

PSE Number:
SEC Number: CS200613870
File Number: _____

AREIT, INC.

(Company's Full Name)

28F, Tower One, Ayala Triangle
Ayala Avenue, Makati City 1226

(Company Address)

(632) 7908-3804

(Telephone Number)

December 31, 2022

(Year Ending)

Annual Report- SEC Form 17-A

(Form Type)

-

(Amendments – if applicable)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE
SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the fiscal year ended **December 31, 2022**
2. Commission Identification Number **CS200613870**
3. BIR Tax Identification No. **006-346-689-000**
4. Exact name of issuer as specified in its charter: **AREIT, INC.**
 5. Province, Country or other jurisdiction of incorporation or organization:
Makati City, Philippines
 6. Industry Classification Code: _____ (SEC Use Only)
 7. Address of issuer's principal office and postal code:
28F, Tower One, Ayala Triangle, Ayala Avenue, Makati City 1226
8. Issuer's telephone number, including area code: **(632) 7908-3804**
9. Former name, former address, former fiscal year: **Not applicable**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

As of December 31, 2022

<u>Title of each class</u>	<u>Number of shares issued and outstanding</u>
Common shares	1,761,047,193

11. Are any or all of the securities listed on a Stock Exchange?
Yes [] No []

Stock Exchange: **Philippine Stock Exchange**
Securities listed: **Common shares**

12. Indicate by check mark whether the registrant:
 - (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):
Yes [] No []
 - (b) has been subject to such filing requirements for the past 90 days:
Yes [] No []
13. Aggregate market value of the voting stock held by non-affiliates: **₱21,061,750,380.00**

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS:**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [] No [] **Not applicable**

DOCUMENTS INCORPORATED BY REFERENCE

15. Briefly describe documents incorporated by reference and identify the part of the SEC Form 17-A into which the document is incorporated:

2022 Audited Financial Statements (incorporated as reference for Items 6, 7 & 12 of SEC Form 17-A)

TABLE OF CONTENTS

	<u>Page No.</u>
PART I - BUSINESS	
Item 1. Business	5
Item 2. Properties	9
Item 3. Legal Proceedings	11
Item 4. Submission of Matters to a Vote of Security Holders	11
PART II - SECURITIES OF THE REGISTRANT	
Item 5. Market for Issuer's Common Equity and Related Stockholder Matters	12
PART III - FINANCIAL INFORMATION	
Item 6. Management's Discussion and Analysis and Results of Operation	15
Item 7. Financial Statements	25
Item 8. Information on Independent Accountant and Other Related Matters	25
PART IV - MANAGEMENT AND CERTAIN SECURITY HOLDERS	
Item 9. Directors and Executive Officers of the Issuer	27
Item 10. Executive Compensation	33
Item 11. Security Ownership of Certain Beneficial Owners and Management	34
Item 12. Certain Relationships and Related Transactions	36
PART V - CORPORATE GOVERNANCE	
Item 13. Compliance with Leading Practice on Corporate Governance	44
EXHIBITS AND SCHEDULES	
Item 14. Exhibits and Reports on SEC Form 17-C	
(a) Exhibits	44
(b) Reports on SEC Form 17-C	44
(c) Reports under SEC Form 17-C files	45
(d) Material events subsequent to the end of the reporting period that have not been reflected in the financial statements of the reporting period	45
SIGNATURES	46
INDEX TO EXHIBITS	47
INDEX TO SUPPLEMENTARY SCHEDULES	48

PART I- BUSINESS

Item 1. Business- *Description of Business*

Background

AREIT, Inc. ("**AREIT or the Company**") is a real estate investment trust company established in the Philippines. Previously known as One Dela Rosa Property Development, Inc., the Company changed its name to AyalaLand REIT, Inc. on April 12, 2019. On June 28, 2019, the Company changed its name from AyalaLand REIT, Inc. to AREIT, Inc. With its initial public offering on August 13, 2020, AREIT became the first Real Estate Investment Trust (REIT) in the country.

As of December 31, 2022, the Company is publicly-listed, 54.88%-owned by Ayala Land Inc. (ALI), 5.47%-owned by AyalaLand Offices, Inc. (ALOI), 2.13%-owned by Westview Commercial Ventures Corp. (WCVC), a wholly-owned subsidiary of ALI, 3.53%-owned by Glensworth Development, Inc. (GDI), a wholly owned subsidiary of ALOI, and the rest by the public. AREIT is listed with a total of 1,761,047,193 outstanding common shares. AREIT has a total market capitalization of ₱62.34 billion based on the closing price of ₱ 35.40 per common share on December 29, 2022, the last trading day of the year.

AREIT is a REIT formed primarily to own and invest in an income-producing commercial portfolio of office, retail, and hotel properties in the Philippines, that meets its investment criteria. Primarily, AREIT is the commercial REIT platform for Ayala Land. As a commercial REIT, AREIT will focus on expanding its office, mall, and hotel properties. However, if the opportunity arises, AREIT may also explore other types of real estate properties available in the market. AREIT offers Shareholders an investment opportunity with a stable yield, opportunities for Gross Revenue and Net Operating Income growth, high-quality properties with strong tenant demand, strong Sponsor support from Ayala Land, experienced management with the incentive to grow the Company's Gross Revenue and Net Operating Income, and distribution of at least 90% of the Company's Distributable Income.

Products/ Business Lines

AREIT is engaged in the business of commercial leasing of primarily retail, and office spaces. Most of the commercial office lease agreements for AREIT's properties are for tenancy periods of between five and ten years. Tenants of the properties typically pay a security deposit equal to three months' rent and advance rental payments equivalent to three months' rent upon handover of the leased premises or signing of the lease agreement, whichever comes first. Tenant of the properties generally pays monthly rent as well as a monthly service charge of the maintenance of the building and the upkeep of the common areas. AREIT collects rent on a quarterly basis.

AREIT's properties have not historically experienced a high concentration of lease expiries. The properties enjoy very high occupancy levels and lease renewals and new leases are managed diligently in order to minimize void periods arising due to either lease expiries or early terminations. The properties are likewise occupied by high-quality office tenants that provide the properties with a stable tenant base.

Distribution Methods of Services

AREIT caters to retail and office tenants. As of December 31, 2022, commercial office space comprised approximately 69% of the total gross leasable area of the properties. The major tenants of the properties include major international corporations engaged in shared services, serviced apartments, business process outsourcing, banking and finance, insurance, and healthcare and pharmaceuticals.

Competition

The real estate industry in the Philippines, particularly in Metro Manila, is a competitive market. The principal competitive factors include rental rates, quality and location of properties, and supply of comparable retail space.

The Properties are Grade A office buildings located in Makati City, Pasig City, Laguna, Cebu, and Bacolod and the Company competes with other commercial property operators, such as Megaworld, Filinvest, Robinsons Land, and SM Investments. The commercial property market in Metro Manila is highly competitive. While it primarily faces competition posted by major, existing property operators, it also faces threats of new players entering the real estate industry in Metro Manila.

Since the Company's listing in August 2020, six (6) other REITs registered and listed. As of December 31, 2022, the direct competitors of the Company are DDMP REIT, Inc. ("DDMPR"), Filinvest REIT Corp. ("FILRT"), RL Commercial REIT, Inc. ("RCR"), MREIT, Inc. ("MREIT"), Citicore Energy REIT Corp. ("CREIT"), and lastly, VistaREIT, Inc. ("VREIT"). DDMPR registered and listed as a REIT last March 24, 2021, FILRT was listed on August 12, 2021, RCR was listed on September 14, 2021, MREIT was listed on October 1, 2021, VREIT was listed on July 15, 2022, and lastly CREIT was listed on February 22, 2022.

The Company's principal competitive advantage is flexibility in the negotiation of commercial terms with customers. It is open to tenant negotiations on the length of the rent-free period or fit out period as well as rent escalation rates. The Company has also started to evolve its facilities to accommodate potential tenants, such as start-ups and SMEs, who desire shared working spaces. The Company believes that the rental rates it offers at the Properties are at par with comparable competitors.

Despite the high level of competition, the Company believes that the significant accumulated experience of the management teams of both the Fund Manager and the Property Manager in real estate development, leasing, and management, as well as the Ayala Land Group's understanding of local market preferences and conditions will enable the Company to compete effectively.

AREIT is the first REIT company registered and listed in the Philippines, and launched amidst the COVID-19 pandemic. As the pioneer REIT company in the Philippines, AREIT offers stable and sustainable earnings with a portfolio diversified across office, retail, hotel, and industrial land segments located across Metro Manila and the key provinces of Laguna, Cebu, and Bacolod.

