

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 **December 31, 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;
 - Check whether there are additions and disbursements in the schedule and compare with the schedule of application of proceeds;
 - On a sample basis, trace additions and disbursements to the supporting documents such as progress billings, bank statements, invoices, and official receipts, and agree the amount to the accounting records.
 - On a sample basis, inquire into and identify the nature of the additions and disbursements. Check if the disbursements were classified consistently according to its nature based on the schedule of planned use of IPO proceeds.

We report our findings below:

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

Balance of IPO Proceeds, Sep. 30, 2020	₱10,696,470,500
Less: Disbursements	1,098,000,000
<u>Balance of IPO Proceeds, Dec. 31, 2020</u>	<u>₱9,598,470,500</u>

2. 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>
ALI Commercial Center, Inc.	10/28/2020	183,000,000	One Ayala (BPO & Malls)
Arca South Commercial Ventures Corp.	10/29/2020	12,000,000	Arca South Office
Cavite Commercial Town Center, Inc.	12/3/2020	456,000,000	Ayala Malls Vermosa
ALI Commercial Center, Inc.	12/17/2020	447,000,000	One Ayala (BPO & Malls)
		<u>₱1,098,000,000</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.

3. There were no additions during the quarter. Further, we inquired into and identified the nature of the 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. 08-001998-73-2020,

December 3, 2020, valid until December 2, 2023

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

January 15, 2021

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	P1178919B	March 25, 2019 OPA

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.

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Page No. 22 ;
Book No. 115 ;
Series of 2021.

FELIPE T. LEDAN JR.
Notary Public for and in Makati City
Until Dec. 31, 2022, Appt. No. M-09
Roll 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-001206