise equals the discount rate less an expected terminal growth rate. The terminal growth rate is based on the Philippines' long-term GDP growth rate by The Economist Intelligence Unit.

Term and Reversion Method

This method values a real estate asset or property with lease structures by splitting the income into two components: term rent and reversion. The term rent is the fixed passing or current contract rent from the Valuation Date to the next rent review which is generally until the existing lease contract is expected to expire. The reversion is the estimated rental value based on open market rent. This method combines elements of explicit discounted cash flows analysis and direct capitalization method.

Cost Approach

The Cost Approach is based on the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction.

The cost approach is most commonly applied to investment or holding companies where the underlying assets and liabilities can be valued using different valuation methodologies such as the market or income approaches. This approach is generally not used for operating companies where value is mostly based on the ability of the company to generate earnings and cash flows.

We considered the Net Asset Value Method under Cost Approach.

Net Asset Value Method

This method measures the company's value by subtracting the market or fair value of its liabilities from the market or fair value of its assets. Transaction costs are applied to the market or fair values of the assets and liabilities to get the adjusted book value of the company.



Valuation Analysis – the Assets

Valuation Analysis | the Assets

Valuation Summary

- We applied different valuation approaches and methodologies to estimate the fair range of market values for each of the Assets. These include the DCF method, direct capitalization (Direct Cap) method, term and reversion method, and NAV method.
- Based upon discussions with and representations of AC's and Mermac's respective managements, research conducted, and the valuation analyses performed and described herein, the total market value of the Assets owned by AC was estimated within the range of **PHP16.58 billion** and **PHP22.41 billion** and the total market value of the Assets owned by Mermac was estimated within the range of **PHP0.11 billion** and **PHP0.14 billion**.

Amounts in PHP Billions	Valuation Methods	Reference	Market Values	
			Low Estimate	High Estimate
Assets				
Shares in Ayala Hotels, Inc. ¹	DCF, Term & Reversion, Direct Cap	Section A	12.67	17.38
Honda Pasig site	Term & Reversion, Direct Cap	Section B	0.98	1.13
Tower One and Exchange Plaza – 32F to 35F ² and parking slots	Term & Reversion, Direct Cap	Section B	1.25	1.57
Shares in Darong Agricultural and Development Corp.	DCF, NAV	Section B	1.64	2.04
Land in Calauan, Laguna	Appraised Value	Section B	0.05	0.28
Assets owned by AC			16.58	22.41
Tower One and Exchange Plaza – 35F ² and parking slots	Term & Reversion, Direct Cap	Section B	0.11	0.14
Assets owned by Mermac			0.11	0.14

¹ Based on our analysis, the market value range of the equity of Ayala Hotels, Inc. is from PHP 25.34 billion to PHP 34.77 billion, of which 50% is owned by AC.

² Ownership of the 35th floor of Tower One and Exchange Plaza is split between AC (62.65%) and Mermac (37.35%).

Source: FTI Consulting Analysis

Valuation Analysis | the Assets

Section A: Ayala Hotels, Inc.

Ayala Hotels, Inc. (AHI) was valued within the range of **PHP12.67 billion** to **PHP17.38 billion**, at AC's 50 percent ownership stake, using the Discounted Cash Flows method. We applied a 6 percent WACC as the discount rate.

Business Overview

- AHI is 50 percent owned by AC which owns the land leased to Manila Peninsula Hotel, Inc. (ManPen) and is the partner of ALI for the Park Central Towers (PCTs) condominium project.
- PCTs consist of North and South towers, which are luxury condominium projects under the Ayala Land Premier (ALP) brand. PCTs are located in the Makati Central Business District.
- AHI owns roughly 2-hectares of land located at the corner of Ayala and Makati Avenue. The land is currently leased to ManPen until 2027.

Valuation Methodology and Key Assumptions

- Discounted cash flows (DCF) method under the Income approach was used to value the PCTs projects, in which receipts and disbursements were discounted using a WACC of 6 percent.
- Receipts were estimated based on remaining take-up sales and collections of unbooked revenues and remaining receivables balance. While disbursements were generally based on the costs to complete the project.

Valuation Methodology and Key Assumptions (cont'd.)

- In valuing the land leased to ManPen, we considered the Term and Reversion method under the Income approach. The Term value was based on existing lease terms as provided by management. The Reversion value was computed using the Direct Capitalization method based on an assumed market rent and cap rate. The market rent was derived using the property's current appraised values and a cap rate of 3 percent and was assumed to escalate around 5 percent per annum until the end of the lease term.
- To arrive at the low and high estimates of PCTs, we sensitized the timing of collections of receipts and disbursements.
- For the low and high case estimates of the land leased to ManPen, we considered the appraisals from Colliers Philippines and Cuervo Appraisers, Inc. as basis for the assumed market rents.

In PHP Billions	Low Estimate	High Estimate
AHI's Equity Value at 100 percent	25.34	34.77
AC's ownership stake (%)	50.0%	50.0%
AHI's Equity Value at AC's stake	12.67	17.38

Source: FTI Consulting Analysis

Valuation Analysis | the Assets

Section B: Leased and Other Properties

Leased and other properties include the Honda Pasig site, 32nd to 35th floors and appurtenant parking slots of Tower One and Exchange Plaza, shares in Darong Agricultural and Development Corporation, and land in Calauan, Laguna.

Assets Overview

- Honda Pasig is currently leased to AC Motors at negotiated capitalization rates ranging from 1 to 5 percent.
- Tower One and Exchange Plaza (32nd to 35th floors with 48 parking slots), are currently occupied by AC for general corporate use and are to be leased to ALI upon transfer of AC to Tower Two. Mermac owns 37.35 percent share in 35th floor, including four parking slots.
- Darong Agricultural and Development Corporation (DADC) is a wholly owned entity of AC which owns the Darong Estate Farm, a 633-hectare land currently used as cattle ranch and copra plantation.
- Land in Calauan, Laguna is currently under contract of usufruct to Ayala Foundation, Inc. up to January 2024. The property was developed as livelihood hub for adjacent Typhoon Ondoy relocation sites.

Valuation Methodology and Key Assumptions

- Term and Reversion method under the Income approach was used to value the leased properties (Honda Pasig and Tower One).
- Term value was based on the contract terms stipulated in the lease agreements as provided by management. The Reversion value was computed using the Direct Capitalization method based on assumed market rents and cap rates ranging between 3 and 5 percent.
- The market rents were derived using the properties' current appraised values and cap rates and were assumed to escalate at 3 to 5 percent per annum until the end of the respective lease terms of the assets.

Valuation Methodology and Key Assumptions (cont'd.)

- For Tower One, a monthly roll-forward analysis was also conducted in valuing the 32nd to 35th floors and parking slots.
- NAV method was used to value the low case estimate of DADC. The land value of Darong Estate Farm was adjusted based on the appraised values with consideration on the deferred tax liability (DTL) impact arising from the appraisal increment. DCF method was used for the high case estimate. Cash flow projections were based on management's forecasts on copra prices. Terminal value was based on future land value assuming a 5 percent annual escalation from the current appraised values up to the terminal year.
- The value of the land in Calauan, Laguna was based on the appraisal reports from Colliers Philippines and Cuervo Appraisers, Inc., as provided by management.
- An equivalent of 1-ha land was excluded in arriving at the value of land in Calauan as this is being donated to Hospice of St. Margaret of Corona, Inc.

Assets	Low Estimate (PHP Bn)	High Estimate (PHP Bn)
Honda Pasig site	0.98	1.13
Tower One – 32F to 35F and parking slots	1.25	1.57
Shares in DADC	1.64	2.04
Land in Calauan, Laguna	0.05	0.28
Sub Total (Assets owned by AC)	3.91	5.03
Tower One – 35F and parking slots	0.11	0.14
Sub Total (Assets owned by Mermac)	0.11	0.14

Source: FTI Consulting Analysis



Valuation Conclusion

Valuation Conclusion

Based upon discussions with and representations of AC's and Mermac's respective managements, research conducted, and the valuation analyses performed and described herein, the market values of the Assets are estimated as follows:

Valuation Summary of the Assets

Amounts in PHP Billions	Market Values*	
Assets	Low Estimate	High Estimate
Shares in Ayala Hotels, Inc.	12.67	17.38
Honda Pasig site	0.98	1.13
Tower One – 32F to 35F and parking slots	1.25	1.57
Shares in Darong Agricultural and Development Corp.	1.64	2.04
Land in Calauan, Laguna	0.05	0.28
Assets owned by AC	16.58	22.41
Tower One – 35F and parking slots	0.11	0.14
Assets owned by Mermac	0.11	0.14

*Market values reflect AC's and Mermac's effective ownerships.

Source: FTI Consulting Analysis



Appendices

Appendix A

Glossary of Terms

Term	Definition
Bloomberg	A platform by Bloomberg L.P. providing economic, financial and computerized information, and legal regulatory and compliance news and research for the global business and financial world
Book value	Amount at which an asset is recognized in the financial statements of an entity after deducting any accumulated depreciation and any accumulated impairment losses
Bps	Basis points
BVAL	Bloomberg Valuation Service
CAGR	Compounded annual growth rate
Capital IQ	A market intelligence platform designed by Standard & Poor's (S&P) providing research, data, and analysis on private and public companies
Capitalization rate / cap rate	Rate of return on a property based on the net operating income that the property generates
CBD	Commercial business district
Comparable companies	Publicly traded companies that are of similar characteristics (such as size, business of operations, or risks) and industry to the enterprise being valued
Cost of debt	The effective interest rate used by a company to pay its debts
Cost of equity	The return that stockholders require for a company; also called as required rate of return on equity
Discount rate	A rate of return used to convert a future monetary sum or cash flow into present value
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EBT	Earnings Before Tax
Economist Intelligence Unit	Research and analysis division of the Economist Group, providing forecasting and advisory services through research and analysis
Eikon	A platform provided by Refinitiv (formerly Thomson Reuter) for financial professionals to monitor and analyse financial information
Equity risk premium	Market risk premium multiplied by the beta
GDP	Gross domestic product
GICS	Global Industry Classification Standards
Gordon Growth Model	A valuation method that calculates market value assuming that the company has a stable business model and is growing at a constant rate
ha	hectare
Levered beta	Beta of a company reflecting capital structure that includes debt

Appendix A

Glossary of Terms

Term	Definition
LTM	Last twelve months
Market risk premium	The difference between the risk-free rate of return and expected return of the market
Market value	The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion
NOI	Net Operating Income
NOPAT	Net Operating Profit After Tax
PH	Philippines
PHP	Philippine Peso
QOQ	Quarter on quarter
Raw beta	Historical beta that represents the relationship of a security's return and return of an index
Rent roll	Comprehensive list of rental units owned by a landlord providing details such as the unit number and current tenants' lease arrangements
Risk free rate (RFR)	Represents the interest an investor would expect from an absolutely risk-free investment over a specified period of time
sqm	Square meter
Systematic risk	Risk inherent to the entire market; also known as market risk
Take-up sales	Term used to indicate the point of sale from which a customer has paid a reservation fee for the purchase of a residential unit
Terminal value	Estimated present value of a business beyond the explicit forecast period.
Unbooked revenues	Estimated amount expected to be collectible from projects that have yet to be recorded as revenue in the financial statements as they do not yet meet the criteria for revenue recognition based on financial reporting standards
Unlevered beta	Beta of a company without debt; removes the financial effect of leverage
Valuation	The process of establishing the value of an asset or liability
Valuation Date	The date on which the opinion of value applies
WACC	Weighted Average Cost of Capital; a calculation of a firm's cost of capital in which each source of capital is proportionately weighted
YoY	Year over year
YTD	Year to date

Appendix B

Discount Rates Summary (WACC)

■ The table below shows the calculation of WACC applied to the different segments:

Segments	Land Leasing	Property Leasing	Agriculture
Market Return	10.92%	10.92%	10.92%
[-] Risk Free Rate	4.10%	4.10%	4.10%
Market Risk Premium ^[1]	6.82%	6.82%	6.82%
[x] Levered Beta ^[2]	0.39	0.67	0.66
Equity Risk Premium	2.08%	4.59%	4.52%
[+] Risk free Rate ^[3]	4.10%	4.10%	4.10%
Cost of Equity	6.18%	8.69%	5.89%
Cost of Debt, pre-tax ^[4]	5.28%	5.28%	5.28%
Tax Rate	25.00%	25.00%	25.00%
Cost of Debt, post-tax	3.96%	3.96%	3.96%
Weight of Equity ^[5]	92.12%	84.46%	67.67%
Weight of Debt ^[5]	7.88%	15.54%	32.33%
WACC	6.00%	7.95%	7.12%
WACC, rounded	6.00%	8.00%	7.00%

Footnotes:

[1] Philippine market risk premium as of the Valuation Date; market rate of return extracted from Refinitiv Eikon

[2] Calculated using Hamada equation [$\beta_L = \beta_U \times (1 + (1-t) \times D/E)$], please refer to the succeeding appendices for the details of the unlevered beta and comparable companies considered

[3] 10-yr PH BVAL as of Valuation Date from Bloomberg

[4] Computed using the build-up approach (RFR plus 1.18 percent margin)

[5] Weights were based from comparable companies' average DE ratio

Source: Bloomberg, Refinitiv Eikon, FTI Consulting Analysis

Appendix C

Land Leasing Comparable Companies Selection Process

Comparable Public Companies Identified

- Using the Thomson Reuters Eikon Database, we analyzed the population of possible comparable public companies in the Philippines, selecting those that were considered to be reasonably comparable to land leasing projects in terms of industry classification and business operations. We selected comparable public companies in the Real Estate Management & Development industry that are primarily focused on land leasing operations. The table below presents the selection process of comparable public companies used in this analysis.

Selection Process of Comparable Companies	Number of Comparables Filtered Out	Number of Comparables Remaining
(1) Located in Philippines (2) GICS Industry Classification: Real Estate Management & Development (3) GICS Sub-Industry Classification: (1) Diversified Real Estate Activities; (2) Real Estate Operating Companies; (3) Real Estate Development		51
Business Description: Land Leasing	47	4
With Available and Sufficient Financial Information	0	4
Not Financial Outliers	1	3
Final Number of Comparable Companies Used		3

Source: Refinitiv Eikon (As of August 2021)

Appendix C

Property Leasing Comparable Companies Selection Process

Comparable Public Companies Identified

- Using the Thomson Reuters Eikon Database, we analyzed the population of possible comparable public companies in the Philippines, selecting those that were considered to be reasonably comparable to property leasing operation in terms of industry classification and business operations. We selected comparable public companies in the Real Estate Management & Development industry that are primarily focused on property leasing operations. The table below presents the selection process of comparable public companies used in this analysis.

Selection Process of Comparable Companies	Number of Comparables Filtered Out	Number of Comparables Remaining
(1) Countries Included in Philippines (2) GICS Sub-Industry Classification: (1) Real Estate Operating Companies; (2) Office REITS; (3) Real Estate Development, and (4) Diversified REITS		54
Business Description: Property Lease	43	11
With Available and Sufficient Financial Information	0	11
Not Financial Outliers	0	0
Final Number of Comparable Companies Used		11

Source: Refinitiv Eikon (As of August 2021)

Appendix C

Agriculture Operation Comparable Companies Selection Process

Comparable Public Companies Identified

- Using the Thomson Reuters Eikon Database, we analyzed the population of possible comparable public companies in the Southeast Asia Region, selecting those that were considered to be reasonably comparable to agriculture operation in terms of industry classification and business operations. We selected comparable public companies in the agriculture industry that are primarily focused on likes of cattle ranch and copra operations. The table below presents the selection process of comparable public companies used in this analysis.

Selection Process of Comparable Companies	Number of Comparables Filtered Out	Number of Comparables Remaining
(1) Countries Included in Southeast Asia (2) GICS Sub-Industry Classification: (1) Agricultural Products; (2) Food Distributors; and (3) Package Food and Meat		82
Business Description: Similar to cattle ranch and copra operation	65	17
With Available and Sufficient Financial Information	9	8
Not Financial Outliers	0	0
Final Number of Comparable Companies Used		8

Source: Refinitiv Eikon (As of August 2021)

Appendix D

Land Leasing Comparable Companies

- Presented below are the selected comparable companies for the valuation of land leasing operations.

Comparable Companies	Country	Business Description
D.M. Wenceslao & Associates Inc	Philippines	D.M. Wenceslao & Associates, Inc. is a Philippines-based integrated property developer. The Company offers construction-related services, which is divided among its business segments: Land Reclamation, Construction, Land Sales and Leasing, and Real Estate Development.
Jackstones Inc	Philippines	Jackstones, Inc., formerly NextStage, Inc., is a Philippines-based holding company. The Company was engaged in the manufacture and trade of cement products and is currently in the process of expanding to information technology, energy, agriculture, and real estate.
Primex Corp	Philippines	Primex Corporation is engaged in real estate business. The Company is engaged in purchasing, leasing, or in any matter dispose of or deal with lands and other real property and any interest therein. Its projects include Goldendale Village located in Malabon, and The Richdale, situated along Sumulong Highway, Antipolo City.

Source: Refinitiv Eikon, company websites

Appendix D

Property Leasing Comparable Companies

- Presented below are the selected comparable companies for the valuation of property leasing operations.