Suppliers

The Company has a broad base of suppliers, and is not dependent on one or a limited number of suppliers. Presently, the major suppliers of the Properties are primarily third-party companies in charge of particular building functions. These include manpower services, such as janitorial/housekeeping, technical maintenance, and security. The Company's contracts with these third-parties typically provide from 30-day to quarterly payment terms. These contracts are normally secured with a performance bond to be cancelled or released only upon performance of all contractual and statutory duties and obligations. Contractors are likewise required to obtain and maintain at their own expense and throughout the term of the contracts a Comprehensive General Liability Insurance issued by a reputable insurance company acceptable to the Company.

Customers

AREIT's retail and office tenants include individual and institutional customers, which include major, international corporations engaged in shared services, serviced apartments, business process outsourcing, banking and finance, insurance, and healthcare and pharmaceuticals.

Transactions with related parties

Please refer to Item 12 of this report ("Certain Relationships and Related Transactions).

Government approvals/regulations

The Company secures various government approvals such as PEZA licenses, environmental compliance certificates, development permits, etc. as part of the normal course of its business.

Risks

AREIT, Inc. is highly dependent on the performance of the Philippine property market since all its properties are located in the Philippines. Thus, the Company is directly affected by the risks that affect the Philippine property market as a whole.

Many factors contribute to fluctuations in the Philippine property market including the general demand and supply of properties which may cause asset price bubbles, increases and decreases in interest rates, inflationary pressures, Government-related real estate policies such as the recent lower loan-to-value ratios for commercial real estate loans and the BSP's tightening of policies related to real estate loans. Any decline in the value of land or real estate in the Philippines may lead to a downward revaluation of AREIT's Properties and a decrease in our rental rates. Additionally, the Properties are currently all located in Metro Manila and Luzon, which subjects AREIT to the risk of a decline in land or real estate values.

There can be no assurance that the Philippine property market will continue to do well. Reduced levels of economic growth, adverse changes in the country's political or security conditions, or weaker performance of, or slowdown in, the national and local property markets may still adversely affect the demand and prices for real estate. The impact of COVID-19 pandemic has resulted in an economic slowdown and negative business sentiment and we cannot foresee when the disruptions of business activities caused by the outbreak of said pandemic will cease or will business take longer to get back to pre-pandemic levels.

Our risk is mitigated by our focus on Grade A commercial buildings located in prime locations. Our properties are mostly situated in the Makati CBD which is the economic center of the country and boasts the highest rental rates in Metro Manila. As such it is less susceptible to market fluctuations. In any event, we also take a prudent approach to financial management and cost control, closely monitoring our capital and cash positions and maintaining discipline in our capital commitments.

Other more significant risks that the company may be exposed to are the following:

- Changes in policies and regulations including position of regulatory bodies and strict enforcement of said changes adverse to the property market
- Significant loss of key locators and tenants due to continuing pressures for cost efficiency, space rationalization as well as customer service experience or change in business
- Market risk due to rising interest and inflation rates, peso depreciation, liquidity and credit exposures as well as potential over-supply of office spaces resulting from the economic impact of the Covid pandemic as well as aggressive competition

To mitigate these risks, AREIT shall continue to adopt appropriate risk management measures as well as conservative financial and operational controls and policies to manage the various business risks it faces, namely:

1. Continued close coordination with technical working groups and regulatory bodies in addressing key or new laws and regulations affecting the company
2. Locking in early renewals and efforts for space retention together with diversification in tenant portfolios per asset and geography
3. Keeping track of service performance in property services through appraisal surveys

4. Taking a prudent approach to financial management and cost control, closely monitoring capital and cash positions and maintaining discipline in capital commitments.

Working Capital

AREIT finances its working capital requirements through internally-generated cash.

Item 2. Properties

- **Solaris One**, a 24-storey, Grade A, PEZA-accredited commercial building previously known as E-Services 3 Dela Rosa Building, which was completed in 2008, contains 46,767.95 sqm. of and is located at 130 Dela Rosa Street, Legaspi Village, Makati City, the Philippines.
- **Ayala North Exchange**, a Grade A, mixed-use development, previously known as project City Gate, which consists of two towers situated on top of a 3-storey retail podium as well as a collection of serviced apartments branded as Seda Residences Makati. The first tower is a 30-storey building consisting of 12-storey HQ Office, with the remaining 18-storeys housing Seda Residences Makati composed of 293 serviced apartments, other amenities and the back-of-house area. The second tower is a 20-storey, PEZA-accredited BPO Office designed for 24/7 operations. There are six levels of basement parking. Both office towers are PEZA-accredited. The HQ Office space was completed in late-2018, while the BPO Office and serviced apartments were completed in the first and third quarters of 2019, respectively. The GLA of Ayala North Exchange is 95,300.35 sqm.. It is located at 6796 Ayala Avenue corner Salcedo Street, Legaspi Village, Makati City, the Philippines.
- **McKinley Exchange**, a 5-storey Grade A, PEZA-accredited commercial building, which began operations in 2015, with GLA of 10,687.50 sq. m., 9,633.32 sqm. of which is designated for commercial office leasing, located along McKinley Road corner EDSA in Makati, Metro Manila's preeminent financial business district. The building also incorporates two (2) basement levels for car parking, offering a total of 120 parking slots. On January 31, 2020, AREIT entered a Contract of Lease with Ayala Land, Inc. for the lease of the commercial building.
- **Teleperformance Cebu**, a Grade A, PEZA-accredited commercial building, consists of two office towers, completed in 2011 with a combined GLA of 18,092.66 sqm located at Inez Villa Street, Cebu I.T. Park, Brgy. Apas, Cebu City.

The 30th Commercial Development, a mixed-use development composed of a 19-storey PEZA- accredited office tower with GLA of 47,871 sqm supported by a four (4) storey retail podium with GLA of 26,833 sqm., located along Meralco Avenue in Pasig City.
- **Laguna Technopark Industrial Lots**, totaling 98,179 sqm, AREIT owns four parcels of industrial land located in Binan, Laguna, currently occupied by Integrated Micro-Electronics Inc. (IMI), under a long-term lease for its global manufacturing and technology solutions.
- **Vertis North Commercial Development**, a mixed-use development located in North Avenue, North Triangle, Quezon City, which consists of three (3) office towers situated on top a four (4)-storey retail podium known as Vertis North Commercial Development. The three (3) office towers consist of 19, 20, and 20-storeys, respectively. All office towers are PEZA- accredited business process outsourcing offices designed for 24/7 operations, and are Leadership in Energy and Environmental Design (“LEED”)–certified. There are four (4) levels of basement parking. The retail podium was completed in 2017, while the office towers 1, 2, and 3 were completed in 2018, 2018, and 2019, respectively. The GLA of the retail podium is 39,305.76 square meters (sq. m.), while the office towers are composed of 125,507.39 sq. m. of GLA. The land on which Vertis North Corporate Center stands is being leased from Ayala Land, Inc.
- **One Evotech**, a four (4)-storey PEZA-accredited, LEED Silver Certified, campus type, BPO office designed for 24/7 operations, with a gross leasable area of 12,049 sq. m., located at the Lakeside Evozone, Nuvali, Sta. Rosa, Laguna. The land on which One Evotech stands is owned by the Ceci Realty, Inc., an affiliate of ALI, and is leased by AREIT with a remaining term of 37 years.

- **Two Evotech**, a 5-storey PEZA-accredited, BPO office designed for 24/7 operations, with with a gross leasable area of 11,675 sq.m., located at the Lakeside Evozone, Nuvali, Sta. Rosa, Laguna. The land on which One Evotech stands is owned by the Ceci Realty, Inc., an affiliate of ALI, and is leased by AREIT for a remaining term of 37 years.
- **Bacolod Capitol Corporate Center**, a seven (7)-storey PEZA-accredited BPO building designed for 24/7 operations, with a gross leasable area of 11,313 sq. m. The land on which Bacolod Capitol Corporate Center stands is owned by the Province of Negros Occidental, and is leased by AREIT from the Province of Negros Occidental with a remaining term of 40 years.
- **Ayala Northpoint Technohub**, a two (2)-storey PEZA-accredited BPO office facility designed for 24/7 operations with a gross leasable area of 4,653 sq.m., The site is located at The District North Point, Barangay Zone 15, Talisay City, Negros Occidental. and is under a land lease agreement with ALI with a remaining term of 37 years.
- **BPI-Philam Life Makati**, composed of three (3) office condominium units with a gross leasable area of 1,072 sq.m. located at the 19th floor, Ayala Life FGU Center, 6811 Ayala Avenue, Makati City. The land on which the building stands is owned by the Ayala Life FGU Center Condominium Corporation.
- **BPI-Philam Life Alabang**, consists of six (6) office condominium units with total leasable area of 551 sq. m. located at the 7th floor of BPI-Philam Life Alabang, Alabang-Zapote Road corner Acacia Avenue, Madrigal Business Park, Muntinlupa City. The land on which the building stands is owned by the Ayala Life-FGU Center Alabang Condominium Corporation.
- **eBloc 1**, a twelve (12)-level, Philippine Economic Zone Authority (“PEZA”)-accredited office development, located in Cebu IT Park with gross leasable area of 20,841.90 square meters (sq.m).
- **eBloc 2**, a seventeen (17)-level, PEZA-accredited office development, located in Cebu IT Park with gross leasable area of 27,727.33 sq.m.
- **eBloc 3**, a twelve (12)-level, PEZA-accredited office development, located in Cebu IT Park with gross leasable area of 15,233.00 sq.m.
- **eBloc 4**, a twelve (12)-level, PEZA-accredited office development, located in Cebu IT Park with gross leasable area of 16,166.63 sq.m.
- **ACC Tower**, a twenty (20)-level, PEZA-accredited office development, located in Ayala Center Cebu, Cebu Business Park with gross leasable area of 27,517.00 sq.m.
- **Tech Tower**, a twelve (12)-level, PEZA-accredited office development, located along Sumilon corner Camiguin Roads, Cebu City with gross leasable area of 16,812.74 sq.m.

