



SyCip Gorres Velayo & Co.
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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

STRICTLY CONFIDENTIAL

REPORT OF FACTUAL FINDINGS

AYALA LAND, INC.

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

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

Dear Mr. Bengzon:

We have performed the procedures agreed with you and enumerated below with respect to the attached Quarterly Progress Report as at **September 30, 2020** on the use of the proceeds from the secondary offer received by **Ayala Land, Inc.** (the “Company”) from the Initial Public Offering (IPO) of **AREIT, Inc.** (“AREIT”) on **August 13, 2020**. The procedures were performed solely to enable the Company to comply with the Philippine Stock Exchange, Inc.’s (PSE) requirement to submit an external auditor’s certification on the information being presented by the Company relating to the use of proceeds. Our engagement was undertaken in accordance with the Philippine Standard on Related Services 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*. These agreed-upon procedures and results thereof are summarized as follows:

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

We report our findings below:

1. We checked the mathematical accuracy of the Schedule, no exceptions noted.

Balance of IPO Proceeds, Aug. 13, 2020	₱12,277,107,900
Less: Purchase of AREIT shares during stabilization period	926,637,400
Disbursements	654,000,000
<u>Balance of IPO Proceeds, Sept. 30, 2020</u>	<u>₱10,696,470,500</u>

2. We compared the net proceeds received in the Schedule amounting to ₱12,277,107,900 to the bank statement and journal voucher and noted the following:

- The Company received ₱4.131 billion in five tranches amounting to ₱826.2 million pesos on August 13, 2020 from UBS AG Singapore Branch
- The Company received ₱6.913 billion on August 13, 2020 from BPI Capital
- The remaining ₱1.234 billion of the proceeds is retained by BPI Capital for the over-allotment of shares. Of this amount, ₱926.64 million was used to buy back the shares for the stabilization activity. We traced the details of the buy back to the following: (1) letter of instruction issued by ALI to BPI Securities Corporation, (2) Buy Confirmation Advice 0206859 issued by BPI Securities Corporation and (3) Sell Confirmation Advice 0126995 issued by BPI Securities Corporation.

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

<u>Distributing Entity</u>	<u>Start Date</u>	<u>Amount</u>	<u>Project Name</u>
Bay Area Hotel Ventures Inc.	8/13/2020	₱107,000,000	SEDA Manila Bay
ALI Triangle Hotel Ventures Inc.	8/13/2020	426,000,000	Mandarin Oriental
Cebu Holdings Inc.	8/13/2020	121,000,000	Flats CITP
		<u>₱654,000,000</u>	

We have traced these amounts to the Promissory Notes and the bank statements, and agreed the amounts to the accounting records. No exceptions noted.

4. We inquired into and identified the nature of the additions and disbursements. We checked if the disbursements were classified consistently according to its nature based on the schedule of planned use of IPO proceeds as documented in the Reinvestment Plan. We have noted that the abovementioned entities and the related projects were included in the Reinvestment Plan, and the amounts disbursed to these companies have not exceeded the planned use. No exceptions noted.

Because the above procedures do not constitute either an audit or a review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standards on Review Engagements (PSRE), respectively, we do not express any assurance on the accounts of the Company or its financial statements, taken as a whole.

Had we performed additional procedures or performed an audit or review of the financial statements in accordance with PSA or PSRE, other matters might have come to our attention that would have been reported to you.

Our report is intended solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report relates only to the report on the Company's use of proceeds from the offering and items specified above and do not extend to any financial statements of the Company taken as a whole.

SYCIP GORRES VELAYO & CO.



Michael C. Sabado

Partner

CPA Certificate No. 89336

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

November 11, 2019, valid until November 10, 2022

Tax Identification No. 160-302-865

BIR Accreditation No. 08-001998-73-2018,

February 26, 2018, valid until February 25, 2021

PTR No. 8125294, January 7, 2020, Makati City

October 15, 2020

ACKNOWLEDGMENT

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

I certify that on 13 April 2021, before me a notary public duly authorized in the city named above to take acknowledgments, personally appeared:

Name	Competent Evidence of Identity	Date / Place Issued
Michael C. Sabado	<i>N1178919B</i>	<i>MARCH 25, 2019 USA</i>

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

APR 14 2021

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

Doc. No. 101 :
Page No. 22 :
Book No. 115 :
Series of 2021.

FELIPE I. ILEDAN JR.
Notary Public for and in Makati City
Until Dec. 31, 2022, Appt. No. M-09
Rol No. 27625, TIN 136897808
Rm. 412, 4th Flr. VGP Center, Ayala, Makati City
2021 PTR No. Mla 9792919, 15/7/2020
IBP No. 119432, 06/17/2020
MCLE Compliance No. VI-0012066