Comparable Companies	Country	Business Description	Property Leasing Portfolio
ATN Holdings Inc	Philippines	ATN Holdings, Inc. (ATN) is a holding company, which is engaged in real estate, land development, energy and healthcare services. The Company and its subsidiaries, owns selected units and floors of Summit One Tower at 530 Shaw –Boulevard and Others.	<ul style="list-style-type: none"> Summit One Tower
AyalaLand REIT, Inc.	Philippines	AyalaLand REIT, Inc. is a Philippines-based real estate investment trust. The Company is involved in leasing office and commercial spaces.	<ul style="list-style-type: none"> Solaris One McKinley Exchange Corp. Center Ayala North Exchange
Belle Corp	Philippines	Belle Corporation is engaged in the business of real estate development, property management, and gaming-related activities. The Company's developments are Tagaytay Highlands, a luxurious mountain resort community located in Tagaytay City, which extends to the Batangas and Laguna provinces; and City of Dreams Manila.	<ul style="list-style-type: none"> City of Dreams Land
Cebu Holdings Inc	Philippines	Cebu Holdings Inc. is a property development company. The Company is engaged in real property ownership, development, marketing and management. Its segments include Commercial development, Residential development, Shopping centers, Corporate business and Others. The Corporate business segment is engaged in the development and lease of office buildings.	<ul style="list-style-type: none"> Ayala Center Cebu Tower eBloc Tower 1,2,3,and 4 BPI Cebu Corp. Center
DDMP REIT Inc	Philippines	DDMP REIT, INC is a Philippines-based real estate company. The Company's property portfolio consists of the over six office towers with retail components. DD Meridian Park is the Company's project in Metro Manila, and is located along the corners of the main roads of Macapagal Avenue, EDSA Extension.	<ul style="list-style-type: none"> DD Meridian Park

Source: Refinitiv Eikon, company websites

Appendix D

Property Leasing Comparable Companies (cont'd)

- Presented below are the selected comparable companies for the valuation of property leasing operations.

Comparable Companies	Country	Business Description	Property Leasing Portfolio
DoubleDragon Properties Corp	Philippines	DoubleDragon Properties Corp. is engaged in the business of real estate development. The Company is in the business of developing residential and condominium projects; acquiring by purchase or lease land and interest in land. The Company's segments include real estate development and real estate investment.	<ul style="list-style-type: none"> The Skysuites Tower W.H. Taft Residences Injap Tower The Uptown Place
F&J Prince Holdings Corp	Philippines	F & J Prince Holdings Corporation is a holding company and its activities include investments in securities and equities. The Company has investments in companies involved in real estate, power generation, information technology and business process outsourcing.	<ul style="list-style-type: none"> Citibank Center Building Citibank Tower JMT Condominium Building
Filinvest REIT Corp	Philippines	Filinvest REIT Corp is a Philippines-based real estate investment trust (REIT) company. The Company is focused on investing in office buildings, which cater mainly to multinational business process outsourcing (BPO) firms.	<ul style="list-style-type: none"> Northgate Cyberzone Cebu Cyberzone
Keppel Philippines Properties Inc	Philippines	Keppel Philippines Properties, Inc. is a Philippines-based property company. The Company, through its associates, is engaged in the acquisition and development of land sites for residential, office and commercial uses.	<ul style="list-style-type: none"> Palmdale Height, The Podium SM-KL Towers
Kepwealth Property Phils Inc		Kepwealth Property Phils. Inc. is engaged in the business of investing, purchasing, and acquiring properties. It is focused on properties, such as office, commercial, agricultural and residential properties, hotels, inns, resorts, apartments and personal property.	<ul style="list-style-type: none"> Kepwealth Center
PTFC Redevelopment Corp	Philippines	PTFC Redevelopment Corporation is a real estate company. The Company's primary purpose is to deal, engage or otherwise acquire an interest in land or real estate development,	<ul style="list-style-type: none"> Baesa Industrial Terminal Balintawak Warehouses, QC Baesa Town Center

Source: Refinitiv Eikon, company websites

Appendix D

Agriculture Operation Comparable Companies

- Presented below are the selected comparable companies for the valuation of AC's ownership in DADC.

Comparable Companies	Country	Business Description
AgriNurture Inc	Philippines	<ul style="list-style-type: none"> AgriNurture, Inc. is engaged in importing; trading, and fabricating of post-harvest agricultural machineries intended to manage the productivity, as well as the income of Filipino farmers. The Company is also engaged in agro-commercial businesses, which focuses on the export trading of Philippine Carabao Mangoes. The Company also export other home-grown fruits, such as banana and pineapple.
BISI INTERNATIONAL Tbk PT	Indonesia	<ul style="list-style-type: none"> PT Bisi International Tbk is engaged in cultivation and trading of seedlings and agricultural products. It offers and markets corn, vegetables and fruit, and paddy seeds, as well as grains, corn and rice products.
Buyung Poetra Sembada Tbk PT	Indonesia	<ul style="list-style-type: none"> PT Buyung Poetra Sembada Tbk is an Indonesia-based company engaged in the production and wholesale of rice products. The Company also sells broken rice, such as broken rice IR 42, that are commonly used in vermicelli factories.
Estika Tata Tiara Tbk PT	Indonesia	<ul style="list-style-type: none"> PT Estika Tata Tiara Tbk is an Indonesia based company primarily involved in agriculture sector. The Company is involved in cattle breeding as well as manufacturing of cattle feed.
GTNFOODS JSC	Vietnam	<ul style="list-style-type: none"> GTNFOODS Joint Stock Company, formerly known as Thong Nhat Production and Investment Joint Stock Company, is a Vietnam-based company mainly engaged in the agricultural sector.
Southern Seed Corp	Vietnam	<ul style="list-style-type: none"> Southern Seed Corp is operating in the farming industry, specifically, grain production. Its activities comprise the research, development, planting, cultivation, and marketing and distribution of seeds.
Vietnam National Seed Group JSC	Vietnam	<ul style="list-style-type: none"> Vietnam National Seed Group JSC is a Vietnam-based company operating in the farming industry, specifically, grain seed production.
Vitarich Corp	Philippines	<ul style="list-style-type: none"> Vitarich Corporation is engaged in production and distribution of various poultry products, such as dressed chicken, day-old chicks, and animal and aqua feeds. The Company's segments include Food, Feeds, Farms, and Corporate and Others. It produces feeds in various forms, such as mash, pellet, crumble and extruded. The Farms segment is involved in the production of day-old chicks and pullets.

Source: Refinitiv Eikon, company websites

Appendix E

Land Leasing Unlevered Beta Computation

- The unlevered beta is based on the average raw betas of comparable publicly traded companies. We unlevered the raw betas using reported gearing or debt-to-equity ratio of the comparable companies using the following formula:

$$\text{Unlevered Beta of Each Comparable: Raw Beta} / [1 + (1 - \text{Effective Tax Rate}) \times (\text{Debt/Equity of Comparable Company})]$$

- Please see table below for the computed unlevered beta for the valuation of land leasing operations.

Comparable Companies	Raw Beta ^[1]	Debt-to-Equity ^[2]	WACC Tax Rate	Unlevered Beta
D.M. Wenceslao & Associates Inc	0.43	0.07	25.5%	0.41
Jackstones Inc	0.10	0.00	25.6%	0.10
Primex Corp	0.39	0.19	31.3%	0.35
Average				0.29

^[1] 5-year weekly beta of the comparable companies from the Valuation Date

^[2] Computed by dividing comparable companies' total debt balance over market capitalization as of the Valuation Date

Source: Refinitiv Eikon, FTI Consulting Analysis

Appendix E

Property Leasing Unlevered Beta Computation

- The unlevered beta is based on the average raw betas of comparable publicly traded companies. We unlevered the raw betas using reported gearing or debt-to-equity ratio of the comparable companies using the following formula:

$$\text{Unlevered Beta of Each Comparable: Raw Beta} / [1 + (1 - \text{Effective Tax Rate}) \times (\text{Debt/Equity of Comparable Company})]$$

- Please see table below for the computed unlevered beta for the valuation of property leasing operations.

Comparable Companies	Raw Beta ^[1]	Debt-to-Equity ^[2]	WACC Tax Rate	Unlevered Beta
ATN Holdings Inc	0.75	0.02	25.6%	0.74
AyalaLand REIT, Inc.	0.12	0.10	19.3%	0.11
Belle Corp	0.53	0.00	18.5%	0.53
Cebu Holdings Inc	0.26	0.47	22.1%	0.19
DDMP REIT Inc	0.21	0.00	29.3%	0.21
Double Dragon Properties Corp	0.28	1.43	31.7%	0.14
F&J Prince Holdings Corp	0.55	0.00	18.7%	0.55
Filinvest REIT Corp	2.80	0.00	0.0%	2.80
Keppel Philippines Properties Inc	0.21	0.01	25.6%	0.21
Kepwealth Property Phils Inc	0.79	0.00	23.4%	0.78
PTFC Redevelopment Corp	0.25	0.0	28.5%	0.25
Average				0.59

^[1] 5-year weekly beta of the comparable companies from the Valuation Date

^[2] Computed by dividing comparable companies' total debt balance over market capitalization as of the Valuation Date

Source: Refinitiv Eikon, FTI Consulting Analysis

Appendix E

Agriculture Operation Unlevered Beta Computation

- The unlevered beta is based on the average raw betas of comparable publicly traded companies. We unlevered the raw betas using reported gearing or debt-to-equity ratio of the comparable companies using the following formula:

$$\text{Unlevered Beta of Each Comparable: Raw Beta} / [1 + (1 - \text{Effective Tax Rate}) \times (\text{Debt/Equity of Comparable Company})]$$

- Please see table below for the computed unlevered beta for the valuation of agriculture operation.

Comparable Companies	Raw Beta ^[1]	Debt-to-Equity ^[2]	WACC Tax Rate	Unlevered Beta
AgriNurture Inc	0.14	0.12	25.6%	0.13
BISI INTERNATIONAL Tbk PT	0.75	0.00	24.2%	0.75
Buyung Poetra Sembada Tbk PT	0.94	0.12	25.5%	0.87
Estika Tata Tiara Tbk PT	1.24	3.25	26.0%	0.36
GTNFOODS JSC	0.68	0.00	15.3%	0.68
Southern Seed Corp	0.12	0.00	0.0%	0.12
Vietnam National Seed Group JSC	0.20	0.20	0.0%	0.17
Vitarich Corp	0.91	0.13	25.6%	0.82
Average				0.49

^[1] 5-year weekly beta of the comparable companies from the Valuation Date

^[2] Computed by dividing comparable companies' total debt balance over market capitalization as of the Valuation Date

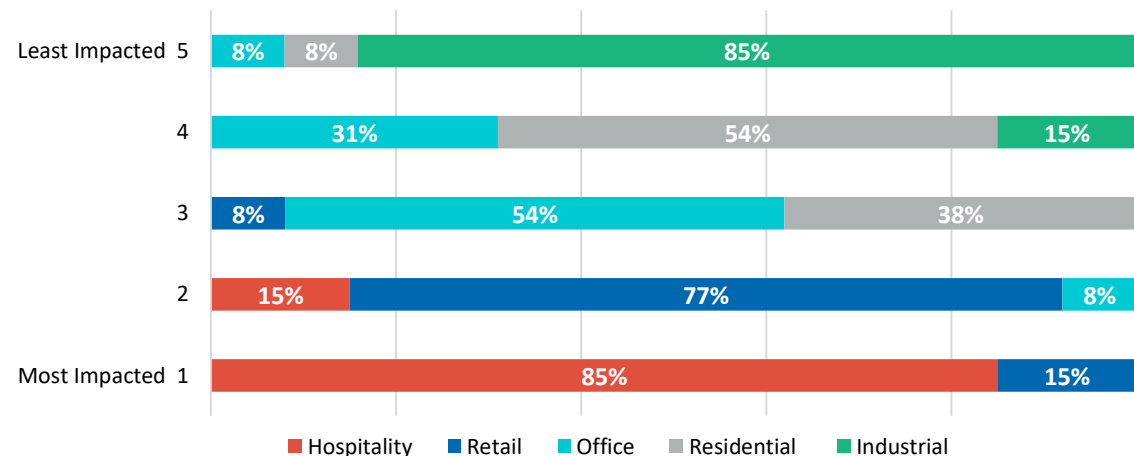
Source: Refinitiv Eikon, FTI Consulting Analysis

Appendix F

Market Overview: The Philippine Real Estate Industry

- The local property sector is classified into different industry groups: residential, office, retail, hotel/hospitality, and industrial/logistics. According to the second edition of Covid-19 Real Estate Developer Sentiment Survey by Cushman & Wakefield, 85 percent of real estate developers in the country ranked hospitality sub-sector as the most impacted by the pandemic. The industrial sub-sector proved to be the most resilient by 85 percent of the respondents.
- The real estate and ownership of dwellings subsector expanded by 16.7 percent in Q2 2021 after shrinking by 29.9 percent in Q2 2020.
- The Residential condominium supply stood at 412,200 units, wherein 5,100 units from three property developments were completed during the Q3 2021. New supply for the Office segment reached 156,600 sqm, up by 102 percent YOY. No completions were seen for hospitality and retail segments.
- According to Colliers, the office market’s recovery primarily depends on vaccination progress and the further easing of mobility restrictions.
- Seeing a rebound in the property sector by 2022, the residential projects in the luxury and mid-income segments are considered as bright spots for the industry and developers to capture recovery.

Covid-19 Real Estate Developer Sentiment Survey: Impact of the Pandemic on Real Estate Segments (in %)



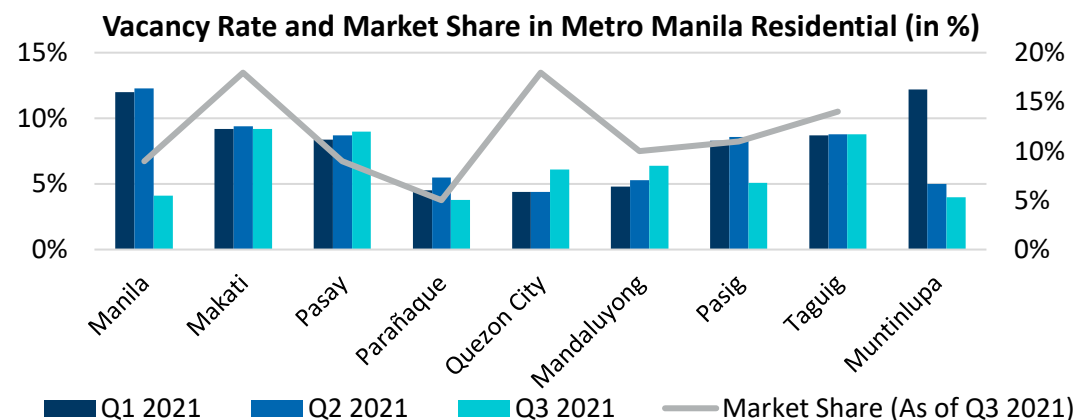
New Supply per Segment (Q3 2021)



Appendix F

Segment Overview: Residential

- In Q3 2021, reintroduced inventories in ready-for-occupancy (RFO) developments lead to a drop-in sales rate at an average of 96.3 percent. The pre-selling market decelerated at an average sales rate of 89 percent caused by returned units in the market, as buyers rethink big-ticket purchases.
- Price appreciation continues with RFO prices climbing up by 1.4 percent QOQ at PHP 220,200 per sqm and pre-selling market average prices by 3.1 percent QOQ at PHP 218,800 per sqm as developers continue to offer flexible payment terms to attract and retain lessees.
- Vacancy rates in mid-end to luxury residential condominiums improved by 97.4 bps or 6.8 percent in Q3 2021. It is expected to increase by the end of 2021 due to the delivery of new condominium units.
- In Q3 2021, average rents in mid-end to luxury residential condominiums fell by 0.6 percent QOQ or PHP 810 per sqm per month as disruptions continue to occur in the secondary market (i.e., second-hand units). Price declined by 1 percent as the demand for units in the secondary market remains subdued.



Metro Manila residential stock forecast, end of 2020 and 2023 (in units)

	End of 2020	End of 2023	% Change
Bay Area	22,750	37,720	65.8%
Alabang	4,880	5,910	21.2%
Fort Bonifacio	39,100	43,060	10.1%
Rockwell Center	5,270	5,830	10.6%
Ortigas Center	18,730	21,560	15.1%
Makati CBD	28,550	29,600	3.7%
Araneta Center	4,550	5,140	13.0%
Eastwood City	9,630	9,630	0.0%
Total	133,460	158,450	18.7%



About FTI Consulting Philippines, Inc.

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FTI PH is 100% Filipino-owned company with an exclusive franchise agreement with FTI Consulting, Inc., a US-based global consulting firm listed in the New York Stock Exchange (NYSE:FCN). FTI PH was incorporated in 2006.



DEFINITIVE EXPERTISE

FTI PH employs highly qualified professionals particularly, MBAs, CPAs and CFA charterholders with extensive, practical experience in applying that expertise to generate a decisive impact.