Item 3. Legal Proceedings

None of the directors or executive officers is involved in any material pending legal proceedings in any court or administrative agency.

As of December 31, 2022, the Company is not involved in any litigation regarding an event which occurred during the past five (5) years that they consider material.

Item 4. Submission of Matters to a Vote of Security Holders

Except for the matters taken up during the Annual Meeting of Stockholders, there was no other matter submitted to a vote of security holders during the period covered by this report.

PART II- SECURITIES OF THE REGISTRANT

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

Market Information

AREIT common shares are listed with the Philippine Stock Exchange.

	Philippine Stock Exchange Prices (in PhP/share)		
	<u>High</u>	<u>Low</u>	<u>Close</u>
	<u>2022</u>	<u>2022</u>	<u>2022</u>
First Quarter	52.50	44.35	45.80
Second Quarter	47.00	34.00	34.90
Third Quarter	39.90	32.45	34.00
Fourth Quarter	36.50	30.55	35.40

The market capitalization of AREIT, Inc as of end-2022, based on the closing price of P35.40/share, was approximately P62.34 billion.

The price information as of the close of the latest practicable trading date April 13, 2023 is P32.00 per share.

Stockholders

The Company has 23 registered stockholders as of February 28, 2023.

	Stockholder Name	No. of Common Shares	Percentage (of common shares)
1.	Ayala Land, Inc.	966,408,006	54.88%
2.	PCD Nominee Corporation (Filipino)	515,812,309	29.29%
3.	Ayalaland Offices, Inc.	96,292,435	05.47%
4.	PCD Nominee Corporation (Non-Filipino)	82,852,091	04.70%
5.	Glensworth Development, Inc.	62,146,531	03.53%
6.	Westview Commercial Ventures Corp.	37,443,313	02.13%
7.	NSJS Realty and Development Corp.	25,000	00.00%
8.	Maria Victoria Romero San Pascual	24,000	00.00%
9.	Ponciano Velasquez Cruz, Jr.	13,100	00.00%
10.	Sylvette Young Tankiang	11,200	00.00%
11.	Alberto B. Guevara Jr. or Alberto F. Guevara III or Isabel F. Guevara	8,000	00.00%
12.	Ivie Mae Dim Lao	5,000	00.00%
13.	Andres S. Vazquez-Prada	3,200	00.00%
14.	Mary Therese R. Villanueva	2,800	00.00%
15.	Ofelia R. Blanco	200	00.00%
16.	Bernard Vincent O. Dy	1	00.00%
17.	Omar T. Cruz	1	00.00%
18.	Enrico S. Cruz	1	00.00%
19.	Mariana Zobel de Ayala	1	00.00%
20.	Augusto D. Bengzon	1	00.00%

21.	Carol T. Mills	1	00.00%
22.	Jose Emmanuel H. Jalandoni	1	0.0000%
23.	Jessie D. Cabaluna	1	0.0000%

A list of the company's top 100 stockholders as of December 31, 2022 can be found through this link:

https://edge.pse.com.ph/openDiscViewer.do?edge_no=de6e4ab01586e3809e4dc6f6c9b65995

Dividends

2022 Cash Dividend		
Per common share	Record Date	Payment Date
0.48	June 2, 2022	June 17, 2022
0.49	August 26, 2022	September 9, 2022
0.49	October 25, 2022	November 10, 2022
0.52	March 10, 2023	March 24, 2023

Dividend policy

The Company has adopted a dividend policy in accordance with the provisions of the REIT Law, pursuant to which the Company's shareholders are entitled to receive at least 90% of annual Distributable Income for the current year. For 2022, the Company declared total dividends amounting to ₱3,118.75 million representing 90.75% of the Distributable Income for the year 2022.

	2022
Net Income	₱2,887,563,036
Unrealized gains:	
Unrealized loss on fair value change in investment properties	548,953,984
Distributable Income	₱3,436,517,020

For 2022, dividends declared were as follows:

Payment Date	Aggregate Amount Paid
June 17, 2022	724,722,188.80
September 9, 2022	739,366,296.90
November 10, 2022	739,366,296.90
March 24, 2023*	915,744,540.36
Total Amount of Dividends Paid	3,119,199,322.96
% of Dividends to Distributable Income	90.75%

**As per Section 10 of Revenue Regulation NO. 13-2011, as amended, dividends distributed by a REIT from its distributable income at any time after the close of but not later than the last day of the fifth (5th) month from the close of the taxable year, shall be considered as paid on the last day of such taxable year.*

Dividends were declared in accordance with the provisions of Section 42 of the Revised Corporation Code, specifically that dividends for prior years were taken from the unrestricted retained earnings of the Company.

The Company intends to maintain an annual cash dividend payout ratio of at least 90% of Distributable Income for the preceding fiscal year, subject to compliance with the requirements of the REIT Law, including but not limited to the requirement that the dividends shall be payable only from the unrestricted retained earnings as provided for under Section 42 of the Revised Corporation Code, among others, the terms and conditions of our outstanding loan facilities, and the absence of circumstances which may restrict the payment of such amount of dividends, including, but not limited to, instances when there is a need for special reserves for probable contingencies.

The failure to distribute at least 90% of the annual Distributable Income will subject the Company, if such failure remains un-remedied within 30 days, to income tax on the taxable net income as defined in Chapter IV, Title II of the National Internal Revenue Code, as amended, instead of the taxable net income as defined in the REIT Law. Accordingly, dividends distributed by our Company may be disallowed as a deduction for purposes of determining taxable net income. Additionally, other tax incentives granted under the REIT Law may be revoked, and the failure to distribute at least 90% of the annual Distributable Income may be a ground to delist the Company from the PSE.

Over the last three years, the Company has distributed at least 90% of the distributable income.

Year	Dividends	Distributable Income	% of Dividends
2020	1,353,866,494	1,223,891,240	111%
2021	2,042,541,446	2,219,001,086	92%
2022	3,118,754,323	3,436,517,020	91%

Recent Sale of Securities

The Company has not sold or issued any exempt securities to the public.

Corporate Governance

- i. The evaluation system which was established to measure or determine the level of compliance of the Board and top-level management with its Revised Manual of Corporate Governance includes a Board Performance Assessment which is accomplished by the Board indicating the compliance ratings. The above are submitted to the Compliance Officer. The Integrated Annual Corporate Governance (I-ACGR) of AREIT will be submitted to the SEC on or before May 30, 2023.
- ii. To ensure good governance, the Board establishes the vision, strategic objectives, key policies, and procedures for the management of the Company, as well as the mechanism for monitoring and evaluating Management's performance. The Board also ensures the presence and adequacy of internal control mechanisms for good governance.
- iii. There were no deviations from the Company's Revised Manual of Corporate Governance. The Company has adopted in the Manual of Corporate Governance the leading practices and principles of good corporate governance, and full compliance therewith has been made since the adoption of the Revised Manual.
- iv. The Company is taking further steps to enhance adherence to principles and practices of good corporate governance.

PART III- FINANCIAL INFORMATION

Item 6. Management's Discussion and Analysis and Results of Operation

Review of FY 2022 operations vs FY 2021

The Company's net income before net fair value change in investment properties and gain under finance lease increased by 55% from ₱2,219.00 million in 2021 and ₱3,436.524 million in 2022. The increase was mainly due to income from additional properties acquired in 2021 and 2022, as well as rental escalations. The Company's net income after tax increased by 19% from ₱2,433.27 million in 2021 to ₱2,887.56 million in 2022.

Revenues

Total revenues increased by 53% from ₱3,316.46 million in 2021 to ₱5,072.85 million in 2022. This was mainly driven by higher rental income and net dues.

Rental Income increased by 52% from ₱2,506.91 million in 2021 to ₱3,807.53 million in 2022. The increase was primarily attributable to the addition of Vertis Office Towers and Mall, One and Two Evotech, Bacolod Capitol, Bacolod Ayala Northpoint, Makati FGU and Alabang FGU, which were added to the Company's portfolio in October 2021 and Ebloc Towers 1 to 4, ACC Tower and Tech Tower in October 2022.

Dues increased by 68% from ₱621.01 million in 2021 to ₱1,042.99 million in 2022. The increase was attributable to the operations of new assets acquired in October 2021 and 2022.

Interest income from finance lease, increased by 18% from ₱188.55 million in 2021 and ₱222.32 million in 2022. This is attributable to the long-term lease of Makati North Hotel Ventures, Inc. with the Company, which commenced in September 2019 and long-term leases of North Eastern Commercial Corp with the Company, which commenced in January 1, 2021 and October 1, 2021 for The30th Mall and Vertis Mall, respectively.

Net Fair Value Change in Investment Property

In 2021, the Company voluntarily changed its accounting policy on investment properties from cost model to fair value model which requires restatement of previous financial statements. The change will provide the users of the financial statements a more relevant information as it reflects the current valuation of the Company as a REIT entity.

In 2022, the Company recognized a reduction in fair value in investment properties of -₱548.95 million and an increase of ₱164.50 million in 2021.

Cost and Expenses

Direct operating expenses increased by 67% from ₱815.87 million in 2021 to ₱1,359.80 million in 2022. The increase was primarily attributable to an increase in taxes and licenses of ₱158.50 million, increase in management fee of ₱130.78 million, increase in land lease of ₱93.07 million, increase in repairs and maintenance of ₱82.07 million and increase in outside services of ₱55.12 million. These increases were related to the operations of additional properties acquired in October 2021 and 2022.

General and administrative expenses decreased by 23%, from ₱103.40 million to ₱79.49 million mainly due to lower taxes related to loans.

Other Income (charges)

Gain under finance lease amounted to ₱49.76 million in 2021. In January 2021, the Company entered into a long-term building leases agreement with North Eastern Commercial Corp. for the lease of retail podiums in The 30th and Vertis developments. North Eastern Commercial Corp. (NECC) is wholly owned by Ayala Land, Inc. The Company classified the agreement as a finance lease. The Company remains to be the legal owner of the portion of the building under finance lease.

Interest Income increased by 376% from ₱7.21 million in 2021 to ₱34.33 million in 2022. The increase was mainly due to the increase in interest income from intercompany loans from ₱6.97 million in 2021 to ₱33.71 million in 2022.

Interest expense increased by 25% from ₱169.82 million in 2021 to ₱208.37 million in 2022. Interest expense on loans recognized amounted to ₱98.55 million and ₱58.59 in 2022 and 2021, respectively, interest expense from finance lease amounting to ₱81.83 million and ₱63.01 million in 2022 and 2021, respectively and accretion of security deposit amounting to ₱26.29 million in 2022 and ₱24.87 million in 2021.

Other charges amounted to ₱22.88 million in 2022 and ₱15.54 million in 2021, this pertains to amortization of bond issue cost and PSE filing fee related to listing of property-for-shares transaction amounting to ₱15.46 million in 2021.

Other income amounted to ₱0.10 million in 2021, which pertains to income earned from interest and penalties arising from late payments.

Provision for Income Tax

Provision for income tax, the Company started to avail of its tax incentive as REIT after its listing in August 2020. As of December 31, 2022 and 2021, deferred tax assets and liabilities are recognized based on effective income tax rate of 0% under REIT law. The Company recognized final tax from interest income earned from banks amounting to ₱0.12 million and ₱0.05 million in 2022 and 2021, respectively.

Capital Expenditure

The Company has no material commitments for capital expenditures.

Summary of Real Estate Transactions for 2022

On December 29, 2022, the Company, received the approval of the Securities and Exchange Commission (SEC) of the property-for-share swap, specifically the subscription of ALI to 252,136,383 shares of AREIT in exchange for identified properties owned by ALI and the Subsidiaries, pursuant to the Deed of Exchange dated May 19, 2022.

In line with this, the parties have executed an Amendment to Section 4.3 of the Deed of Exchange on December 29, 2022 so that the recognition of income from the new assets will accrue to AREIT beginning October 01, 2022.

Financial Condition

The Company's balance sheet remains healthy to support the financial and operational requirements during this period.

As of December 31, 2022, the Company's total borrowings registered at ₱3.28 billion which translated to a debt-to-equity ratio of 0.05:1.

Return on equity was at 5% as of December 31, 2022.

Key Financial Ratios	2022	2021
Current Ratio ⁽¹⁾	0.43	0.67
Debt to Equity ⁽²⁾	0.05	0.08
Profitability Ratios		
Return on Asset ⁽³⁾	5%	6%
Return on Equity ⁽⁴⁾	5%	5%
Asset to Equity Ratio ⁽⁵⁾	1.13	1.16
⁽¹⁾ Current assets/current liabilities ⁽²⁾ Total debt/Average Stockholder's equity ⁽³⁾ Total Net Income/Total Average Assets ⁽⁴⁾ Total Net Income/Average Stockholder's equity ⁽⁵⁾ Total asset/Total Stockholder's equity		

- The Company's fixed rate bond will expire on December 28, 2023. We plan to refinance through either another bond offering from its shelf registration or availing of a bank loan.
- There is no material commitment for capital expenditures other than those performed in the ordinary course of trade or business
- There is no known trend, event or uncertainty that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.
- There is no significant element of income arising from continuing operations.
- There have not been any seasonal aspects that had a material effect on the financial condition or results of the Company's operations.
- There were no known events and uncertainties that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.

LIQUIDITY AND CAPITAL RESOURCES

For Year Ended December 31, 2022 versus For Year Ended December 31, 2021

The Company ended a net decrease in cash of ₱29.26 million for year ended December 31, 2022, mainly from cash used in financing activities.

Net cash flows provided by operating activities amounted to ₱3,933.43 million and ₱2,210.58 million for the year ended December 31, 2022 and 2021, respectively. The increase mainly due to higher collections contributed by additional properties.

Cash flows used in Investing activities amounted to ₱263.05 million and ₱4,137.57 million for the year ended December 31, 2022 and 2021, respectively. The higher disbursement in 2021 is due to the payment for additions to investment properties.

Cash flows used in Financing activities amounted to ₱3,699.64 million in 2022 mainly due to payment of dividends and short-term loans. Cash flows provided by financing activities in 2021 amounting to ₱1,960.02 million mainly due to net proceeds from long-term debt.

Net decrease in cash as of December 31, 2022 resulted to ₱29.26 million.

Causes for any material changes (+/- 5% or more) in the financial statements

Assets

Cash decreased by 32% primarily due to cash flows used in financing activities for repayment of short-term loan.

Receivables- current increased by 45% mainly due to additional properties.

Other current assets increased by 41% due to higher input VAT classified as current.

Investment properties went up by 22% mainly due to the acquisition of Cebu properties namely, eBloc Towers 1 to 4, ACC Tower, and Tech Tower.

Property and equipment went up by 93% due to the acquisition of new office equipment.

Other noncurrent assets decreased by 8% due to lower input vat classified as noncurrent.

Liabilities

Short-term loans, the outstanding short-term loans amounted to ₱3,277.69 million as of December 31, 2022. The ₱3.00 billion of which pertains to fixed rate bonds due in December 2023 at a rate equivalent to 3.0445% p.a. while the remaining loan pertains to unsecured and interest-bearing 30-day loans from various local banks with an interest rate of 5.5%

Accounts and other payables, increased by 101%, mainly due to additional payables from additional properties.

Current portion of deposits and other liabilities decreased by 28%, mainly due to lower advance payments from tenants.

Current portion of lease liability increased by 17%. The total cash outflow related to leases amounted to ₱49.23 million and ₱37.18 million in 2022 and 2021, respectively composed, of principal payment and interest on lease liabilities.

Construction bonds, amounted to ₱98.58 million as of December 31, 2022. This pertains to cash bonds collected from tenants, to be used as a guarantee against damages to properties resulting from the construction, renovation or improvements being undertaken therein.

Noncurrent portion of deposits and other liabilities, increased by 13%, mainly due to increase in security deposit and advance rent from the tenants of newly acquired properties.

Equity

Total equity of ₱60,072.89 million as of December 31, 2022, 23% higher than December 31, 2021 at ₱48,887.59 million, due to increase in paid-up capital from ₱15,089.11 million in 2021 to ₱17,610.47 million in 2022, increase in additional paid-in capital from ₱11,333.07 million in 2021 to ₱20,021.65 million in 2022. Retained earnings decreased from P22,465.41 in 2021 to P22,441 in 2022 due to the reduction in fair value of investment properties.

In 2021, the Company voluntary changed its accounting policy for its investment properties from cost model to fair value model of accounting which was applied retrospectively. Amounts presented in the audited statement of financial position as of December 31, 2021 and 2020 and audited statement of comprehensive

income for the years ended December 31, 2021, 2020 and 2019 were restated to reflect the impact of the change in accounting policy.