ACCREDITED BY SEC AND PSE

FTI PH is accredited by the Securities and Exchange Commission (“SEC”) for the valuation of shares of stock and intangible assets. FTI PH is accredited by the Philippine Stock Exchange, Inc. to issue fairness opinions and valuation reports of listed companies of the Exchange.



WIDE CLIENT REACH

Our clients encompass a diverse spectrum of global and domestic: publicly-listed companies, financial institutions, family-owned corporations, funds/investors, and government owned and controlled corporations.

FINANCIAL ADVISORY SERVICES

- Lead M&A Advisory
- Infrastructure Advisory
- Restructuring
- Share and Intangible Asset Valuation
- Purchase Price Allocation
- Financial Model Preparation and Review
- Due Diligence
- Funds Advisory
- Distressed Debt Advisory

SENIOR MANAGING DIRECTORS OF FTI PH

**Anthony (Tony)
Quach**



**Dominador (Butch)
Gregorio III**



**John
Balce**



INDUSTRY COVERAGE

FTI PH has been engaged by clients in various industries listed below:



Real Estate
and
Infrastructure



Energy, Power
and Resources



Telecom,
Media and
Technology



Retail and
Consumer
Products



Financial
Institutions

FTI Consulting Philippines Services

We capitalize on our technical proficiency and extensive knowledge in various industries in valuing shares of stock and intangible assets. We utilize three general approaches to valuation: income, market, and cost approach. We also provide post-acquisition support to clients through an independent purchase price allocation of their acquired assets and assumed liabilities, as part of their financial reporting requirements.

LEAD M&A AND INFRASTRUCTURE ADVISORY

As a trusted partner to companies, boards of directors, investors, lenders and creditors around the world, the Corporate Finance & Restructuring segment is focused on delivering restructuring, business transformation and transaction solutions. Committed to our clients' success, our award-winning professionals address the full spectrum of financial, operational and transactional risks and opportunities across diverse industries. Included among our core strengths is providing expertise in guiding companies through the value-creation life cycle.

VALUATION/PURCHASE PRICE ALLOCATION

As one of the most well known names in the industry, we bring credibility and a proven track record of results to rebuild or extract value from underperforming companies. FTI PH has expertise in providing the following services: performance improvement, CRO (Chief Restructuring Officer)/Interim Management, Restructuring Advisory, and Liquidity Management. An objective third party specializing in rebuilding value is often the catalyst necessary to revitalize a company.

FINANCIAL MODEL PREPARATION AND REVIEW

We assist clients in their financial modeling needs through either financial model construction or review. Financial model construction involves preparing a model based on the needs of the client, using the project documents and/or technical studies commissioned by a client to evaluate a project. Our expertise in building financial models allows us to conduct an effective review of the models of other parties. We provide critical feedback to clients by assessing the integrity and structure of the model, checking for calculation errors and documenting findings for immediate and future reference.

RESTRUCTURING

OTHER SERVICES

FTI PH's expertise extends to other services including: distressed debt advisory, financial due diligence, funds advisory and other transaction related services.

FTI Consulting: Experts with Impact

FTI Consulting is an independent global business advisory firm dedicated to helping organizations manage change, mitigate risk and resolve disputes. Due to our unique mix of **EXPERTISE, CULTURE, BREADTH OF SERVICES** and **INDUSTRY EXPERIENCE**, we have a tangible impact on our clients' most complex opportunities and challenges.

Definitive Expertise

- **Who's Who Legal: Consulting Experts (Most Recognised)**, *Law Business Research Ltd. (2016 – 2020)*
- **Restructuring & Insolvency Advisers Firm of the Year**, *Who's Who Legal (2019-2020)*
- **Best Of National Law Journal: Hall of Fame**, *National Law Journal (2017 – 2020)*
- **Achievement in Developing and Promoting Women**, *Stevie Awards (2020)*

A Culture That Delivers

- **Practical** in our communication and approach to outcomes
- **Judicious** in complex, multi-party situations
- **Collaborative** with clients and colleagues
- **Professional** in our commitment to work with the highest caliber

6,300+ Employees	600+ SMDs	\$5.1B Market Cap. ¹
85 Cities		29 Countries
Advisor to 96 of the world's top 100 law firms	55 of Fortune Global 100 corporations are clients	Advisor to 8 of the world's top 10 bank holding companies

Comprehensive Services

- Financial
- Operational
- Reputational
- Legal
- Political & Regulatory
- Transactional

Industry Experience

- Aerospace & Defense
- Agriculture
- Automotive
- Construction
- Energy, Power & Products (EPP)
- Environmental
- Financial Institutions
- Healthcare & Life Sciences
- Hospitality, Gaming & Leisure
- Insurance
- Mining
- Public Sector & Government Contracts
- Real Estate
- Retail & Consumer Products
- Telecom, Media & Technology
- Transportation

1. Number of total shares outstanding as of January 18, 2022, times the closing share price as of January 18, 2022.

Our Global Reach

With offices in every major financial center and every corner of the globe, we successfully serve our clients wherever challenges and opportunities arise.



North America

Latin America

Europe, Middle East, Africa

Asia

Australia

Canada Calgary Montreal Toronto Vancouver	United States Atlanta Austin Baltimore Bethesda Boston Bowie Brentwood Charlotte Chicago Dallas Denver Great Neck Houston Indianapolis Las Vegas Los Angeles McLean Miami Milwaukee New York Oakland Palm Beach Pasadena Philadelphia Phoenix Pittsburgh Portland Redwood City Roseland San Francisco Santa Barbara San Juan Capistrano Seattle Troy Walnut Creek Washington, D.C. Wayne Winston-Salem	Argentina Buenos Aires Brazil São Paulo Colombia Bogotá Mexico Mexico City Caribbean British Virgin Islands Cayman Islands	Belgium Brussels Denmark Copenhagen Finland Helsinki France Paris Germany Berlin Düsseldorf Frankfurt Hamburg Munich Ireland Dublin Israel Tel Aviv Italy Milan Qatar Doha South Africa Cape Town Johannesburg Stellenbosch Sandton Spain Barcelona Madrid United Arab Emirates Abu Dhabi Dubai United Kingdom London Stirling	China Beijing Hong Kong Shanghai India Mumbai New Delhi Indonesia Jakarta Japan Tokyo Korea Seoul Malaysia Kuala Lumpur Philippines ¹ Manila Singapore	Brisbane Melbourne Perth Sydney
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1. Affiliate



Our Team

Dominador (Butch) Gregorio III

Senior Managing Director

+63.920.928.3514

butch.gregorio@fticonsulting-ph.com



Certifications

Certified Public Accountant
Licensed Real Estate Broker
Institute of Corporate Directors
- Graduate Member

Professional Associations

Finance Executives of the
Philippines
Philippine Institute of Certified
Public Accountants

Education

MBA – Wharton Business School
MA in International Studies –
Lauder Institute of Management
and International Studies,
University of Pennsylvania
BS Business Administration and
Accountancy - University of the
Philippines

Dominador (Butch) Gregorio III is a Senior Managing Director in the Corporate Finance & Restructuring Practice of FTI Consulting Philippines, Inc. (“FTI PH”) and is based in Manila. His industry expertise includes financial institutions, manufacturing, retail, and real estate. He has more than 30 years of professional experience in restructuring, transaction support, mergers and acquisitions (“M&A”), and financial advisory.

Mr. Gregorio has advised clients in healthy and distressed situations in connection with mergers and acquisitions, debt restructuring, corporate reorganizations, recapitalizations, funds advisory, and strategic business issues.

Mr. Gregorio’s experience covers all aspects of financial and operating transaction support, including business enterprise valuation, identifying value drivers and risk issues critical to the investment decision, structuring considerations, due diligence of the quality of earnings, cash flows and balance sheet, fairness opinions, project finance, supporting negotiating financing covenants, advice on sale and purchase agreements, forensic investigation, business process reviews, interim management roles, and corporate directorships.

Prior to joining FTI Consulting, Mr. Gregorio provided similar services as a partner and head of the Financial Advisory Services group for Deloitte in Almaty, Kazakhstan. From 2003 to 2007, he was the Chief Operating Officer and Managing Director of Ernst & Young Transaction Advisory Services, Inc. in the Philippines. He was a partner in SGV & Co.’s Corporate Finance Division.

Mr. Gregorio spent seven years with Citicorp Real Estate, Inc.

(Citibank N.A.) in New York, Minneapolis, and Dallas, U.S.A. Mr. Gregorio represented a hedge fund as a member of the board of directors of a listed real estate company, which was eventually sold. He was an interim controller for a consortium of lenders for a Singapore chemical company with operations in Indonesia.

Mr. Gregorio holds an MBA from the Wharton School and an MA in International Studies from the Lauder Institute of Management and International Studies, University of Pennsylvania. He graduated from the University of the Philippines (“UP”) with a Bachelor of Science degree in Business Administration and Accountancy, cum laude. In 2008, he was a UP Virata School of Business Distinguished Alumni Awardee. Mr. Gregorio is a Certified Public Accountant and a Licensed Real Estate Broker. He is a Graduate Member and Faculty Lecturer of the Institute of Corporate Directors (“ICD”). He was the past president and is treasurer of ICD Toastmasters Club.

Representative Engagements – Fairness Opinion and Valuation

- Fairness opinion and valuation engagement for the property-for-share swap of a listed energy company for an international renewable energy portfolio
- Fairness opinion on the consideration to be transferred and received by a listed technology company in its acquisition of a Singapore technology company
- Valuation of a private holding company with wide network of hospitals, surgical centers, laboratories, and other healthcare facilities across the country
- Valuation study of one of the biggest thrift banks in terms of assets in the Philippines
- Valuation of a premiere optical retail store for a potential sale

John Balce

Senior Managing Director

+63.928.503.9492

john.balce@fticonsulting-ph.com



Certifications

Chartered Financial Analyst
Certified Public Accountant

Professional Associations

CFA Institute
CFA Society Philippines –
Trustee and Treasurer
Philippine Institute of
Certified Public Accountants

Education

Executive Masters in
Business Administration,
Asian Institute of
Management

John Balce is a Senior Managing Director in the Corporate Finance & Restructuring Practice providing financial solutions to situations organizations face throughout its life cycle. His industry expertise includes infrastructure, energy, mining, and financial institutions. He has more than 15 years of professional experience in financial modeling, valuation, deal advisory, project finance, and corporate restructuring.

Mr. Balce has been involved in several deals, including mergers & acquisitions (“M&A”), capital raising, debt refinancing, public-private partnerships, non-performing loan (“NPL”) portfolio sales, and corporate rehabilitation. Mr. Balce has assisted in several cross-border engagements in the Philippines, China, Hong Kong, Indonesia, and Singapore.

Mr. Balce has extensive experience in building complex financial models for infrastructure and energy projects for purposes of assessing their financial viability in the context of contractual negotiations, market forces, and regulatory considerations. He likewise has extensive experience in performing valuation of companies in various industries, whether public or private, including embedded intangible assets in M&A transactions.

Prior to joining FTI Consulting, Mr. Balce was an Associate Director at Ferrier Hodgson. His career started in the Corporate Finance group of SGV / Ernst & Young Transaction Advisory Services, Inc. in Manila. During this period, he was heavily involved in several NPL deals onshore and offshore on behalf of

selling banks and foreign investors.

Mr. Balce holds an executive master's degree in Business Administration, with honors, from the Asian Institute of Management. He graduated Magna Cum Laude from the University of the Philippines - Diliman with a bachelor's degree in Business Administration and Accountancy. He is a Certified Public Accountant and a Chartered Financial Analyst (“CFA”) Charterholder. He is the current treasurer and a trustee of the CFA Society Philippines. He is a member of the CFA Institute and the Philippine Institute of Certified Public Accountants.

Representative Engagements –Fairness Opinion and Valuations

- Fairness opinion and valuation on the property-for-share swap between AC Energy Inc. and AC Energy Philippines, Inc. for the former's international renewable energy business held through Presage Corporation
- Fairness opinion and valuation for the proposed backdoor listing of Udenna Corporation into ISM Communications
- Intangible asset valuation and purchase price allocation for the acquisition of Global Business Power Corporation of 50%+1 equity interest in Alsons Thermal Energy Corporation
- Fairness opinion on the acquisition of Xurpas Inc. of Art of Click Pte. Ltd.
- Valuation of the 51% Equity Stake in PNB Life Insurance Inc. and the Bancassurance Access (intangible) transferred by PNB to Allianz SE



Certificate of Reliance

Certificate of Reliance



33F Tower One, Ayala Triangle, Ayala Avenue
Makati City, 1226 Philippines
www.ayala.com.ph

20 January 2022

FTI Consulting Philippines Inc.
The Victor Hotel, 7258 J. Victor St.,
Pio Del Pilar
Makati City

Attention: Dominador T. Gregorio III
Senior Managing Director

Subject: Certificate of Reliance

Gentlemen:



This is to certify that the files listed in Exhibit I below submitted to FTI Consulting Philippines, Inc. ("FTI Consulting"), which include unaudited financial statements, lease agreements, and appraisal reports, are, to the best of our knowledge or based on corporate records, true and accurate, and free from material misstatements.

This is also to certify that: the projected financial forecasts, lease income forecasts, and other supporting schedules, for the purpose of valuing certain assets of Ayala Corporation ("AC") and Mermac, Inc., (the "Assets") represent to the best of our knowledge the best estimates as to the future operating performance, financial results and cash flows of the Assets and are free from material misstatements due to fraud or error;

We further certify that information we disclosed about the current and projected operations/ forecasts, structure and organization, regulatory/legal disclosures and other similar information of the Assets listed in Exhibit I are to the best of our knowledge or based on corporate records, accurate at the time of the disclosure.

AC shall indemnify and hold harmless FTI Consulting and its directors, officers, employees and/or agents from any liability, loss or damage relating to or arising out of FTI Consulting's reliance on all information provided by AC in performing the said valuation and issuance of a fairness opinion in accordance with clause 6 of the Standard Terms and Conditions, provided there is no gross negligence, fraud or willful misconduct on the part of FTI Consulting and its directors, officers, employees and/or agents.

Sincerely,


Alberto M. de Larrazabal
Attorney-in-Fact
Ayala Corporation





John Eric T. Francia
Attorney-in-Fact
Ayala Corporation


Exhibit I – List of Information Used for Valuation of the Assets

	Assets / Company Name	File Type/Nature	File Name
1	the Assets	GAE accounts	Project Hibiki 2021 GAE Budget for AC Properties.xls
2	the Assets	GAE accounts	Project Hibiki Property BV_2021.08.31.xls
3	the Assets	Summary of properties	AC x ALI Deal Scoping Sheet_2021.11.23.xlsx
4	Manila Peninsula	Appraisal report	07-2021-0417A AYALA CORPORATION (Manila Peninsula) Market Approach.pdf
5	Manila Peninsula	Appraisal report	Colliers Report Appraisal of Manila Pen Lot_vs FINAL.pdf
6	Manila Peninsula	Lease Agreement	Contract of Lease Manila Peninsula_1975.01.02.pdf
7	Manila Peninsula	Lease Agreement	Contract of Lease Manila Peninsula_2002.03.20.pdf
8	Manila Peninsula	Financial Forecast	Manila Pen Estd lease income 2021-2030_2021.08.18.xls
9	Tower One and Exchange Plaza	Appraisal report	07-2021-0417-002A Final Appraisal Report-Market Approach (Tower One) Esign
10	Tower One and Exchange Plaza	Appraisal report	CIPVAL20-099-007 Tower One.pdf
11	Tower One and Exchange Plaza	Terms of Reference	ALI LEASE OF AC FLOORS IN TOEP with Annexes_2021.04.20_vs (e-signed AC-JCZJ).pdf
12	Tower One and Exchange Plaza	Lease Income Forecast	Tower One Lease to ALI_2021.10.04.xlsx
13	Honda Pasig site	Appraisal report	07-2021-0417-004A Final Appraisal Report-Market Approach (Bagumbayan) Esign.pdf
14	Honda Pasig site	Appraisal report	CIPVAL20-099-003 Honda Pasig.pdf
15	Honda Pasig site	Lease Income Forecast	Honda-Isuzu Lease Income 2021-2025_2021.08.31_v3 FOR FTI.xls
16	Darong Agricultural and Development Corp.	Financial Forecast	DADC 2022 Budget_2021.11.04_v1 WB copra estimate.xls
17	Darong Agricultural and Development Corp.	Financial Forecast	DADC 2022 Budget_2021.11.04_v2.xls
18	Darong Agricultural and Development Corp.	Financial Forecast	DADC 2022 Budget 9 14 2021.xls
19	Darong Agricultural and Development Corp.	Financial Statement	DADC_ESR Aug 2021_2021.09.08.pdf
20	Darong Agricultural and Development Corp.	Appraisal report	CIPVAL20-099-013 Darong.pdf
21	Darong Agricultural and Development Corp.	Appraisal report	07-2021-0417-009 Final Appraisal Report-Market Approach (Darong).pdf
22	Land in Calauan, Laguna	Appraisal report	CIPVAL20-099-018 Calauan.pdf
23	Land in Calauan, Laguna	Appraisal report	07-2021-0417-012 Final Appraisal Report-Market Approach (Calauan).pdf
24	Land in Calauan, Laguna	Internal Approval for Donation	Calauan AC Sec Cert re E-02-21 Donation to HSMC_2021.04.26.pdf
25	Land in Calauan, Laguna	Usufruct Agreement	Calauan_Deed of Usufruct AC-AFI_2014.01.10_vsn.pdf







Scope of Work

Scope of Work

Fairness Opinion

- On the basis of our independent valuation of the Assets and ALI Shares, determine if the property-for-share swap is fair from a financial point of view.