Review of 2021 operations vs 2020

The Company's net income before change in fair value and reversal of deferred tax increased by 56% from ₱1,452.71 million in 2020 and ₱2,268.76 million in 2021. The increase was mainly due to income from additional properties acquired in 2021. The Company's net income after tax decreased by 61% from ₱6,264.81 million in 2020 to ₱2,433.27 million in 2021. The decrease was primarily driven by the net fair value change in investment property and impact of 0% effective income tax rate in computing deferred taxes.

Revenues

Total revenues increased by 63% from ₱2,035.92 million in 2020 to ₱3,316.46 million in 2021. This was mainly driven by higher rental income and net dues.

Rental Income increased by 68% from ₱1,495.72 million in 2020 to ₱2,506.91 million in 2021. The increase was primarily attributable to the addition of The 30th and Laguna Technopark lots in January 2021 and addition of Vertis Office Towers and Mall, One and Two Evotech, Bacolod Capitol, Bacolod Ayala Northpoint, Makati FGU and Alabang FGU, which were added to the Company's portfolio in October 2021.

Dues increased by 59% from ₱389.38 million in 2020 to ₱621.01 million in 2021. The increase was attributable to the operations of new assets acquired in 2021.

Interest income from finance lease, increased by 25% from ₱150.81 million in 2020 and ₱188.55 million in 2021. This is attributable to the long-term lease of Makati North Hotel Ventures, Inc. with the Company, which commenced in September 2019 and long-term leases of North Eastern Commercial Corp with the Company, for The30th Mall which commenced in January 1, 2021 and October 1, 2021 for Vertis Mall.

Net Fair Value Change in Investment Property

In 2021, the Company voluntarily changed its accounting policy on investment properties from cost model to fair value model which requires restatement of previous financial statements. The change will provide the users of the financial statements a more relevant information as it reflects the current valuation of the Company as a REIT entity.

In 2021, the Company recognized a net fair value change in investment property of ₱164.50 million and ₱1,424.65 million in 2020.

Cost and Expenses

Direct operating expenses increased by 84% from ₱444.07 million in 2020 to ₱815.87 million in 2021. The increase was primarily attributable to an increase in management fee of ₱169.44 million, an increase in taxes and licenses of ₱65.11 million, increase in land lease of ₱58.41 million, increase in repairs and maintenance of ₱45.21 million and increase in outside services of ₱23.25 million. These increases were related to the operations of additional properties acquired in 2021.

General and administrative expenses increased by 109%, from ₱49.47 million to ₱103.40 million mainly due to provision for probable losses amounting to ₱33.00 million in 2021 and increase in provision for doubtful accounts of ₱15.27 million.

Other Income (charges)

Gain under finance lease amounted to ₱49.76 million in 2021. In January 2021, the Company entered into a long-term building leases agreement with North Eastern Commercial Corp. for the lease of retail podiums in The 30th and Vertis developments. North Eastern Commercial Corp. (NECC) is wholly owned by Ayala Land, Inc. The Company classified the agreement as a finance lease. The Company remains to be the legal owner of the portion of the building under finance lease.

Interest Income decreased by 91% from ₱78.67 million in 2020 to ₱7.21 million in 2021. The decrease was mainly due to the decrease in interest income from intercompany loans from ₱78.31 million in 2020 to ₱6.97 million in 2021.

Interest expense increased by 160% from ₱65.42 million in 2020 to ₱169.82 million in 2021. The increase was primarily attributable to the recognition of interest expense on loans amounting to ₱81.94 million in 2021, interest expense from finance lease amounting to ₱63.01 million and ₱51.49 million in 2021 and 2020, and accretion of security deposit amounting to ₱24.87 million in 2021 and ₱13.93 million in 2020.

Other charges amounted to ₱15.64 million in 2021 pertains to amortization of bond issue cost amounting to ₱0.18 million and PSE filing fee related to listing of property-for-shares transaction amounting to ₱15.46 million in 2021.

Other income decreased by 97% from ₱3.66 million in 2020 to ₱0.10 million in 2021. This pertains to income earned from interest and penalties arising from late payments.

Provision for Income Tax

Provision for income tax, the Company recognized a tax benefit in 2020 amounting to ₱3,280.88 and tax payable of ₱0.05 million in 2021. The 2020 tax benefit is a result of the restatement of 2020 balances following the change to fair value accounting. The Company started to avail of its tax incentive as REIT after its listing in August 2020. As of December 31, 2021 and 2020, deferred tax assets and liabilities are recognized based on effective income tax rate of 0% under REIT law.

Capital Expenditure

AREIT acquired parcels of land in Laguna Technopark from Technopark Land, Inc. on January 5, 2021 for a total amount of ₱987.98 million VAT exclusive. The Company also acquired the 30th from Ayala Land, Inc. on January 15, 2021 for a total amount of ₱4,564.34 million VAT exclusive.

The Company has no material commitments for capital expenditures.

Summary of Real Estate Transactions for 2021

On January 5, 2021, AREIT entered into a Deed of Absolute Sale with Technopark Land, Inc. to acquire 98,179 sq.m. of land for ₱1.1 billion (VAT-inclusive) located in Laguna Technopark is being leased by Integrated Micro-Electronics, Inc. for its manufacturing operations. The price was derived from a third-party valuation, using the market approach with a yield of 6.28% based on total acquisition cost.

On January 15, 2021, AREIT entered into a Deed of Sale with Ayala Land Inc. for the acquisition of The 30th for ₱5.1 billion (VAT-inclusive). The price was derived from a third-party valuation, using the income approach with an EBITDA yield of 6.1% based on total acquisition cost. The Property is located along Meralco Avenue in Pasig City, which has a building with a total GLA of 74,704 sq.m. composed of an office tower and a retail podium.

On October 7, 2021, the Company, received the approval of the Securities and Exchange Commission (SEC) of the property-for-share swap, specifically the subscription of ALI and its subsidiaries, Westview Commercial Ventures Corp. and Glensworth Development, Inc. (collectively referred to as Subsidiaries) to 483,254,375 shares of AREIT in exchange for identified properties owned by ALI and the Subsidiaries, pursuant to the Deed of Exchange dated June 08, 2021.

In line with this, the parties have executed an Amendment to Section 4.2 of the Deed of Exchange on October 07, 2021 so that the recognition of income from the new assets will accrue to AREIT beginning October 01, 2021, instead of November 01, 2021.

Financial Condition

The Company's balance sheet remains healthy to support the financial and operational requirements during this period.

As of December 31, 2021, the Company total borrowings registered at ₱3.85 billion which translated to a debt-to-equity ratio of 0.08:1.

Return on equity was at 5% as of December 31, 2021.

Key Financial Ratios	2021	2020
Current Ratio ⁽¹⁾	0.67	3.55
Debt to Equity ⁽²⁾	0.08	-
Profitability Ratios		
Return on Asset ⁽³⁾	6%	21%
Return on Equity ⁽⁴⁾	5%	19%
Asset to Equity Ratio ⁽⁵⁾	1.16	1.07
⁽¹⁾ Current assets/current liabilities ⁽²⁾ Total debt/Average Stockholder's equity ⁽³⁾ Total Net Income/Total Average Assets ⁽⁴⁾ Total Net Income/Average Stockholder's equity ⁽⁵⁾ Total asset/Total Stockholder's equity		

Causes for any material changes (+/- 5% or more) in the financial statements

Year ended December 31, 2021 compared to year ended December 31, 2020 (Restated)

Assets

Cash increased by 56% primarily due to additional net cash flow from operations of the newly acquired properties in 2021.

Receivables- current decreased by 44% mainly due to decreased in due from related parties.

Other current assets decreased by 34% due to lower input vat classified as current.

Receivable- noncurrent increased by 40% due to additional finance lease receivable from leases of NECC with the Company.

Investment properties went up by 72% mainly due to the acquisition of the 30th development, parcels of land in Laguna Technopark, Vertis Office Towers and Mall, One and Two Evotech, Bacolod Capitol, Bacolod Ayala Northpoint, Makati FGU and Alabang FGU.

Property and equipment went up by 2470% due to the acquisition of new office equipment.

Other noncurrent assets increased by 65% due to higher input VAT brought by acquisition new assets.

Liabilities

Short-term loans, the Company obtained short-term loans from various local banks during the period. The outstanding short-term loans amounting to ₱890 million as of December 31, 2021, pertains to unsecured and interest bearing 30-day loans with average interest rate of 2.11%.

Current portion of deposits and other liabilities increased by 468%, mainly due to increase in security deposit and advance rent from the tenants of newly acquired properties.

Current portion of lease liability increased by 25%. The total cash outflow related to leases amounted to ₱37.18 million composed of principal payment and interest on lease liabilities.

Construction bonds, amounted to ₱58.58 million as of December 31, 2021. This pertains to cash bonds collected from tenants, to be used as a guarantee against damages to properties resulting from the construction, renovation or improvements being undertaken therein.

Long-term debt, the Company issued a total of ₱3.00 billion fixed bonds due 2023 at a rate equivalent to 3.0445% p.a. Transaction costs capitalized amounted to ₱42.70 million in 2021. Amortization amounted to ₱0.18 million in 2021 and included under "Other charges".

Noncurrent portion of deposits and other liabilities, increased by 79%, mainly due to increase in security deposit and advance rent from the tenants of newly acquired properties.

Noncurrent portion of lease liability, increased by 33% due to additional lease liability for the lease agreements entered into by the Company related to land leases of One and Two Evotech and Bacolod Capitol. The rent is payable at a fixed monthly rate, subject to annual escalation rate.

Equity

Total equity of ₱48,887.59 million as of December 31, 2021, 49% higher than December 31, 2020 at ₱32,807.75 million, due to increase in paid-up capital from ₱10,929.86 million in 2020 to ₱15,762.41 million in 2021, increase in additional paid-in capital from ₱785.68 million in 2020 to ₱11,333.07 million in 2021 and increase in retained earnings from net income contribution of ₱2,433.27 million for the period, reduced by dividend payments amounting to ₱1,733.36 million.

LIQUIDITY AND CAPITAL RESOURCES

For Year Ended December 31, 2021 versus For Year Ended December 31, 2020

The Company ended a net increase in cash of ₱33.03 million for year ended December 31, 2021, mainly from cash generated from operations contributed by additional properties.

Net cash flow from operating activities amounted to ₱2,145.01 million and ₱1,527.34 million for the year ended December 31, 2021 and 2020, respectively. The increase mainly due to higher collections from operations and related security deposits and advance rents of the newly-acquired properties.

Investing activities used ₱4,137.57 million and ₱1,827.11 million for the year ended December 31, 2021 and 2020, respectively. Increase was mainly due to acquisition of The30th development and Laguna Technopark lots.

Financing activities provided ₱2,025.59 million and ₱236.56 million for the year ended December 31, 2021 and 2020. Mainly from the proceeds from short-term and long-term loans.

Net increase in cash as of December 31, 2021 resulted to ₱33.03 million which is ₱96.23 million higher than ₱63.20 million net decrease in cash as of December 31, 2020.

Review of 2020 operations vs 2019

The Company's net income before change in fair value and reversal of deferred tax increased by 0.1% from ₱1,451.99 million in 2019 and ₱1,452.71 million in 2020. Slight increase mainly due to gain from finance lease recognized in 2019 amounting to ₱397.14 million. The Company's net income after tax increased by 69% from ₱3,704.34 million in 2019 to ₱6,264.81 million in 2020. The increase was primarily driven by the net fair value change in investment property and impact of 0% effective income tax rate in computing deferred taxes.

Revenues

Total revenues increased by 22% from ₱1,671.96 million in 2019 to ₱2,035.92 million in 2020. This was mainly driven by higher rental income and interest income from finance lease receivables.

Rental Income increased by 13% from ₱1,323.92 million in 2019 to ₱1,495.72 million in 2020. The increase was primarily attributable to the addition of McKinley Exchange Corporate Center and Teleperformance Cebu in the Company's property portfolio in February and October 2020, respectively.

Dues increased by 29% from ₱301.20 million in 2019 to ₱389.38 million in 2020. The increase was due to lower utilities consumption and lower manpower deployment during quarantine period.

Interest income from finance lease receivables increased significantly from ₱46.84 million in 2019 to ₱150.81 million in 2020. This is attributable to the long-term lease of Makati North Hotel Ventures, Inc. with the Company, which commenced in September 2019.

Net Fair Value Change in Investment Property

The Company recognized a net fair value change in investment property of ₱2,746.77 million and ₱1,424.65 million in 2019 and 2020, respectively.

Cost and Expenses

Direct operating expenses increased by 25% from ₱354.32 million in 2019 to ₱444.07 million in 2020. The increase was primarily attributable to an increase in management fee of ₱62.31 million, an increase in taxes and licenses of ₱38.18 million, and an increase in land lease of ₱13.03 million. These increases were related to the operations of McKinley Exchange Corporate Center and Teleperformance Cebu.

General and administrative expenses increased by 249% from ₱14.18 million in 2019 to ₱49.47 million in 2020, mainly due to costs incurred for the Company's initial public offering (IPO).

Other Income (charges)

Interest Income increased by 35% from ₱58.26 million in 2019 to ₱78.67 million in 2020. The increase was primarily attributable to the increase in interest income from intercompany loans from ₱57.95 million in 2019 to ₱78.31 million in 2020.

Interest expense significantly increased by 421% from ₱12.56 million in 2019 to ₱65.42 million in 2020. The increase was primarily attributable to the recognition of interest expense on lease liabilities amounting to ₱51.49 million in 2020.

Other income increased by 2568% from ₱0.14 million in 2019 to ₱3.66 million in 2020. This pertains to income earned from interest and penalties arising from late payments.

Provision for Income Tax

Provision for income tax decreased by 516% from ₱788.87 million in 2019 to ₱3,280.88 million tax benefit in 2020. This decrease was mainly due to derecognition of deferred taxes.

Capital Expenditure

AREIT acquired Teleperformance Cebu from ALO Prime Realty Corporation, a wholly-owned subsidiary of Ayala Land, Inc. on September 15, 2020 for a total amount of ₱1,450.00 million.

Causes for any material changes (+/- 5% or more) in the financial statements

Year ended December 31, 2020 (Restated) compared to year ended December 31, 2019 (Restated)

Assets

Cash decreased by 52% primarily due to cash outflow from investing activities (intercompany loans and additional investment properties).

Receivables- current increased by 21% mainly due to increase in due from related parties.

Other current assets increased by 84% due to higher input VAT brought by acquisition new assets.

Receivable- noncurrent increased by 40% due to additional finance lease receivable from leases of NECC with the Company.

Investment properties went up by 15% mainly due to the acquisition of Teleperformance Cebu building and right-of-use asset for the lease of McKinley Exchange Corporate Center.

Property and equipment decreased by 40% due to the yearly depreciation.

Other noncurrent assets increased by 8% due to higher input VAT brought by acquisition new assets.

Liabilities

Accounts and other payables increased by 87% due to increase in due to related parties, primarily for fund and property management fees.

Current portion of deposits and other liabilities decreased by 22% due to application of advance rent to tenant's current charges.

Current portion of lease liability, recognized in 2020 for the building lease for McKinley Exchange Corporate Center.

Construction bonds, decreased due to refund to tenants. This pertains to cash bonds collected from tenants, to be used as a guarantee against damages to properties resulting from the construction, renovation or improvements being undertaken therein.

Noncurrent portion of deposits and other liabilities, increased by 20%, mainly due to increase in security deposit and advance rent from the tenants of newly acquired properties.

Noncurrent portion of lease liability, recognized in 2020 for the building lease for McKinley Exchange Corporate Center.

Equity

Total equity of ₱32,807.75 million as of December 31, 2020, 14% higher than December 31, 2019 at ₱26,232.47 million, due to increase in paid-up capital from ₱10,451.22 million in 2019 to ₱10,929.86 million in 2020, recognition of additional paid-in capital amounting to ₱785.68 million in 2020 and increase in retained earnings from net income for the period and reduced by dividend payments.

Item 7. Financial Statements

The 2022 Audited Financial Statements of the Company are incorporated in the accompanying Index to Exhibits.

Item 8. Information on Independent Accountant and Other Related Matters

Independent Public Accountants

- (a) The principal accountant and external auditor of the Company for the ensuring fiscal year, 2023 and recommended for appointment of the stockholders during the annual stockholders meeting is the accounting firm of PwC Isla Lipana & Co. (“Isla Lipana”).
- (b) The accounting firm of SyCip Gorres Velayo & Co. (SGV & Co.) acted as the principal accountant of the Company for the most recently completed fiscal year.

Pursuant to the General Requirements of SRC Rule 68, Par. 3 (Qualifications and Reports of Independent Auditors), the Company has engaged SGV & Co. as external auditor, and Mr. Dolmar C. Montañez was the Partner-in-Charge for the audit years 2016 to 2021. Ms. Maria Antoniette L. Aldea was the Partner-in-Charge for the audit year 2022.

- (c) Representatives of both Isla Lipana for the current year, and SGV & Co. for the most recently completed fiscal year are expected to participate at the annual stockholders’ meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Pursuant to the General Requirements of SRC Rule 68, Par. 3 (Qualifications and Reports of Independent Auditors), the Company has engaged Isla Lipana as external auditor for the audit year 2023.

(d) Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company has engaged the services of SGV & Co. during the two (2) most recent fiscal years. There were no disagreements with the SGV & Co. on any matter of accounting and financial disclosure.

Following the adoption of the Independent Auditor Tenure policy by ALI, the Company’s parent company, the Board of Directors during its meeting on February 24, 2023, approved and endorsed the engagement of Isla Lipana as the Company’s independent auditor for 2023, for the approval of the stockholders at the annual stockholders meeting. The Independent Auditor Tenure policy was adopted to align with the 2014 European Union Audit Regulation standard on mandatory audit firm rotation. The policy prescribes that an Independent Auditor shall be replaced after a maximum duration of ten (10) years, extendable to a maximum of twenty-four (24) years, subject to meeting certain conditions.