Valuation

- In support of the fairness opinion, perform a valuation study using the generally accepted valuation methodologies under the International Valuation Standards (“IVS”) for the following:
 - the Assets
 - ALI Shares
- Discuss with the Clients to understand the business and operations of the Assets and ALI Shares.
- Depending on the availability of financial forecasts for each of the assets/entities under Assets and ALI Shares, hold discussions and Q&A sessions with the Clients’ management regarding the bases of assumptions and the financial forecasts.
- Review the audited and/or unaudited interim financial statements and related management reports of Assets, ALI and all of its subsidiaries, affiliates and investments as of the Valuation Date.
- Conduct research on historical trading prices of ALI and calculate volume-weighted average prices (“VWAPs”).
- Review key contracts and agreements pertinent to the valuation such as lease agreements, loan agreements, shareholders agreements, investment agreements, etc.
- Review appraisal reports on land, and property and equipment.
- Conduct meetings and interviews with Clients management and other company advisors (i.e., legal, regulatory, tax, accounting, technical, etc.) and such other activities as may be necessary and desirable to arrive at the valuation.



References

References

- JLL Q1 Report: <https://www.jll.com.ph/content/dam/jll-com/documents/pdf/research/apac/philippines/jll-research-1q21-metro-manila-pmo-en.pdf>
- JLL Q2 Report – MM: <https://www.jll.com.ph/content/dam/jll-com/documents/pdf/research/jll-research-2q21-metro-manila-property-market-overview.pdf>
- JLL Q2 Report – PRO: <https://www.jll.com.ph/content/dam/jll-com/documents/pdf/research/apac/philippines/jll-research-1h21-provincial-property-market-overview.pdf>
- JLL Q3 Report: <https://www.jll.com.ph/content/dam/jll-com/documents/pdf/research/jll-3q21-metro-manila-property-market-overview-updated.pdf>
- Colliers Q2: <https://www.colliers.com/en-ph/research/colliers-quarterly-property-market-report-q2-2021-philippines>
- Colliers Q3 - Residential: <https://www.colliers.com/en-ph/research/colliers-quarterly-property-market-report-residential-q3-2021-philippines>
- Cushman and Wakefield – Survey: <https://www.cushmanwakefield.com/en/philippines/insights/covid-19-real-estate-developer-sentiment-survey-2nd-edition>
- Business Mirror – S1: <https://businessmirror.com.ph/2021/08/19/outlook-on-the-real-estate-market/>
- Prime Philippines: <https://primephilippines.com/insights/articles/township-developments-a-new-perspective>
- Inquirer: <https://business.inquirer.net/296828/future-proofing-real-estate>



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**APPRAISAL REPORT
PRIVATE AND CONFIDENTIAL**



Cuervo Appraisers, Inc.[®]
Asset Valuation Solutions

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www.cuervoappraisers.com.ph
info@cuervoappraisers.com.ph

MARKET VALUE APPRAISAL

Property exhibited to us as owned by the
AYALA CORPORATION
Located in
Tower One and Exchange Plaza
Barangay Bel-Air, Makati City, Metro Manila



The Management of Cuervo Appraisers is leading the advocacy in the valuation industry for the conservation of our trees through minimal use of paper products and encouraging electronic-generated reports.

The earth we abuse and the living things we kill will, in the end, take their revenge; for in exploiting their presence, we are diminishing our future. - Marya Mennes, More in Anger, 1958 -



Cuervo Appraisers, Inc.[®]
Asset Valuation Solutions



02 November 2021

AYALA CORPORATION

30th Floor, Tower One and Exchange Plaza
Ayala Triangle, Makati City, Metro Manila

Attention : **MR. ALBERTO M. DE LARRAZABAL**
Chief Finance Office

We express our professional statement of opinion on the valuation of certain assets described in the attached Independent Valuation Report dated 02 November 2021. Our Independent Valuation Report was made on the basis of certain information and internal data provided to us by the **AYALA CORPORATION**, as well as on our inspections, research and analyses of market data which we have deemed reasonable, appropriate and applicable based on our experience as valuation professionals.

Management Responsibility of Client

The Client and its management are responsible for the preparation and fair presentation of information and internal data provided to us. Where the valuation requires actual property inspections, Client warrants that all properties inspected properly refer to the actual and only subjects of this valuation report. While we verify information and data in cases where such verification is required, our services do not cover certification on the accuracy and completeness of information provided to us by the Client and its management.

Responsibility of the Valuation Professional

Our responsibility as valuation professionals is to come up with an appropriate reasonable valuation for the subject assets and properties based on information, internal data and market data available to us, as well as on actual inspections, where such are required. Our valuation reports are made based on reasonable and adequate data that support our conclusions to establish the market value of the subject assets as of the stated date.

Our valuation procedures have been performed in accordance with the International Valuation Standards (2020 Edition) and Philippine Valuation Standards (2nd Edition, 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP). The development of the International Valuation Standards serves as a professional benchmark, or beacon, for valuation professionals globally, thereby enabling them to respond to client requirements for reliable valuations.

Prohibitions

Neither the whole nor any part of this report, any reference thereto may be published, included in or with, attached to any document or used for any purpose other than that specifically stated in this report, without the written consent of Cuervo Appraisers, Inc. in accordance and exclusively for the purpose, form and context in which it may appear.

Representations

Cuervo Appraisers, Inc., through its Manila, Cebu and Davao offices has been in the business of providing asset valuation solutions for companies across all industries for 41 years in the Philippines and overseas. Cuervo Appraisers, Inc. has been involved in numerous valuation projects for various assets and enterprises, both tangible and intangible and is well qualified to undertake the work required.

The final valuation report shall not be valid without the dry seal of Cuervo Appraisers, Inc. properly affixed thereto.

CUERVO APPRAISERS, INC.

By:



LIBERTY SANTIAGO-AÑO, IPA, MRICS

Vice President and General Manager

Real Estate Appraiser

Valid until: 07/17/2023

PRC Registration Number: 0000167

IPREA Membership No. 18849

PTR No. 5242992

14 January 2021

City of Pasig

02 November 2021

AYALA CORPORATION

30th Floor, Tower One and Exchange Plaza
Ayala Triangle, Makati City, Metro Manila

Attention : **MR. ALBERTO M. DE LARRAZABAL**
Chief Finance Office

Subject : **CAI File No. 07-2021-0417-002B**
Market Value Appraisal of Property

Gentlemen :

As requested, we appraised of certain real property exhibited to us as owned by the **AYALA CORPORATION**, for the purpose of expressing an opinion on the *market value* of the property intended for sale use as of **30 July 2021**.

The appraised property consists of **four (4) office condominium units and forty-eight (48) parking slots allocated for the units**, located at **Tower One and Exchange Plaza, Ayala Avenue corner Paseo de Roxas Avenue, Ayala Triangle, within Barangay Bel - Air, Makati City, Metro Manila**.

The term **Market Value**, as used herein is defined as:

the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

Market Value is understood as the value of an asset estimated without regard to costs of sale or purchase and without offset for any associated taxes.

Income Approach is a method in which the appraiser derives an Indication of value for income producing property by converting Anticipated future benefits into current property value;

Lease Rate, sale and/or listing of prices of comparable condominium units and parking slots;

Extent, character and utility of the property; and

Capitalization rate.

Premised on the foregoing and as supported by the accompanying narrative report, it is our opinion that the *market value* of the property appraised as of **30 July 2021** are reasonably represented in the amount of **ONE BILLION FOUR HUNDRED SEVENTY FOUR MILLION FOUR HUNDRED TWO THOUSAND (Php1,474,402,000) PESOS.**

We made no investigation of and assume no responsibility for titles to or liabilities against the appraised property.

WE CERTIFY that we have neither present nor prospective interest on the appraised property or on the reported value.

Respectfully submitted,

CUERVO APPRAISERS, INC.

By:

ENGR. ANGELO V. SAN ANTONIO

Department Manager - Real Estate

PRC Registration Number: 0000407

Valid Until: 05/23/2023

IPREA Membership No. 181024

PTR No. 2065478G

15 January 2021

City of Malolos

SRO:roa

CAI File No. 07-2021-0417-002B

LIMITING CONDITIONS

1. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear under responsible ownership.
2. ***Cuervo Appraisers, Inc.***, by reason of this appraisal, is not required to give testimony or attendance in court or to any government agency with reference to the subject property unless arrangements have been previously made.
3. Any erasure on appraisal date and/or value invalidates this valuation report.
4. Neither the whole nor any part of this report and valuation, nor any reference thereto, may be included in any document, circular or statement without our written approval.
5. The valuation fee is not contingent upon a predetermined value conclusion or a percentage of the valuation.
6. This appraisal report is invalid unless it bears the service seal of ***Cuervo Appraisers, Inc.***

CAI File No. 07-2021-0417-002B

NARRATIVE REPORT

I. GENERAL

This report covers an appraisal of certain real property located within Barangay Bel-Air, Makati City, Metro Manila. The appraisal was made for the purpose of expressing an opinion on the **market value** of the property as of **30 July 2021**.

Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

It is further assumed that the titles to the property are good, marketable, and free from liens and encumbrances; and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. **Fee Simple** is defined as the absolute fee without limitation to any particular class of heirs or restrictions but subject to the limitations of eminent domain, escheat, police power and taxation.

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price/rent which the properties would fetch if offered for sale/rent in the open market, would undoubtedly be affected, should the sale/rent be on terms, whether favorable or unfavorable.

The market value of the property in terms of condominium unit sale requires that the Master Deed with Declaration of Restrictions be annotated in the Transfer Certificate of Title of the land, and that the ownership to the land would be issued in favor of the Condominium Corporation. Fee simple ownership to the units is transferable under the regulations stipulated in Presidential Decree No. 957 known as **The Subdivision and Condominium Buyer's Protective Decree**.

Condominium as contemplated in the Philippine Condominium Law is defined as --

"Sec. 2 x x x x an interest in real property consisting of a separate interest in a unit in a residential, industrial or commercial building and an undivided interest in common, directly or indirectly, in the land on which it is located and in other common areas of the building x x x x x."

Briefly stated, condominium is a form of ownership less than the whole. Each co-owner enjoys a fee simple ownership on his separate unit and owns jointly with others the land on which the building is erected and the common elements of the building such as the main walks, stairways, roof deck, halls and lobby, elevators, comfort rooms, and mechanical and electrical equipment rooms servicing the building.

II. PROPERTY LOCATION AND IDENTIFICATION

Based on the documents provided to us by the client and as shown on site by Mr. Redentor Tapispisan (client's representative), the appraised property consists of **four (4) office condominium units and forty-eight (48) parking slots allocated for the units**, located within Tower One and Exchange Plaza, Ayala Avenue corner Paseo de Roxas Avenue, Ayala Triangle, Barangay Bel – Air Makati City, Metro Manila.

The property is located approximately 220 meters northwest from the intersection of Makati Avenue and Ayala Avenue; 750 meters northwest from Antonio Arnaiz Avenue; and about 1.20 kilometers from Epifanio de los Santos Avenue (EDSA).

Ayala Avenue and Paseo de Roxas Avenue are both 30 meters wide, with center island while. All are concrete-paved and provided with concrete curbs and gutters, concrete sidewalks, and underground drainage.

III. NEIGHBORHOOD DATA

The property is located in Makati Central Business District, a mixed-use development mainly multi-storey commercial – office/residential condominiums.

Generally, the roads in the neighborhood are designed to accommodate light to heavy vehicular and pedestrian traffic loads. Major thoroughfares are concreted, with widths ranging from 10 to 30 meters and lighted with streetlamps.

Some of the important improvements in the vicinity are:

- Makati Stock Exchange
- The Peninsula Manila
- SGV I and II Building
- Insular Life Building
- PS Bank Tower

SM Jazz Mall, Glorietta Mall, Ayala Center Makati, SM Makati and Greenbelt Mall serve as the shopping and marketing needs of the residents in the area. These are accessible from Ayala Avenue and Sen. Gil Puyat Avenue by public transportation. Other community centers like the post office, public market, churches/chapels, hospitals/clinics, and private and public schools are likewise accessible from the said thoroughfares.

IV. COMMUNITY FACILITIES AND UTILITIES

Electric power, water supply and telecommunication facilities are available at the subject units.

Public transportation connecting to various sections of Metro Manila is available along Ayala Avenue where the subject building fronts. Streetlights, garbage collection, foot and mobile patrols of the Philippine National Police, and other community facilities and utilities are maintained by the city government and the Metropolitan Manila Development Authority (MMDA).

V. DESCRIPTION OF THE SUBJECT CONDOMINIUM UNITS AND PARKING SLOTS

The appraised property consists of four (4) office condominium units and forty eight (48) allocated parking slots, technically describe as follows:

Floor Levels	CCT Nos.	Area (sq.m.)	Allocated Parking Slots
32 nd	41571	1,347	D-0021, D-0022, D-0023, D-0024, D-0025, D-0026, D-0027, D-0028, D-0029, D-0030, D-0031, D-0032, D-0033
33 rd	41570	1,347	D-0008, D-0009, D-0010, D-0011, D-0012, D-0013, D-0014, D-0015, D-0016, D-0017, D-0018, D-0019, D-0020
34 th	41569	1,347	D-0090, D-0091, D-0092, D-0093, D-0095, D-0096, D-0097, D-0098, D-0099, D-0100, D-0101, D-0102, D-0103
35 th	45413	1,121	D-0001, D-0002, D-0003, D-0004, D-0005, D-0006, D-0007, D-0104, D-0105

The above condominium certificates of title were all issued by the Registry of Deeds for the City of Makati, Metro Manila in favor of the **AYALA CORPORATION**.

32nd Floor

This is an office condominium unit with wall-to-wall carpet, granite tile and laminated wood floors finishes, acoustic board on aluminum T-runner ceiling, gypsum board with wood finish, glass on wood frame partitions and glass on wooden frame and wood pane doors.

This is occupied by Ayala Corporation's Strategic Human Resources, Knowledge Management, Corporate Support Services, AC Industrial, AC Synergy, AC Infra, Asiacom, Meeting Room (32.01 and 32.02), Training Room with Mini Pantry, Tea Point Area and a Pantry.

33rd Floor

This is an office condominium unit with wall-to-wall carpet, granite tile and laminated wood floors finishes, acoustic board on aluminum T-runner ceiling, gypsum board with wood finish, glass on wood frame partitions and glass on wooden frame and wood pane doors.

This is occupied by Ayala Corporation's Treasury, Risk Management and Sustainability, Corporate Governance, Audit, Controllership, Information and Communication Technology and AC Education.

34th Floor

This is an office condominium unit with carpet tile, ceramic tile, wood planks and laminated wood floors finishes, acoustic board on aluminum T-runner ceiling, gypsum board with wood finish, glass on wood frame partitions and glass on wooden frame and wood pane doors.

This is occupied by Ayala Corporation's Group Head, Corporate Strategy and Development, Corporate Finance and Asset Management, EA Area, Employee's Pantry, Compactor/Messenger Area, Meeting Room (34.01), Work Pad and Executive Dining Area (34 EDR).

35th Floor

This is an office condominium unit with carpet tile, ceramic tile, wood planks and laminated wood floors finishes, acoustic board on aluminum T-runner ceiling, gypsum board with wood finish, glass on wood frame partitions and glass on wooden frame and wood pane doors.

This is occupied by Ayala Corporation's Office of Chairman Emeritus, Office of the Chairman, Office of the President, Consultants, EA Area, Lobby, Audio Visual Room, Board Room, and a Kitchen.

These units are all painted and provided with electrical lighting and firefighting equipment.

No title verification was conducted to confirm the existence of the owner's original copy of the titles supposedly on file with the Registry of Deeds, since it is not included in the assignment.

Government Assessment

BIR Zonal Value of Real Property within Barangay Bel-Air, Makati City, Metro Manila, as per Department Order No. 062-2016, effective 28 December 2016:

Condominium Name	Vicinity	Classification	8 th Revision Zonal Value (Php/sq.m.)
Ayala Triangle Tower	Ayala Avenue	Commercial Condominium	230,000
One and Exchange Plaza		Parking Slot	150,000

VI. DESCRIPTION OF THE CONDOMINIUM BUILDING

Tower One and Exchange Plaza

This is a thirty five (35)-storey with roof deck and four (4)-level basement reinforced concrete framed building of concrete slab roof, gypsum board with down lights at main lobby, and acoustic board on T-runner ceilings; glass on aluminum frame view walls; glass curtain and cement plastered concrete hollow block walls and partitions; steel louver and glass awning windows; granite tile, homogeneous tile, vinyl, carpet flooring and plain cement finish concrete floors; and plywood flush, glass on aluminum frame and glass panel doors.

The building is painted and provided with helipad on roof deck, electrical, plumbing, firefighting and alarm, security and telecommunication facilities.

The facility is serviced by fifteen (15) passenger and service elevators.