(e) Audit and Audit- Related Fees

AREIT paid its external auditor the following fees in the past two (2) years: (in Php million; inclusive of out-of-pocket expenses and VAT).

Year	Audit & Audit-related Fees	Tax Fees	Other Fees
2022	940,800.00	-	60,480.00
2021	806,971.20	-	3,986,640.00

(f) Tax Fees

In 2022, AREIT engaged Punongbayan & Araullo for tax compliance review services for a total fee of ₱579,600.00, inclusive of out-of-pocket expenses and VAT.

(g) Other Fees

For 2022, other fees paid to SGV pertains to service rendered during the annual stockholders meeting. For 2021, other fees paid to SGV is higher than the audit and audit-related fees due to the engagement of SGV as external auditor for AREIT's maiden bond offering last 2021 listed with the Philippine Dealing and Exchange Corp.

Under paragraph 3.3 (a) of the AREIT Audit Committee Charter, the Audit Committee (composed of Enrico S. Cruz, Chairman, Omar T. Cruz and Augusto D. Bengzon, members) recommends to the Board the appointment of the external auditor and the audit fees.

PART IV- MANAGEMENT AND CERTAIN SECURITY HOLDERS

Item 9. Directors and Executive Officers of the Registrant

The write-ups below include positions held as of December 31, 2022 and in the past five years, and personal data as of December 31, 2022 of directors and executive officers.

Incumbent Board of Directors

Jose Emmanuel H. Jalandoni, Chairman of the Board
Carol T. Mills, President and Chief Executive Officer
Bernard Vincent O. Dy
Augusto D. Bengzon
Mariana Beatriz Zobel de Ayala
Omar T. Cruz
Enrico S. Cruz
Jessie D. Cabaluna

Jose Emmanuel H. Jalandoni, Filipino, 55, has served as the Chairman of the Board of AREIT, Inc. since February 5, 2020. He is a Senior Vice President and a member of the Management Committee, and the Group Head of commercial businesses including offices, hotels, resorts of Ayala Land, Inc. He is Chairman of AyalaLand Logistics Holdings Corp., also a publicly-listed subsidiary of ALI. His other significant positions are: Chairman, President and Chief Executive Officer of Northgate Hotel Ventures, Inc. and Southcrest Hotel Ventures, Inc. He is Chairman of the Board of Ayalaland Malls, Inc. (formerly ALI Commercial Center, Inc.), ALI Makati Hotel and Residences, Inc., ALI Makati Hotel Property, Inc., ALI Triangle Hotel Ventures, Inc., ARCA South Hotel Ventures, Inc., AsiaTown Hotel Ventures, Inc., AyalaLand Hotels and Resorts Corporation, AyalaLand Medical Facilities Leasing, Inc., AyalaLand Offices, Inc., Bacuit Bay Development Corporation, Bay Area Hotel Ventures, Inc., Bonifacio Hotel Ventures, Inc., Capitol Central Hotel Ventures, Inc., Cebu Insular Hotel Company, Inc., Central Bloc Hotel Ventures, Inc. Chirica Resorts Corporation, Circuit Makati Hotel Ventures, Inc., Direct Power Services, Inc., Ecoholdings Company Inc., Econorth Resort Ventures, Inc., Ecosouth Hotel Ventures, Inc., Enjay Hotels, Inc., Greenhaven Property Ventures, Inc., Integrated Eco-Resort, Inc., Lio Resort Ventures, Inc., Makati North Hotel Ventures, North Liberty Resort Ventures, Inc., North Triangle Hotel Ventures, Inc., One Makati Hotel Ventures, Inc., One Makati Residential Ventures, Inc., Pangulasian Island Resort Corporation, Paragua Eco-Resort Ventures, Inc., Regent Horizons Conservation Company, Inc., Sentera Hotel Ventures, Inc., Sicogon Island Tourism Estate Corporation, Sicogon Town Hotel, Inc., Estate Corporation, Ten Knots Development Corporation, Ten Knots Philippines, Inc., Whiteknight Holdings, Inc. and One Makati Residential Ventures, Inc. He is also Director of the following companies: ALI Capital Corporation, Anvaya Cove Golf and Sports Club, Inc., Ayagold Retailers, Inc., Ayala Hotels, Inc., Ayala Property Management Corporation, Cagayan de Oro Gateway Corporation, Columbus Holdings, Inc., Fort Bonifacio Development Corporation, Lio Tourism Estate Association, Makati Cornerstone Leasing Corporation, Makati Development Corporation, Philippine FamilyMart CVS, Inc., Philippine Integrated Energy Solutions, Inc., SIAL CVS, Inc., SIAL Specialty Retailing, Inc., AirSWIFT Transport, Inc., DirectPower Services, Inc., AyalaLand Medical Facilities, Inc., WhiteKnight Holdings, Inc., Station Square East Commercial Corporation. He joined ALI in 1996 and held various positions in the Company. He graduated with a degree of Bachelor of Science in Legal Management from Ateneo de Manila University. He earned his Master's Degree in Business Administration from Asian Institute of Management. He is a Chartered Financial Analyst.

Carol T. Mills, Filipino, 50, has served as the Company's President since February 10, 2014 and President and Chief Executive Officer since April 4, 2019. She is a Vice President of Ayala Land, Inc. She is also the President of Ayala Land Offices, Inc. She is Chairman and President of various Ayala Land Offices subsidiaries namely UP North Property Holdings, Inc., First Gateway Real Estate Corp., ALO Prime Realty Corp., Glensworth Development Inc., Hillsford Property Corp., and Sunnyfield E-Office Corp.; President of

North Eastern Commercial Corp. and Makati Cornerstone Leasing Corp as well as Director of ALI Capital Corp., DirectPower Services, Inc. and Central Block Developers Inc. She joined ALI in 1993 and prior to her current position, she was Deputy Head of Business Development for Ayala Malls from 2008 to 2013, General Manager for Alabang Town Center from 2004 to 2008, and Operations Manager for Glorietta from 2000 to 2004. She graduated Magna Cum Laude from the University of the Philippines in 1993 with a Bachelor of Science degree in Business Administration and earned her Masters in Business Administration from the Amos Tuck School of Business, Dartmouth College in New Hampshire, USA in 1998.

Bernard Vincent O. Dy, Filipino, 59, has served as a Director of AREIT, Inc. since April 4, 2019. He is the President and Chief Executive Officer of Ayala Land, Inc. and concurrently serves as a Senior Managing Director and member of the Ayala Group Management Committee of Ayala Corporation. He is also a Director AyalaLand Logistics Holdings Corporation and MCT Bhd of Malaysia. All are publicly-listed companies. Concurrently, he is the Chairman of Alveo Land Corporation, Amaia Land Corporation, Avencosouth Corp., Aviana Development Corp., Ayagold Retailers, Inc., Ayala Property Management Corporation, Bellavita Land Corporation, BGNorth Properties, Inc., BGSouth Properties, Inc., BGWest Properties, Inc., Cagayan De Oro Gateway Corp., Makati Development Corporation, Portico Land Corporation, Station Square East Commercial Corporation, and Vesta Property Holdings, Inc.; Vice Chairman of Alviera Country Club, Inc., Aurora Properties Incorporated, and Ayala Greenfield Development Corporation, and Director of AKL Properties, Inc., ALI Eton Property Development Corporation, Alveo-Federal Land Communities, Inc., Amicassa Process Solutions, Inc., AyalaLand Medical Facilities Leasing, Inc., Nuevocentro, Inc., Philippine Integrated Energy Solutions, Inc., Serendra, Inc., and Whiteknight Holdings, Inc. He is also the President and CEO of Berkshires Holdings, Inc., Bonifacio Land Corporation, Columbus Holdings, Inc., Emerging City Holdings, Inc., and Fort Bonifacio Development Corporation; President of Accendo Commercial Corporation, Alabang Commercial Corporation, Bonifacio Art Foundation, Inc., Ceci Realty Inc., and Hero Foundation Inc.; Member of the Board of Trustees of Ayala Foundation, Inc. and Ayala Group Club, Inc.; and Director of the Junior Golf Foundation of the Philippines since 2010 and Vice Chairman since 2017. He earned a degree of BBA in Accountancy from the University of Notre Dame in 1985, an MBA in 1997, and Masters in International Relations in 1989 from the University of Chicago. He became a member of the University of Chicago's Global Leaders Group in 2020.