Total floor area is approximately 30,178.96 square meters.

VIII. VALUATION

By Income Approach

The Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value. The different techniques that can be utilized to accomplish this include direct capitalization, mortgage-equity capitalization and discounted cash flow analysis. All three methods are based on an analysis of a property's operating income. The first step in the Income Approach is estimating the Potential Gross Income (PGI) of the property. The PGI includes income from all possible sources, at 100% occupancy and before any deductions for expenses. These projections are generally calculated on an annual basis and are based on the analysis of data from the subject and comparable rental properties. With a potential gross income figure, a suggested value can be applied against the subject. After projecting the Potential Gross Income, an allowance is made for vacancy and credit loss, resulting in the Effective Gross Income (EGI). The EGI estimates the anticipated annual gross receipts from the property. The property may experience vacancies (even in a strong rental market) due to the time lag between successive tenants (e.g., remodelling). Collection losses can result from a tenant's inability or refusal to pay rent. After projecting the Effective Gross Income, the appraiser deducts the estimated operating expenses for the property. These operating expenses include all costs required to maintain the earning potential of the property. The operating expenses are generally classified into two categories: fixed expenses and variable expenses. Variable expenses are directly related to the occupancy, and therefore to the Effective Gross Income, of the property. Examples include Gross Receipt Taxes and management fees paid on a percentage of gross bases.

Fixed expenses are those which remain constant for the property regardless of occupancy. Examples include real property taxes and hazard insurance. The total operating expenses are deducted from the Effective Gross Income resulting in the Net Operating Income (NOI). The NOI is the annual estimated income generated by the property, before interest expense, depreciation and taxes. The Net Operating Income can be analyzed in three ways, as introduced above: direct capitalization, mortgage-equity analysis and discounted cash flow. For purposes of this report, we have adopted the Discounted Cash Flow Analysis, details of which are shown on the succeeding pages of this report.

Discounted Cash Flow Analysis

This form of analysis allows an investor or owner to make an assessment of the long-term return that is likely to be derived from a property with a combination of rental and capital growth over an assumed investment horizon. In undertaking this analysis, a wide range of assumptions are made including base rental, rental growth, statutory and operating expenses, and sale price and disposal of the property at the end of the investment period.

Having regard to these factors, we have carried out a discounted cash flow analysis over a 10-year investment horizon in which we have assumed that the property is sold at the start of the eleventh year of the cash flow. The cash flow analyses, which comprise annual income streams, are based upon the following assumptions/estimates:

1. Cash Flow is projected over a 10-year period;
2. Discount rate is estimated at 10%;
3. Vacancy and bad debts is assumed zero, since these units would be leased for twenty years starting January 2020;
4. Escalation rate is pegged at 3% per year for the office units and 5% per year for the parking slots;
5. Capital Expenditures is 0%, it's in as is, where is basis;
6. Administration, Marketing and Management Expenses, which include administrative, repairs and maintenance, and real estate tax and other related expenses, will be shouldered by the tenants and are, therefore, excluded in the calculation of the operating expenses;
7. Marketing Cost is 0%, reportedly Ayala Corporation directly negotiated with Ayala Land, Inc. and no cost of marketing; and
8. Gross revenues of leasable office spaces and parking slots are computed as follows based on Terms of Reference for Ayala Land Inc.:

OFFICE UNITS				
Unit No./	Area	Rental Rate	Gross Revenue	
Floor Level	(sq.m.)	(Php/sq.m./mo.)	Monthly	Yearly
			(Php/mo.)	(Php/yr.)
32nd	1,347	1,710	2,303,370	27,640,440
33rd	1,347	1,710	2,303,370	27,640,440
34th	1,347	1,710	2,303,370	27,640,440
35th	1,121	1,710	1,916,910	23,002,920
Total -	5,162		8,827,020	105,924,240
PARKING SLOTS				
Parking Slots	Total No.	Rental Rate	Gross Revenue	
		(Php/slot/mo.)	Monthly	Yearly
			(Php/mo.)	(Php/yr.)
	48	11,000	528,000	6,336,000
		Total -	9,355,020	112,260,240

On the basis of the aforementioned assumptions, we have prepared a Discounted Cash Flow Analysis, shown in the succeeding page, to establish the quantity, variability, timing and duration of the periodic income attributable to the interest in the property under review. Each cash flow is then discounted to its present value, and all resulting present values are totaled, to obtain the Net Present Value of the income to the real property interest being appraised. The Present Worth of the Terminal Value is then added to obtain the Market Value of the Property.

Discounted Cash Flow Analysis (in PHP)
32nd to 35th Floors of Ayala Tower One

STATISTICS	Year	1	2	3	4	5	6	7	8	9	10	Total	
Estimated Leasable Area													
Unit No/Floor Level													
32nd Floor	sq.m.												
33rd Floor	sq.m.												
34th Floor	sq.m.												
35th Floor	sq.m.												
Total	sq.m.												
Parking Slots	slots												
Vacancy Rate (inc. bad debts)	0.00%												
Terminal Capitalization Rate	8.00%												
Diluent Rate	10.00%												
Present Worth Factor													
GROSS REVENUES													
Office Units and Parking Slots													
Total Annual Revenues													
LESS:													
Vacancy Rate (inc. bad debts)	0.00% of gross revenues												
LESS EXPENSES:													
FF: Gross Direct Revenues													
Capital Expenditures	0.00% of gross revenues												
Marketing Expenses	0.00% of gross revenues												
Total													
NET INCOME:													
ADD: Reversion Value (Reade Value)													
LESS: Marketing Cost													
Net Reversion Value													
Present Worth Factor @ 10% discount rate													
Present Worth of Net Reversion Value													
Present Worth of Net Income													
Total Present Value of Net Income													
Present Worth of Net Reversion Value													
Total													

Considering the foregoing, the **market value** of the appraised property using income approach (discounted cash flow) is estimated at **Php1,474,402,000**.

Market Value of Property
PHP 1,474,402,000
Rounded to



LOCATION PLAN
 PROPERTY EXHIBITED TO US AS OWNED BY THE AYALA CORPORATION
 File No. : 07-2021-0417-002B

Situated in :
**BARANGAY BEL-AIR
 MAKATI CITY
 METRO MANILA**
 DRAWN BY : RVB

Containing an area of :
 Scale :
NOT TO SCALE

Prepared by :

Cuervo Appraisers, Inc.
Asset Valuation Solutions
 MAIN OFFICE : 2nd Floor of Padilla Building
 F. Ortigas, Jr. Road (Formerly Emerald Avenue),
 Ortigas Center, Pasig City, Metro Manila
 E-Mail Address : info@cuervoappraisers.com

**APPRAISAL REPORT
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MARKET VALUE APPRAISAL

Property exhibited to us as owned by the
AYALA CORPORATION
Located in
Barangay Dayap
Calauan, Laguna



The Management of Cuervo Appraisers is leading the advocacy in the valuation industry for the conservation of our trees through minimal use of paper products and encouraging electronic-generated reports.

"The earth we abuse and the living things we kill will, in the end, take their revenge; for in exploiting their presence, we are diminishing our future." - Marya Mannes, More in Anger, 1958 -



Cuervo Appraisers, Inc.[®]
Asset Valuation Solutions



04 October 2021

AYALA CORPORATION

30th Floor, Tower One Exchange Plaza
Ayala Triangle, Makati City, Metro Manila

Attention : **MR. ALBERTO M. LARRAZABAL**
Chief Finance Officer

We express our professional statement of opinion on the valuation of certain assets described in the attached Independent Valuation Report dated 04 October 2021. Our Independent Valuation Report was made on the basis of certain information and internal data provided to us by the **AYALA CORPORATION**, as well as on our inspections, research and analyses of market data which we have deemed reasonable, appropriate and applicable based on our experience as valuation professionals.

Management Responsibility of Client

The Client and its management are responsible for the preparation and fair presentation of information and internal data provided to us. Where the valuation requires actual property inspections, Client warrants that all properties inspected properly refer to the actual and only subjects of this valuation report. While we verify information and data in cases where such verification is required, our services do not cover certification on the accuracy and completeness of information provided to us by the Client and its management.

Responsibility of the Valuation Professional

Our responsibility as valuation professionals is to come up with an appropriate reasonable valuation for the subject assets and properties based on information, internal data and market data available to us, as well as on actual inspections, where such are required. Our valuation reports are made based on reasonable and adequate data that support our conclusions to establish the market value of the subject assets as of the stated date.

Our valuation procedures have been performed in accordance with the International Valuation Standards (2020 Edition) and Philippine Valuation Standards (2nd Edition, 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP). The development of the International Valuation Standards serves as a professional benchmark, or beacon, for valuation professionals globally, thereby enabling them to respond to client requirements for reliable valuations.

Prohibitions

Neither the whole nor any part of this report, any reference thereto may be published, included in or with, attached to any document or used for any purpose other than that specifically stated in this report, without the written consent of Cuervo Appraisers, Inc. in accordance and exclusively for the purpose, form and context in which it may appear.

Representations

Cuervo Appraisers, Inc., through its Manila, Cebu and Davao offices has been in the business of providing asset valuation solutions for companies across all industries for 41 years in the Philippines and overseas. Cuervo Appraisers, Inc. has been involved in numerous valuation projects for various assets and enterprises, both tangible and intangible and is well qualified to undertake the work required.

The final valuation report shall not be valid without the dry seal of Cuervo Appraisers, Inc. properly affixed thereto.

CUERVO APPRAISERS, INC.

By:


LIBERTY SANTIAGO-AÑO, IPA, MRICS

Vice President and General Manager

Real Estate Appraiser

Valid until: 07/17/2023

PRC Registration Number: 0000167

IPREA Membership No. 18849

PTR No. 5242992

14 January 2021

City of Pasig

04 October 2021

AYALA CORPORATION
30th Floor, Tower One Exchange Plaza
Ayala Triangle, Makati City, Metro Manila

Attention : **MR. ALBERTO M. LARRAZABAL**
Chief Finance Officer

Subject : **CAI File No. 07-2021-0417-012**
Market Value Appraisal of Property

Gentlemen :

As requested, we appraised of certain real property exhibited to us as owned by the **AYALA CORPORATION**, for the purpose of expressing an opinion on the *market value* of the property intended for corporate use as of **23 July 2021**.

The appraised property consists of *land only*, located within **Barangay Dayap, Calauan, Laguna**.

The term **Market Value**, as used herein, is defined as:

the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

Market Value is understood as the value of an asset estimated without regard to costs of sale or purchase and without offset for any associated taxes.

We personally inspected the property, investigated local market condition and gave consideration to the --

Extent, character and utility of the property;

Sales or listings and offerings of comparable land; and

Highest and best use of the property.

Premised on the foregoing and as supported by the accompanying narrative report, it is our opinion that the *market value* of the property appraised as of **23 July 2021** reasonably represented in the amount of **THREE HUNDRED FIVE MILLION SEVEN HUNDRED THIRTY FOUR THOUSAND (Php305,734,000) PESOS.**

We made no investigation of and assume no responsibility for titles to or liabilities against the appraised property.

WE CERTIFY that we have neither present nor prospective interest on the appraised property or on the reported value.

Respectfully submitted,

CUERVO APPRAISERS, INC.

By:


ENGR. ANGELO V. SAN ANTONIO
Department Manager - Real Estate
PRC Registration Number: 0000407
Valid Until: 05/23/2023
IPREA Membership No. 181024
PTR No. 2065478G
15 January 2021
City of Malolos

CDD:mfm

CAI File No. 07-2021-0417-012

LIMITING CONDITIONS

1. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear under responsible ownership.
2. ***Cuervo Appraisers, Inc.***, by reason of this appraisal, is not required to give testimony or attendance in court or to any government agency with reference to the subject property unless arrangements have been previously made.
3. Any erasure on appraisal date and/or value invalidates this valuation report.
4. Neither the whole nor any part of this report and valuation, nor any reference thereto, may be included in any document, circular or statement without our written approval.
5. The valuation fee is not contingent upon a predetermined value conclusion or a percentage of the valuation.
6. This appraisal report is invalid unless it bears the service seal of ***Cuervo Appraisers, Inc.***

CAI File No. 07-2021-0417-012

NARRATIVE REPORT

I. GENERAL

This report covers an appraisal of certain real property located within Barangay Dayap, Calauan, Laguna. The appraisal was made for the purpose of expressing an opinion on the **market value** of the property as of **23 July 2021**.

The term **Market Value** is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price which the property would fetch if offered for sale in the open market, would undoubtedly be affected, should the sale be on terms, whether favorable or unfavorable.

It is further assumed that the titles to the property are good, marketable, and free from liens and encumbrances; and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. **Fee Simple** is defined as the absolute fee without limitation to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power and taxation.

II. PROPERTY LOCATION AND IDENTIFICATION

Based on the documents provided to us and further verified at the Calauan Municipal Assessor's Office – Tax Mapping Section of Calauan, the appraised property is located on the northwest side of Calauan-Nagcarlan Road, within Barangay Dayap, Calauan, Laguna.

The property is located near Don Bosco Youth Center, approximately 230 meters northeast from the Mother Earth Garden Farms; 850 meters northeast from the corner of the Provincial and Calauan-Nagcarlan Roads; 4.40 kilometers northeast from Calauan town plaza (Bay-Calauan Highway); and about 4.50 kilometers southwest from the Calauan municipal hall complex.

Calauan-Nagcarlan Road is 15 meters wide, asphalt paved and provided with concrete curbs and gutters, concrete sidewalks, and underground drainage.

III. NEIGHBORHOOD DATA

The property is located in an area where land development is of mixed use, specifically residential, institutional and agricultural.

Generally, the streets in the neighborhood are designed to accommodate light to heavy vehicular and pedestrian traffic loads. Major thoroughfares are concreted with widths ranging from 6 to 20 meters and lighted with streetlamps.

Some of the improvements in the vicinity are:

- Don Bosco Youth Center
- Sumulong Baptist Church
- Mother Earth Garden Farms
- NHA Calauan

Hi-More Department Store and Puregold-Calauan serve as the marketing needs of the residents in the area. These are accessible from the Bay-Calauan Highway by public transport. Other community centers like the post office, public market, churches/chapels, hospitals/clinics, and private and public schools are likewise accessible from the said thoroughfare.

IV. COMMUNITY FACILITIES AND UTILITIES

Electric power and water supply facilities are available at the site.

Public transportation connecting to various sections of Calauan and its nearby towns and cities is available along Bay-Calauan Highway which is approximately 4.40 kilometers from the subject property. Streetlights, garbage collection, foot and mobile patrols of the Philippine National Police, and other community facilities and utilities are maintained by the local government.

V. LAND DATA

The land consists of two (2) adjoining lots containing an aggregate total area of 127,389 square meters, technically identified as follows:

Lot/Survey Plan Nos.	T.C.T Nos.	Area (sq.m.)
9-A-3/Psd-04-228033	058-2013002354	126,340
9-A-4, (Road)/Psd-04-228033	058-2013002355	<u>1,049</u>
		Total - 127,389 sq.m.

The above certificates of title were both issued on 04 September 2013 by the Registry of Deeds for Sta. Cruz, Laguna in favor of the **AYALA CORPORATION**.

The land, in its entirety, is bounded by the following properties:

- Northeast - Lot 9-A-4 (Road)
- Southeast - Calauan-Nagcarlan Road
- Southwest - Lot 9-A-1 (Road)
- Northwest - Lot 9-A-2

Attached is a plan of the property as plotted based on the technical descriptions appearing in the titles furnished us by the client. As shown, the land has nearly trapezoidal shape and with a road frontage.

The terrain of the land is flat. Its elevation is at grade with the fronting road.

No title verification was conducted to confirm the existence of the owner's original copy of the titles supposedly on file with the Registry of Deeds since it is not included in the assignment.

Government Assessment

BIR Zonal Value of Real Property within Barangay Dayap, Calauan, Laguna, Laguna as per Department Order No. 056-2017, effective 15 October 2017:

Street Name	Vicinity	Classification	3 rd Revision Zonal Value (Php/sq.m.)
All Streets	Along National Road	Commercial	2,000
		Industrial	1,500
		Residential	1,200
		Agricultural Lands (A1, A4, A20 and A50)	110-180

VI. HIGHEST AND BEST USE

Based upon an analysis of the property itself and the prevailing land usage in the neighborhood, we are of the opinion that a **residential utility (residential subdivision development)** would represent the highest and best use of the property.

Highest and Best Use is defined as the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

VII. VALUATION

The value of the land was estimated by using the **Sales Comparison Approach**. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data establishes a value estimate by processes involving comparison. Listing and offerings may also be considered.

Land Value

For purposes of comparison, the market data on the next page are considered sufficient to provide a reasonable indication of value.

Listings -

1. Currently, a property having an area of 3,799 square meters, located along the National Highway, within Calauan, Laguna is being offered for sale by Ms. Rosalyn De Guino (Contact Nos. 0917-5119996 and 0998-5318918) at an asking price of Php8,000 per square meter.
2. Currently, a property having an area of 34,000 square meters, located along Barangay Santol Road, within Calauan, Laguna is being offered for sale by Ms. Veronica Serrano (Contact Nos. 0917-8669470 and 0961-4552885) at an asking price of Php2,000 per square meter.
3. Currently, a property having an area of 30,000 square meters, located along a road, within Calauan, Laguna is being offered for sale by Mr. Ulysses Gammad (Contact Nos. 0917-5555708 and 02-6176018) at an asking price of Php8,500 per square meter.

Comparative Analysis - Total Area = 127,389 square meters

Factors Affecting Value	Comparables		
	1 3,799 sq.m. @Php8,000/sq.m.	2 34,000 sq.m. @Php2,000/sq.m.	3 30,000 sq.m. @Php8,500/sq.m.
External Factor			
Net Price (Php/sq.m.)	-10%	-10%	-10%
Internal Factor			
Location (including road frontage)	7,200	1,800	7,650
Size	-10%	+15%	-10%
Use	-20%	-15%	-16%
Site Development	-20%	0%	-10%
Neighborhood	0%	0%	-20%
Time Element	-10%	-10%	-10%
Algebraic Sum of Internal Factor	0%	0%	0%
Computed Value (Php/sq.m.)	-60%	-10%	-66%
	2,880	1,620	2,601

Market Value = (Php2,880/sq.m. + Php1,620/sq.m. + Php2,601/sq.m.) / 3 = Php2,367/sq.m.

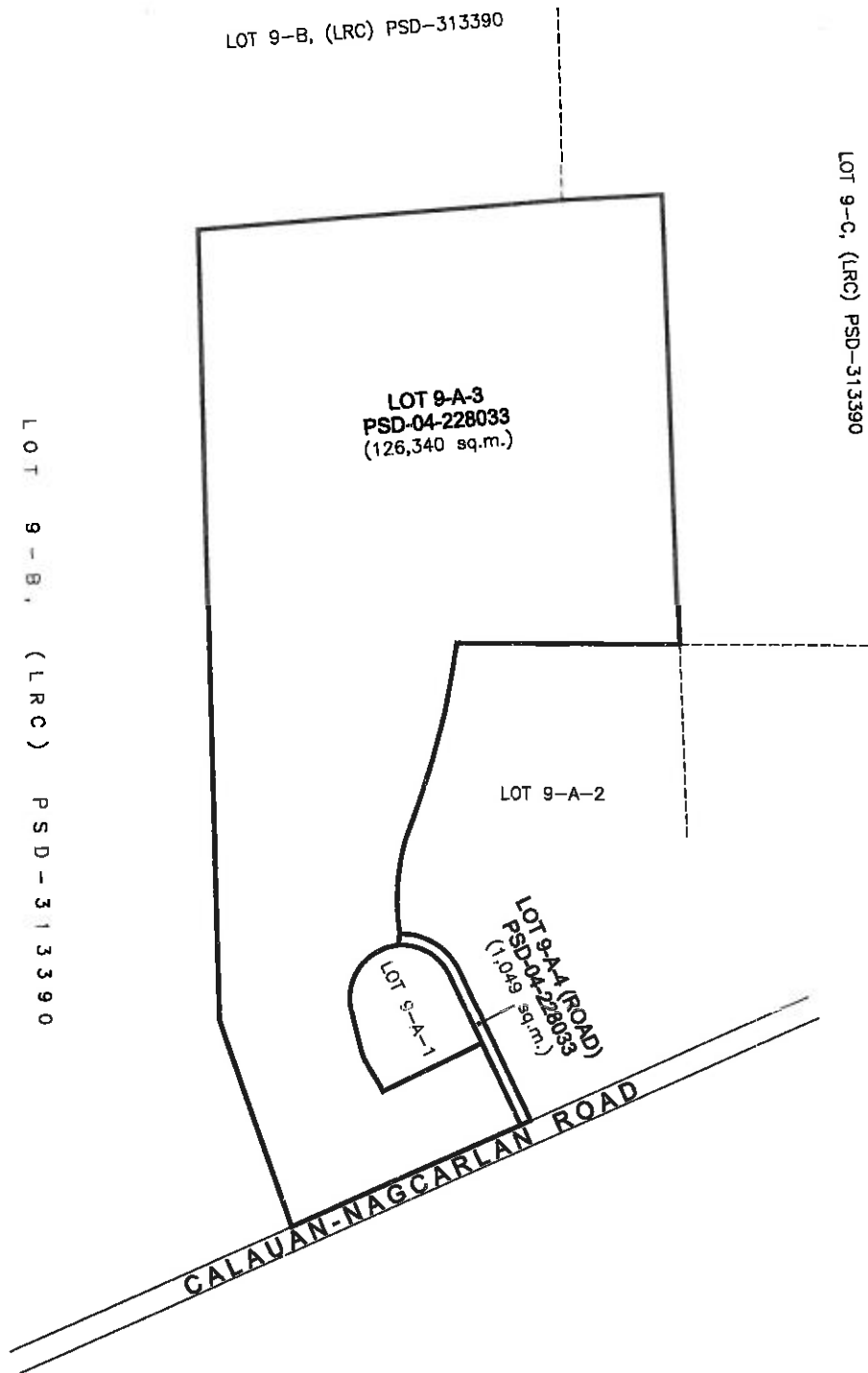
Say – Php2,400 per square meter

Explanatory Notes:

1. If subject property is superior as compared with the comparables, use positive (+) sign. If otherwise, use negative (-) sign.
2. Historical data are inferior to current data.
3. Small area is superior to big area. This pertains to the unit price (Php/sq.m.). The principle of economies of scale is based on the idea that the greater is the area of an item, the less each incremental area should cost to develop.
4. Main road is superior to secondary road.
5. Rectangular shape is superior to any other shapes.
6. Flat terrain is superior to any other type of terrain.
7. To consider comparables, adjustment on each factor must not be more than 20%.
8. External Factor is from 0 to -20%. A comparable sale is superior to a comparable listing. External Factor pertains to negative externalities. The principle of externalities holds that there are four major forces outside the property limits that influence value namely: social, economic, environmental and governmental.
9. The market value must be within the range of the computed value; otherwise, the comparative analysis becomes moot and academic.

In the appraisal, we considered the market reactions between buyers and sellers. An analysis is necessary since sellers would normally look forward to sell their properties at the highest price, while typical prudent buyers would bargain for the least price.

Considering the foregoing and such factors as the property location, desirability, neighborhood, utility, size and the time element involved, the *market value* of the appraised land is estimated at **Php2,400 per square meter** or a total value of say, **Php305,734,000** for the entire **127,389-square meter** subject land total area.



L A N
OF
LOTS 9-A-3 AND LOT 9-A-4 (ROAD), PSD-04-228033
File No. : 07-2021-0417-012

Situated in :
**BARANGAY DAYAP
CALAUAN, LAGUNA**
DRAWN BY : ASA

Containing an area of :
127,389 sq.m.
Scale :
NOT TO SCALE

Prepared by :



Cuervo Appraisers, Inc.
Asset Valuation Solutions
MAIN OFFICE : 2nd Floor of Padilla Building
F. Ortigas, Jr. Road (Formerly Emerald Avenue),
Ortigas Center, Pasig City, Metro Manila
E-Mail Address : info@cuervoappraisers.com

Location : BARANGAY DAYAP, CALAUAN, LAGUNA

Coverage : LAND ONLY

CAI File No. : 07-2021-0417-012



CADASTRAL PLAN OF THE SUBJECT PROPERTY OBTAINED FROM THE CITY ASSESSOR'S OFFICE



VIEW OF THE SUBJECT PROPERTY COURTESY OF GOOGLE SATELLITE



VIEW OF THE SUBJECT PROPERTY ALONG CALAUAN-NAGCARLAN ROAD



INTERIOR VIEW OF THE SUBJECT PROPERTY

On This Page:

PICTURE

Page No. : 1/1

PROPERTY EXHIBITED TO US BY THE:
AYALA CORPORATION

Prepared by:



Cuervo Appraisers
Asset Valuation Solutions

STAFF:

CDD

CLIENT:
AYALA CORPORATION

2nd Floor Padilla Building, F. Ortigas Jr.
Road, Ortigas Center, Pasig City
1605 Philippines

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**MARKET VALUE AND
MARKET RENT APPRAISAL**

Property exhibited to us as owned by the
AYALA CORPORATION
Located in
Barangay Bagumbayan
Quezon City, Metro Manila



The Management of Cuervo Appraisers is leading the advocacy in the valuation industry for the conservation of our trees through minimal use of paper products and encouraging electronic-generated reports.

The earth we abuse and the living things we kill will, in the end, take their revenge; for in exploiting their presence, we are diminishing our future. - Marya Mannes, More in Anger, 1958 -



Cuervo Appraisers, Inc.[®]
Asset Valuation Solutions



29 November 2021

AYALA CORPORATION

30th Floor, Tower One and Exchange Plaza
Ayala Triangle, Makati City, Metro Manila

Attention : **MR. ALBERTO M. DE LARRAZABAL**
Chief Finance Office

We express our professional statement of opinion on the valuation of certain assets described in the attached Independent Valuation Report dated 29 November 2021. Our Independent Valuation Report was made on the basis of certain information and internal data provided to us by the **AYALA CORPORATION**, as well as on our inspections, research and analyses of market data which we have deemed reasonable, appropriate and applicable based on our experience as valuation professionals.

Management Responsibility of Client

The Client and its management are responsible for the preparation and fair presentation of information and internal data provided to us. Where the valuation requires actual property inspections, Client warrants that all properties inspected properly refer to the actual and only subjects of this valuation report. While we verify information and data in cases where such verification is required, our services do not cover certification on the accuracy and completeness of information provided to us by the Client and its management.

Responsibility of the Valuation Professional

Our responsibility as valuation professionals is to come up with an appropriate reasonable valuation for the subject assets and properties based on information, internal data and market data available to us, as well as on actual inspections, where such are required. Our valuation reports are made based on reasonable and adequate data that support our conclusions to establish the market value and market rent of the subject assets as of the stated date.

Our valuation procedures have been performed in accordance with the International Valuation Standards (2020 Edition) and Philippine Valuation Standards (2nd Edition, 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP). The development of the International Valuation Standards serves as a professional benchmark, or beacon, for valuation professionals globally, thereby enabling them to respond to client requirements for reliable valuations.

Prohibitions

Neither the whole nor any part of this report, any reference thereto may be published, included in or with, attached to any document or used for any purpose other than that specifically stated in this report, without the written consent of Cuervo Appraisers, Inc. in accordance and exclusively for the purpose, form and context in which it may appear.

Representations

Cuervo Appraisers, Inc., through its Manila, Cebu and Davao offices has been in the business of providing asset valuation solutions for companies across all industries for 41 years in the Philippines and overseas. Cuervo Appraisers, Inc. has been involved in numerous valuation projects for various assets and enterprises, both tangible and intangible and is well qualified to undertake the work required.

The final valuation report shall not be valid without the dry seal of Cuervo Appraisers, Inc. properly affixed thereto.

CUERVO APPRAISERS, INC.

By:



LIBERTY SANTIAGO-AÑO, IPA, MRICS

Vice President and General Manager

Real Estate Appraiser

Valid until: 07/17/2023

PRC Registration Number: 0000167

IPREA Membership No. 18849

PTR No. 5242992

14 January 2021

City of Pasig

29 November 2021

AYALA CORPORATION

30th Floor, Tower One and Exchange Plaza
Ayala Triangle, Makati City, Metro Manila

Attention : **MR. ALBERTO M. DE LARRAZABAL**
Chief Finance Office

Subject : **CAI File No. 07-2021-0417-004A**
Market Value and Market Rent Appraisal of Property

Gentlemen :

As requested, we appraised of certain real property exhibited to us as owned by the **AYALA CORPORATION**, for the purpose of expressing an opinion on the *market value and market rent* of the property intended for corporate use as of **30 July 2021**.

The appraised property consists of *land, building and other land improvement*, located in the corner of **E. Rodriguez Avenue and Calle Industria**, within **Barangay Bagumbayan, Quezon City, Metro Manila**.

Terms used herein are defined as follows:

Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

Market Rent is the estimated amount for which a property, or space within a property should lease on the date of valuation between a willing lessor and a willing lessee on appropriate terms in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

Market Value is understood as the value of an asset estimated without regard to costs of sale or purchase and without offset for any associated taxes.

Reproduction cost (new) of each replaceable asset in accordance with current market prices of materials, labor, contractor's overhead, profit and fees, and all other attendant costs associated with its acquisition and installation in place but without provision for overtime or bonuses for labor and premiums for materials;

Accrued depreciation as evidenced by observed condition;

Extent, character and utility of the property;

Sales or listing of prices for similar land;

Highest and best use of the property; and

Capitalization rate.

Premised on the foregoing and as supported by the accompanying narrative report, it is our opinion that the **value/rent** of the property appraised as of **30 July 2021** are reasonably presented as under:

VALUATIONS	VALUE/RENT (Php)
Market Value	1,160,288,000
Market Rent	61,590,900 Annually
	5,132,575 Monthly

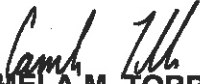
We made no investigation of and assume no responsibility for title to or liabilities against the appraised property.

WE CERTIFY that we have neither present nor prospective interest on the appraised property or on the reported value/rent.

Respectfully submitted,

CUERVO APPRAISERS, INC.

By:


CARMELA M. TORBELA
Department Manager - Real Estate
 Real Estate Appraiser
 PRC Registration Number: 0004270
 Valid Until: 10/04/2022
 IPREA Membership No. 181001
 PTR No. 3883178C
 05 January 2021
 City of Bacoor

JBL:mfm

CAI File No. 07-2021-0417-004A

LIMITING CONDITIONS

1. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear under responsible ownership.
2. **Cuervo Appraisers, Inc.**, by reason of this appraisal, is not required to give testimony or attendance in court or to any government agency with reference to the subject property unless arrangements have been previously made.
3. Any erasure on appraisal date and/or value/rent invalidates this valuation report.
4. Neither the whole nor any part of this report and valuation, nor any reference thereto, may be included in any document, circular or statement without our written approval.
5. The valuation fee is not contingent upon a predetermined value/rent conclusion or a percentage of the valuation.
6. This appraisal report is invalid unless it bears the service seal of **Cuervo Appraisers, Inc.**

CAI File No. 07-2021-0417-004A

NARRATIVE REPORT

I. GENERAL

This report covers an appraisal of a certain real property located within Barangay Bagumbayan, Quezon City, Metro Manila. The appraisal was made for the purpose of expressing an opinion on the **market value and market rent** of the property as of **30 July 2021**.

Terms used herein are defined as follows:

Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

It is assumed that the title to the property is good, marketable, and free from liens and encumbrances; and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. **Fee Simple** is defined as the absolute fee without limitation to any particular class of heirs or restrictions but subject to the limitations of eminent domain, escheat, police power and taxation.

Market Rent is the estimated amount for which a property, or space within a property should lease on the date of valuation between a willing lessor and a willing lessee on appropriate terms in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

Its legal interests include either freehold subject to leasehold, representing the ownership interest of a lessor owning real estate that is subject to leases to others or the ownership interest that is created by the terms of a lease rather than the underlying rights of real estate ownership. The latter is subject to the terms of a specific lease arrangement, expires with a specified time, and may be capable of subdivision or subleasing to other parties.

In each definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price/rent which the properties would fetch if offered for sale/rent in the open market, would undoubtedly be affected, should the sale/rent be on terms, whether favorable or unfavorable.

II. PROPERTY LOCATION AND IDENTIFICATION

Based on the documents provided to us by the client and as shown on site by Mr. Axel (client's representative), the appraised property is the site of the **Honda Cars Pasig** located on the **northeast corner of E. Rodriguez Jr. Avenue and Calle Industria**, within **Barangay Bagumbayan, Quezon City, Metro Manila**.

The property is located approximately 160 meters southeast from the intersection of E. Rodriguez Jr. Avenue and Eastwood Drive; 450 meters southeast from the intersection of E. Rodriguez Jr. Avenue and Orchard Road; 1.60 kilometers southeast from the intersection of Katipunan and Boni Serrano Avenue; and about 3.50 kilometers southeast from the corner of Boni Serrano and Epifanio de los Santos Avenue (EDSA).

E. Rodriguez Avenue and Calle Industria are about 35 and 15 meters wide, respectively. Both are concrete with asphalt overlay and provided with concrete curbs and gutters, concrete sidewalks, and underground drainage.

III. NEIGHBORHOOD DATA

The property is located in an area where land development is of mixed use, specifically residential, commercial and institutional.

Generally, the streets in the neighborhood are designed to accommodate light to moderate vehicular and pedestrian traffic loads. Major thoroughfares are asphalted, with widths ranging from 15 to 35 meters and lighted with streetlamps.

Some of the important improvements in the vicinity are:

The Spa Building
Haeir Electrical Appliance Philippines
PS Bank Acropolis
Petron Service Station – Bagumbayan Eastwood
St. Pio of Petrelcina Chapel

Eastwood Mall, Intrepid Plaza Shopping Mall, JW Plaza Building Shopping Mall, S&R Membership Shopping – Libis and All Day Supermarket - Libis serve as the commercial, shopping and marketing needs of the residents in the area. These are short distances from the subject property. Other community centers like the post office, public market, churches/chapels, hospitals/clinics, and private and public schools are likewise accessible from the property.

IV. COMMUNITY FACILITIES AND UTILITIES

Electric power, water supply and telecommunication facilities are available at the subject property.

Public transportation connecting to various sections of Quezon City as well as to other parts of Metro Manila is available along E. Rodriguez Jr. Avenue where the subject property fronts. Streetlights, garbage collection, foot and mobile patrols of the Philippine National Police, and other community facilities and utilities are maintained by the city government and the Metropolitan Manila Development Authority (MMDA).

V. LAND DATA

The land is technically identified as Lot 20, Block 2, Pcs-04-000121, containing an area of 6,019 square meters, more or less, covered by Transfer Certificate of Title No. N-184219 issued on 22 October 1997 by the Registry of Deeds for Quezon City in favor of the **AYALA CORPORATION**.

The land is bounded by the following properties:

Northeast	-	Private Drainage 2
Southeast	-	Lot 19, Block 2
Southeast	-	Calle Industria
Northwest	-	E. Rodriguez Jr. Avenue

Attached is a plan of the property as plotted based on the technical description appearing in the title furnished us by the client. As shown, the land is nearly rectangular in shape with frontages along E. Rodriguez Jr. Avenue and Calle Industria.

The terrain of the land is flat. Its elevation is uniform and at grade with the fronting roads.

No title verification was conducted to confirm the existence of the owner's original copy of the title supposedly on file with the Registry of Deeds, since it is not included in the assignment.

Government Assessment

BIR Zonal Value of Real Property within Barangay Bagumbayan, Quezon City, Metro Manila, as per Department Order No. 021-2020, effective 20 August 2020:

Street Name	Vicinity	Classification	6 th Revision Zonal Value (Php/sq.m.)
Calle Industria	E. Rodriguez – Caruncho Road	Commercial Regular	90,000
E. Rodriguez Avenue, Jr.	L. Pasco – Greenmeadows Avenue	Commercial Regular	190,000

VI. DESCRIPTION OF IMPROVEMENTS

The land is improved with building and other land improvements described as follows:

A. Building

Honda Cars Pasig Building

This is a lofty, three (3)-storey reinforced concrete framed building having pre-painted long span on steel frame roof; acoustic board on aluminum T-runner, plywood with decorative moulding and concrete slab ceilings; cement plastered concrete hollow block and glass on aluminum frame and aluminum panel walls; cement plastered concrete hollow block and double-wall plywood partitions; fixed glass and awning-type steel casement windows; plywood glass on aluminum frame and plywood flush-type doors; and vinyl, carpet and ceramic tile floors.

The building is painted and provided with electrical, lighting and plumbing facilities, firefighting equipment, CCTV cameras. Total floor area is approximately 8,770 square meters, allocated as follows:

Floor Level	Area (sq.m.)	Occupancy
Ground Floor	4,305	Main Entrance, Security, Honda Cars Showroom, Honda Parts and Accessories, Honda Customer Lounge, Service Office, Cashier, Service Manager Office, Pantry, Stockroom, Stock Room, Honda Service Bays, Isolation Clinic, Genset Room, Electrical Room, Maintenance Room, Tool Room, Overhauling Room, Parts Sto. Off., Carwash, Technician Locker, Jan./Guard Room, Wash Bays, Waste Room, Oil Sto. Room, MRF, Fire Pump Room, Domestic Pump Room, Contractor's Locker, Toilets, Parking, Honda Driveway, Carwash, Isuzu Showroom, Isuzu Customer Lounge, Isuzu Service Bays, Isuzu Tech Room and Isuzu Dispatch Room
2 nd Floor	3,515	Honda Finance Staff, Honda/Isuzu HR Office, C.R.D., Finance Records Storage, Finance Mngr's & SPVR Office, Branch Manager, Conference, Pantry, Honda Body Repair Bay & Painting, Future BRP Multi Brands, Wash and Rust Proofing Area, Warranty Parts Room, Quality Inspection, OCI Workbay, Body Repair Control, Compressor Room, Honday Storage, Server, Isuzu Sales/Finance Office, COO Office, BM Office, Video Conference Room, Parking and Toilets
3 rd Floor	<u>950</u>	Honda Parts Office, Honda Parts Storage, Honda Records Room, Training and Recreation Room, Common Canteen, Conference & Library Room, Hallway, Pantry, Kitchen, Serving Area Counter, Isuzu Sales Storage, Isuzu Records, Isuzu Finance Storage and Toilets
Total - 8,770 sq.m.		

Estimated remaining economic life is 20 years.

B. Other Land Improvements

Fence and Gate

Fence is constructed of concrete hollow blocks of plastered with cyclone wire on steel frame with average height of 4.0 meters and approximately length of 210 meters.

Driveway and Parking Area

This consists of concrete pavement laid on compacted earth base, provided with concrete sidewalks and underground drainage system, having approximately an area of 1,714 square meters.

VII. HIGHEST AND BEST USE

Based upon an analysis of the property itself and the prevailing land usage in the neighborhood, we are of the opinion that a **commercial utility** would represent the highest and best use of the property.

Highest and Best Use is defined as the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

VIII. VALUATION

The value of the improvements was arrived at by using the **Cost Approach**. This is a comparative approach to the value of property or another asset that considers as a substitute for the purchase of a given property, the possibility of constructing another property that is an equivalent to the original or one that could furnish equal utility with no undue cost resulting from delay.

Market Value is Reproduction Cost (New) less depreciation.

Reproduction Cost (New) is the cost to create a virtual replica of the existing structure, employing the same design and similar building materials. The current cost of an identical new item.

In the context of asset valuation, depreciation refers to the adjustments made to the costs of reproducing or replacing the asset to reflect physical deterioration and functional (technical) and economic (external) obsolescence in order to estimate the value of the asset in a hypothetical exchange in the market when there is no direct sales evidence available. In financial reporting, depreciation refers to the charge made against income to reflect the systematic allocation of the depreciable amount of an asset over its useful life to the entity. It is specific to a particular entity and its utilization of the asset, and is not necessary affected by the market.

The value of the land was estimated by using the **Sales Comparison Approach**. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. Listings and offerings may also be considered.

Land Value

For purposes of comparison, the following market data are considered sufficient to provide a reasonable indication of value.

Listings -

1. Currently, a property having an area of 2,368 square meters, located along E. Rodriguez Jr. Avenue, within Barangay Bagumbayan, Quezon City, Metro Manila is being offered for sale through Ax Realty Solutions (Contact No. 0917-3187325) at an asking price of **Php100,000 per square meter**.
2. Currently, a property having an area of 417 square meters, located along E. Rodriguez Avenue, within Barangay Bagumbayan, Quezon City, Metro Manila is being offered for sale by Mr. David Benjamin Cruz (Contact No. 0917-8820209) at an asking price of **Php220,00 per square meter**.
3. Currently, a property having an area of 10,973.9 square meters, located along Acropolis Drive, within Barangay Bagumbayan, Quezon City, Metro Manila is being offered for sale by Mr. Jose Mari Gutierrez (Contact No. 0917-3187325) at an asking price of **Php350,000 per square meter**.

Comparative Analysis – Area = 6,019 square meters

Factors Affecting Value	Comparables		
	1 2,368 sq.m. @Php100,000/sq.m.	2 417 sq.m. @Php220,000/sq.m.	3 10,973.9 sq.m. @Php350,000/sq.m.
External Factor			
Net Price (Php/sq.m.)	-10%	-10%	-10%
Internal Factor			
Location	0%	0%	0%
Road Frontage	+20%	0%	0%
Size	+10%	-20%	-15%
Time Element	0%	0%	0%
Algebraic Sum of Internal Factor	+30%	-20%	-15%
Computed Value (Php/sq.m.)	117,000	158,400	267,750

Market Value = (Php117,000/sq.m. + Php158,400/sq.m. + Php267,750/sq.m.) / 3 = Php181,050/sq.m.
Say – **Php181,000 per square meter**

Explanatory Notes:

1. If subject property is superior as compared with the comparables, use positive (+) sign. If otherwise, use negative (-) sign.
2. Historical data are inferior to current data.
3. Small area is superior to big area. This pertains to the unit price (Php/sq.m.). The principle of economies of scale is based on the idea that the greater is the area of an item, the less each incremental area should cost to develop.
4. Main road is superior to secondary road.
5. Rectangular shape is superior to any other shapes.
6. Flat terrain is superior to any other type of terrain.
7. To consider comparables, adjustment on each factor must not be more than 20%.
8. External Factor is from 0 to -20%. A comparable sale is superior to a comparable listing. External Factor pertains to negative externalities. The principle of externalities holds that there are four major forces outside the property limits that influence value namely: social, economic, environmental and governmental.
9. The market value must be within the range of the computed value; otherwise, the comparative analysis becomes moot and academic.

In the appraisal, we considered the market reactions between buyers and sellers. An analysis is necessary since sellers would normally look forward to sell their properties at the highest price, while typical prudent buyers would bargain for the least price.

Considering the foregoing and such factors as the property location, desirability, neighborhood, utility, size, terrain and the time element involved, the *market value* of the appraised land is estimated at **Php181,000 per square meter** or a total value of **Php1,089,439,000** for the **6,019-square meter** subject land area.

IX. VALUATION SUMMARY

Based on our personal inspection of the subject premises, the market value for the property is summarized as under:

	Market Value (Php)
On Improvement:	
Building -	
Honda Cars Pasig Building	70,168,000
Other Land Improvements -	
Fence and Gate	224,000
Garden and Terrace	457,000
Add: Land Value -	
6,019 square meters	
@Php181,000 per square meter	1,089,439,000
Total -	<u>Php 1,160,288,000</u>

X. MARKET RENT

The market rent is estimated on the basis of what amount of rent a prudent owner would be justified in leasing it for and the amount of rent a prospective lessee would be warranted in paying for its use and occupancy, considering the prevailing rental rates of similar properties (by Market Data Approach) and/or the rate of return prudent real estate investors would generally expect on the value of their capital investments (by Investment Approach).

For this undertaking, we have utilized the *Investment Approach* in arriving at the market rent of the property. The *Investment Approach* is a method in which the market value of the property is first determined and the proper interest rate (market capital rate) is applied to obtain the market rent. The method in effect would suggest an annual net return that a prudent investor would be willing to receive on his property if it is made immediately available for lease.

The computation process is as follows:

	Market Value (Php) A	*Annual Return (%) B	Market Rent (Php)	
			Annually C = (AxB)	Monthly D = (C/12)
Building -				
Honda Cars Pasig Building	70,168,000	10	7,016,800	584,733
Other Land Improvements -				
Fence and Gate	224,000	15	33,600	2,800
Garden and Terrace	457,000	15	68,550	5,713
Add: Land Value -				
6,019 sq.m.				
@Php181,000/sq.m.	1,089,439,000	5	54,471,950	4,539,329
Total -	<u>Php1,160,288,000</u>		<u>Php61,590,900</u>	<u>Php5,132,575</u>

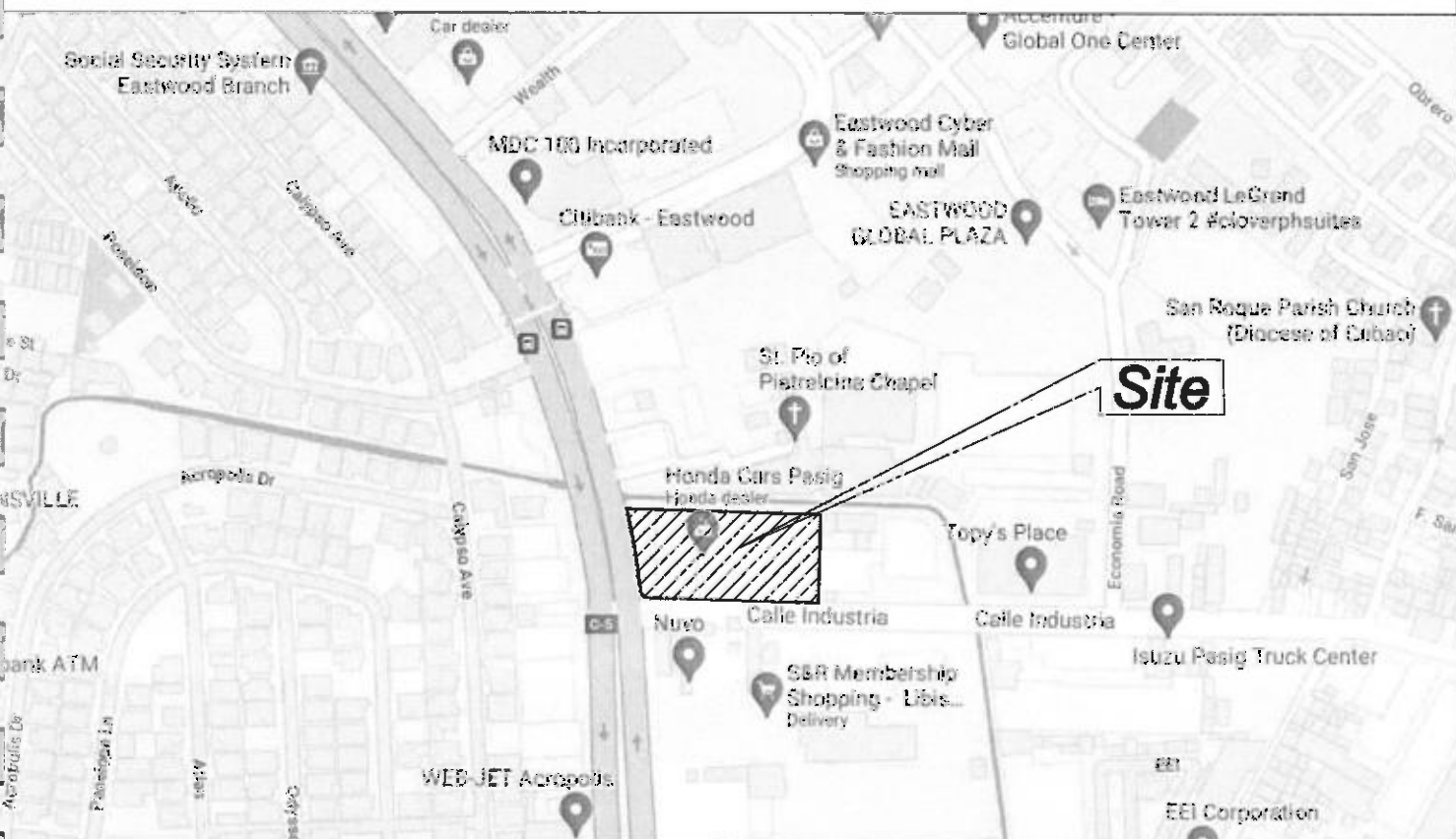
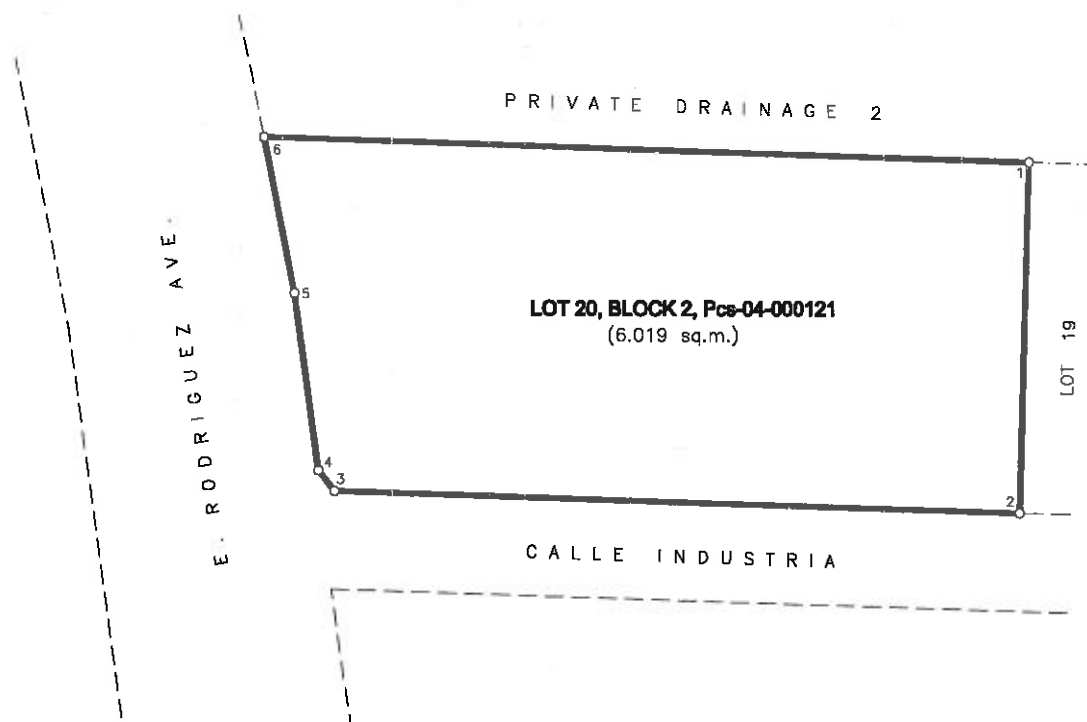
* Annual return


Land - 5%

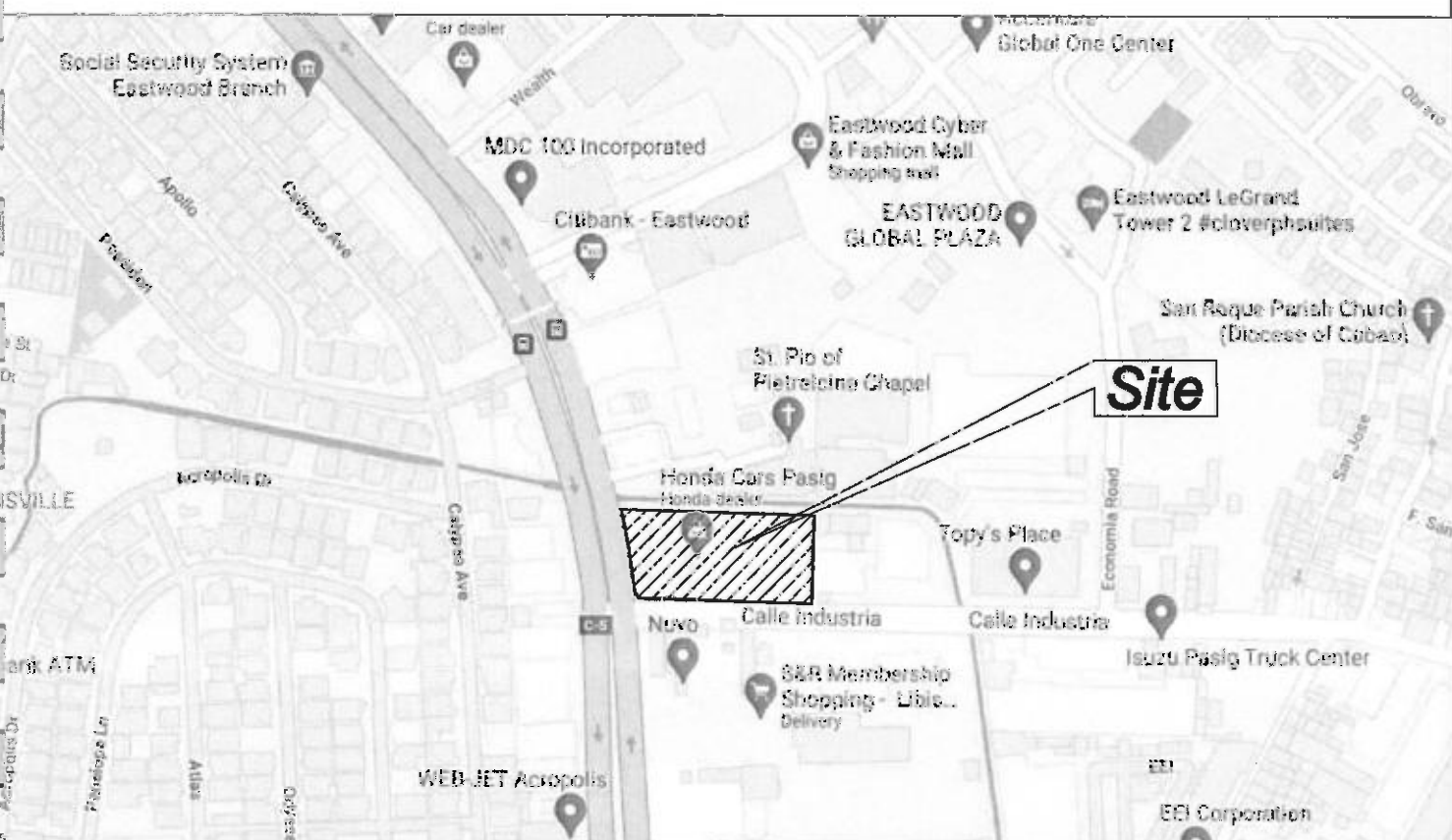
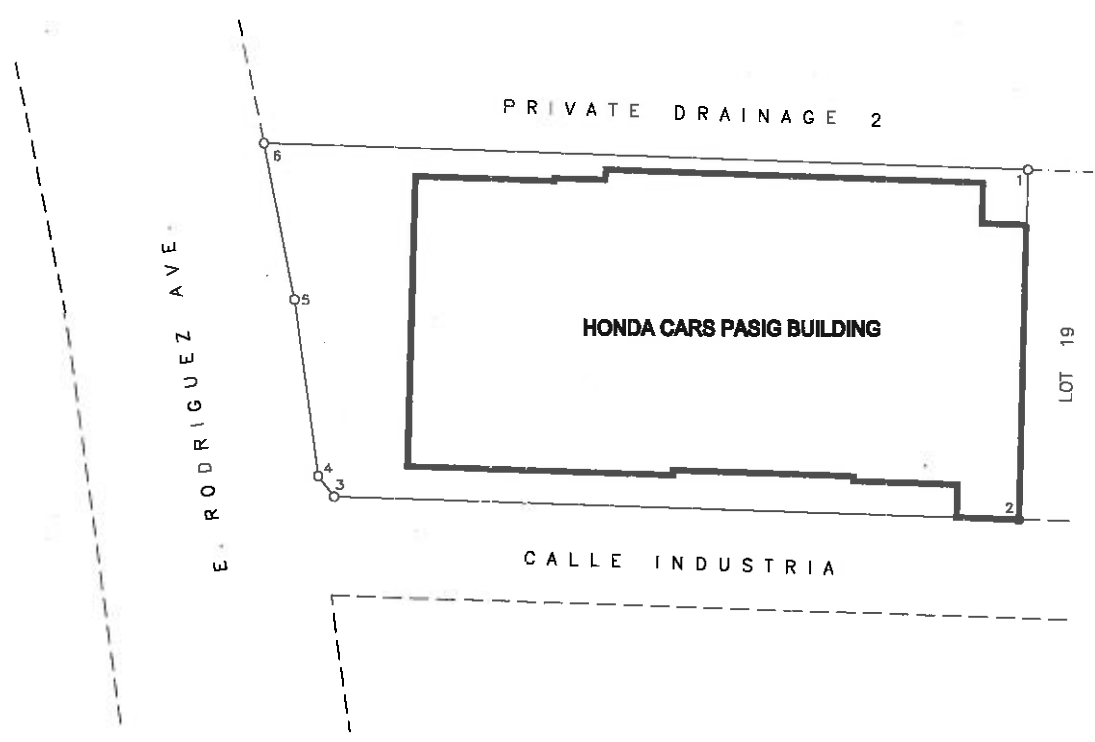
Building and Other Land Improvements - 5% plus 5 and 10% recapture rates based on 20 and 10 years remaining economic life

The usual terms of the lease are

1. Rent payment is made in terms of cash;
2. Real estate tax is for the account of the lessor;
3. Association dues, if any, are for the account of the lessee; and
4. Any improvements introduced by the lessee are not chargeable to the rent.



P L A N OF LOT 20, BLOCK 2, Pcs-04-000121	Situated In : E. RODRIGUEZ AVE. CORNER CALLE INDUSTRIA BARANGAY BAGUMBAYAN QUEZON CITY METRO MANILA	Containing an area of : 6,019 sq.m.	Prepared by :  Cuervo Appraisers, Inc. Asset Valuation Solutions MAIN OFFICE : 2nd Floor of Padilla Building F. Ortigas, Jr. Road (Formerly Emerald Avenue), Ortigas Center, Pasig City, Metro Manila E-Mail Address : info@cuervopraisers.com
	CAI File No. : 07-2021-0417-004A	DRAWN BY : JBL	



**COMPOUND LAYOUT
P L A N**

PROPERTY EXHIBITED TO US AS OWNED BY THE
AYALA CORPORATION

CAI File No. : 07-2021-0417-004A


Situated in :
**E. RODRIGUEZ AVE. CORNER
CALLE INDUSTRIA
BARANGAY BAGUMBAYAN
QUEZON CITY
METRO MANILA**

DRAWN BY : JBL

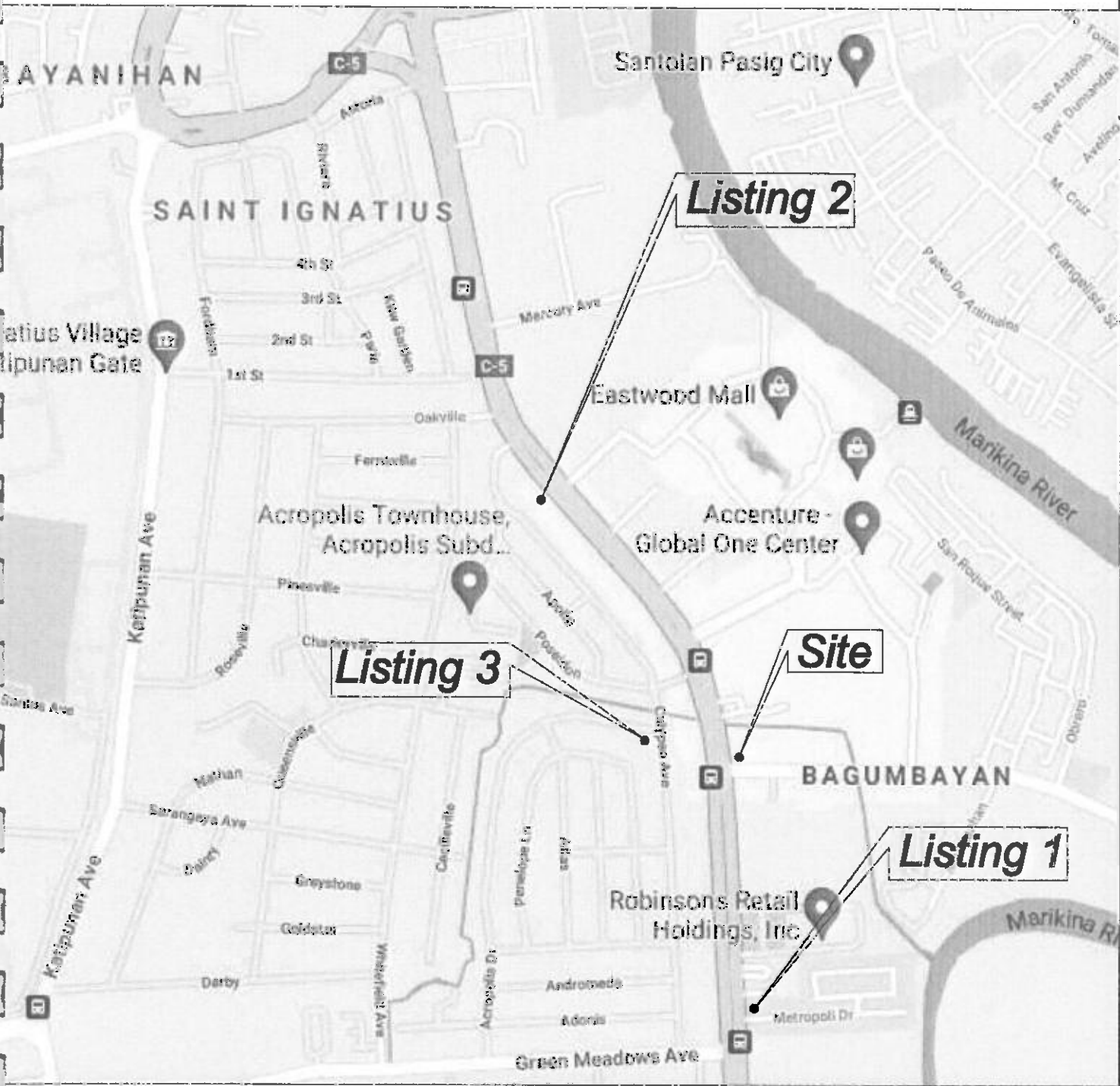
Containing an area of :

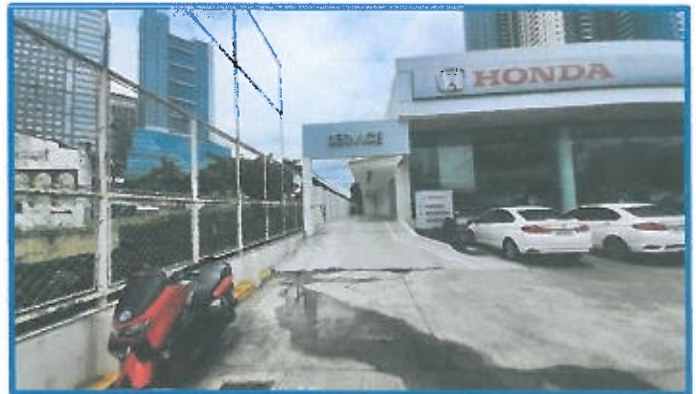
Scale :
NOT TO SCALE

Prepared by :



Cuervo Appraisers, Inc.
Asset Valuation Solutions
MAIN OFFICE : 2nd Floor of Padilla Building
F. Ortigas, Jr. Road (Formerly Emerald Avenue),
Ortigas Center, Pasig City, Metro Manila
E-Mail Address : info@cuervoappraisers.com





VIEW OF THE PROPERTY

On This Page:
PICTURE

Page No. : 1/6

PROPERTY EXHIBITED TO US AS OWNED BY THE:
AYALA CORPORATION

Prepared by:



STAFF:
JBL

CLIENT:
AYALA CORPORATION

2nd Floor Padilla Building, F. Ortigas Jr.
Road, Ortigas Center, Pasig City
1605 Philippines



SALES SHOWROOM



SALES OFFICE



PARTS COUNTER



PARTS SHOWROOM



SERVICE RECEPTION



CASHIER

VIEW OF THE GROUND FLOOR

On This Page:
PICTURE
Page No. : 2/6

PROPERTY EXHIBITED TO US AS OWNED BY THE:
AYALA CORPORATION

Prepared by:
 **Cuervo Appraisers**
Asset Valuation Solutions

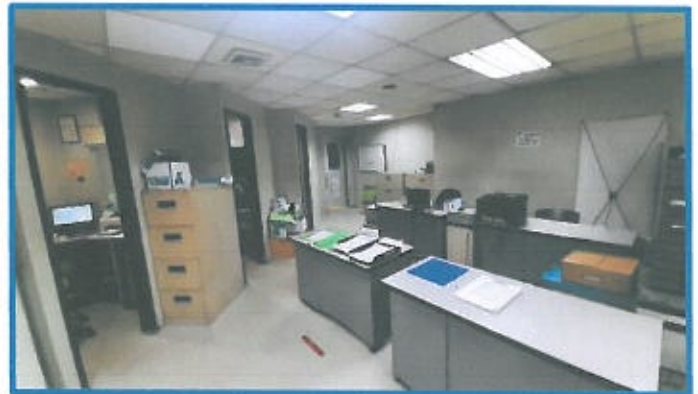
STAFF:
JBL

CLIENT:
AYALA CORPORATION

2nd Floor Padilla Building, F. Ortigas Jr.
Road, Ortigas Center, Pasig City
1605 Philippines



SERVICE CONTROL OFFICE



SERVICE OFFICE



CUSTOMERS LOUNGE



SERVICE WORKSHOP



ISUZU WORKSHOP AREA



ISUZU SHOWROOM

VIEW OF THE GROUND FLOOR

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Page No. : 3/6

PROPERTY EXHIBITED TO US AS OWNED BY THE:
AYALA CORPORATION

Prepared by:
 **Cuervo Appraisers**
Asset Valuation Solutions

STAFF:
JBL

CLIENT:
AYALA CORPORATION

2nd Floor Padilla Building, F. Ortigas Jr.
Road, Ortigas Center, Pasig City
1605 Philippines



ISUZU SHOWROOM



ISUZU CASHIER AND PARTS



CARWASH AREA



GUARD'S QUARTERS

VIEW OF THE GROUND FLOOR

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PICTURE

PROPERTY EXHIBITED TO US AS OWNED BY THE:
AYALA CORPORATION

Prepared by:

Page No. : 4/6



STAFF:
JBL

CLIENT:
AYALA CORPORATION

2nd Floor Padilla Building, F. Ortigas Jr.
Road, Ortigas Center, Pasig City
1605 Philippines



CONFERENCE ROOM



BRANCH MANAGER OFFICE



CUSTOMER RELATION DEPARTMENT OFFICE



FINANCE OFFICE




ISUZU FINANCE OFFICE



BODY REPAIR AND PAINT AREA

VIEW OF THE SECOND FLOOR

On This Page: PICTURE	PROPERTY EXHIBITED TO US AS OWNED BY THE: AYALA CORPORATION	Prepared by: 
Page No. : 5/6	STAFF: JBL	CLIENT: AYALA CORPORATION 2 nd Floor Padilla Building, F. Ortigas Jr. Road, Ortigas Center, Pasig City 1605 Philippines



DISPATCH AREA



PARTS AND SERVICE WAREHOUSE



CANTEEN



ATRIUM ROOM

VIEW OF THE THIRD FLOOR

On This Page:
PICTURE

Page No. : 6/6

PROPERTY EXHIBITED TO US AS OWNED BY THE:
AYALA CORPORATION

CLIENT:
AYALA CORPORATION

Prepared by:



2nd Floor Padilla Building, F. Ortigas Jr.
Road, Ortigas Center, Pasig City
1605 Philippines

STAFF:
JBL