Augusto D. Bengzon, Filipino, 60, has served as a Director and the Treasurer of AREIT, Inc. since April 4, 2019. He also currently serves as Ayala Land, Inc.'s Senior Vice President, Chief Finance Officer, and Treasurer. He is a Director of ACE Enexor, Inc. and Treasurer of AyalaLand Logistics Holding Corp., publicly-listed companies under the Ayala Group. His other significant positions include: Chairman of Aprisa Business Process Solutions Inc., Anvaya Cove Golf and Sports Club, Inc. and Anvaya Cove Beach and Nature Club, Inc.; Director and Chief Finance Officer of Altaraza Development Corporation; Director and Treasurer of ALI Eton Property Development Corp., Aurora Properties Inc., AyalaLand-Tagle Properties, Inc., Ceci Realty Inc., Philippine Integrated Energy Solutions Inc. and Vesta Property Holdings Inc.; Director of AG Counselors Corporation, Alviera Country Club Inc., Amicassa Process Solutions, Inc., Makati Development Corp., Northgate Hotel Ventures, Inc., Station Square East Commercial Corp. and Southcrest Hotel Ventures, Inc.; Comptroller of Nuevocentro, Inc.; Treasurer and Chief Finance Officer of Portico Land Corp.; Treasurer of Alabang Commercial Corporation, AKL Properties, Inc., Alveo Land Corp., Amaia Land Corp., Avida Land Corp., AyalaLand Premier Inc., Ayala Property Management Corporation, Bellavita Land Corp., BGNorth Properties, Inc., BGSouth Properties, Inc., BGWest Properties, Inc., Serendra Inc., The Suites at One Bonifacio High Street Condominium Corp. and Hero Foundation, Inc.; Assistant Treasurer of Ayala Greenfield Golf & Leisure Club, Inc. and Ayala Greenfield Development Corporation; Trustee of Philippine National Police Foundation, Inc. He received his Bachelor of Science degree in Business Management from the Ateneo de Manila University and is a graduate of the Philippine Trust Institute. He was granted the Andres K. Roxas scholarship at the Asian Institute of Management where he received his Masters in Business Management degree.

Mariana Beatriz Zobel de Ayala, Filipino, 34, has been a director of AREIT since October 2021. She is Director of Ayala Land, Inc. She is Senior Vice President at Bank of the Philippine Islands (BPI) driving Marketing and Digital Platforms for the Consumer Bank. She also serves as a board director and/or advisory committee member for several Ayala Group companies, across Ayala Land, AC Health, Ayala Group's

ACTIVE Fund and BPI's Asset Management and Trust Company. She was named a board advisor for Asia Partners, a Singapore-based private equity firm with over USD500mn in funding, focused on enabling the next generation of high-growth technology companies in Southeast Asia. She also serves on the global board of U-Go, which looks to drive education equality in emerging markets by providing scholarship grants to women looking to pursue university education. Together with John Wood, founder of Room to Read, Ms. Zobel de Ayala helped establish the Philippines as the 7th beneficiary market for U-Go. In partnership with Ayala Foundation, U-Go Philippines will aim to enable 1,000 young Filipina women scholars in their pursuit of university education, by 2025. Before BPI, Ms. Zobel de Ayala was Deputy Head of Ayala Malls, a subsidiary of Ayala Land responsible for just under two million square meters in leasable retail space around the country. In addition to driving Leasing Strategy & Development across the malls, Ms. Zobel de Ayala was responsible for the build-out of Ayala Malls Labs / Digital & Data -- a new unit focused on commercializing synergistic opportunities leveraging technology and data. Prior to this, she worked in Project Development for Alveo Land, and as a Corporate Strategy and Business Development Associate with Ayala Corporation, where she supported portfolio review across the conglomerate and business development interest in the healthcare sector. Ms. Zobel de Ayala started her career at J.P. Morgan in New York City. She graduated from Harvard College with a BA in Social Studies (Philosophy, Politics, and Economics), and a received a Masters in Business Administration (MBA) from INSEAD.

Omar T. Cruz, 68, is the Lead Independent Director of our Company. He is also independent director for Toyota Financial Services, Inc., RCBC Capital Corporation, Philippine Regional Investments Enterprises, Inc. and ABACORE Group, Inc. He also serves: as Chairman of the Investment Committee of De La Salle Philippines; as Trustee of the Financial Executives Institute Foundation of the Philippines; as Vice Chairman of the board and Board Executive Committee for the University of Asia and the Pacific; as Vice Chairman of the board and Board Executive Committee for the Center for Research and Communication Foundation, Inc.; as a trustee for the Philippine National Police Foundation. Previously Mr. Cruz has served as: Treasurer of the Republic of the Philippines, Chairman of the International Treasury Committee of the International Association of Financial Executives Institution; as a senior advisor to Prudential Corporation Asia (HK); and as President and CEO of BPIPhilam Life Assurance Corp. and Vice President and bank executive of Citibank, N.A.; Senior Executive Vice President of Insular Life. He has also previous served as a director for numerous entities, including Philamlife Company, BPI Philam Life Assurance Corporation, Ayala-FGU Condominium Corporation, Rufino Towers Condominium Corporation, Philamlife Asset Management, Inc., Tower Club and PHINMA Property Holdings Corporation. Mr. Cruz holds a Bachelor of Science in Industrial Management Engineering (minor in Mechanical Engineering) from De La Salle University. He also achieved his Masters in Industrial Economics from the Center for Research and Communication at the University of Asia and the Pacific.

Enrico S. Cruz, Filipino, 65, has been an independent director of AREIT since February 5, 2020. He is also an Independent Director of Security Bank Corporation, Robinsons Retail Holdings, Inc., The Keepers Holdings, Inc, DITO CME Holdings Inc., Maxicare Healthcare Corporation, CIBI Information Inc, MAXILIFE Insurance Corporation and Vice Chairman of SB Capital Investment Corporation. He was the Chief Country Officer of Deutsche Bank Manila Branch from June 2003 to July 2019, responsible for the operation of Deutsche Bank entities in the Philippines. He was concurrently the bank's Head of Corporate Finance overseeing debt origination, equity capital markets, advisory and corporate/institutional sales activities. He joined Deutsche Bank in July 1995 where he established the Global Markets (GM) franchise in the Philippines. Prior to Deutsche Bank, Eric was Senior Vice President at Citytrust Banking Corporation (CTBC), an affiliate of Citibank N.A. He joined CTBC in 1979 as an Executive Development Program Trainee and worked in various operations departments until he was named Head of Centralized Operations Department. He was then tasked in 1989 to head the Treasury Sales and Trading Group until his move to Deutsche Bank. He previously served as a Director of the Bankers Association of the Philippines (BAP) in 2003-2007, 2011-2015 and 2017-2019 and was a past president of the Money Market Association of the Philippines. He obtained his B.S. in Business Economics and MBA from the University of the Philippines. He was named by the UP College of Business Administration as a Distinguished Alumnus in 2008 and a Distinguished Alumnus Awardee by the UP School of Economics Alumni Association in 2015.

Jessie D. Cabaluna, Filipino, 65, was elected independent director of AREIT, Inc. on December 3, 2021. She was the former Assurance Partner and Head of Market Circle – 1 Bacolod Branch of SyCip Gorres Velayo & Co. (SGV). She is presently an Independent Director for AllHome Corp. and AllDay Marts, Inc. She is a Certified Public Accountant and a member of the Philippine Institute of Certified Public Accountants. She has accumulated over twenty years of experience as a partner in the accounting firm, SGV & Co., where she was Partner-in-Charge of the Bacolod Branch. Ms. Cabaluna holds a Bachelor of Science in Commerce (Major in Accounting) from the University of St. La Salle. She has also completed advanced management development programs conducted by the Asian Institute of Management and Harvard Business School.

Nominees to the Board of Directors for election at the stockholders' meeting:

Except for Msses. Anna Margarita B. Dy and Sherisa P. Nuesa, all the others are incumbent directors.

Anna Maria Margarita Bautista Dy, Filipino, 53, is Executive Vice President effective January 1, 2023. She was Senior Vice President from January 1, 2015 until December 31, 2022 and a member of the Management Committee of Ayala Land, Inc. (ALI) since August 2008. She is the Head of the Residential Business Group of ALI effective July 1, 2022 and Head of the Malls Group effective January 1, 2023. Her other significant positions are: Chairman of Amaia Southern Properties, Inc., Ayalaland Premier, Inc., Ayala Land International Sales, Inc., Avida Land Corp., Bonifacio Estate Services Corporation, and Solinea, Inc. ; Vice Chairman of Alveo-Federal Land Communities Inc.; Director and Executive Vice President of Bonifacio Land Corporation, AKL Properties, Inc., Avencosouth Corp., and Portico Land, Inc.; Director of Accendo Commercial Corp., Alveo Land Corp., ALI Eton Property Development Corporation, Altaraza Development Corporation, Amaia Land, Inc., Amicassa Process Solutions, Inc., Anvaya Cove Golf and Sports Club, Inc., Aurora Properties, Inc., Avida Sales Corp., Ayala Greenfield Development Corporation, Ayala Property Management Corporation, Ayalaland-Tagle Properties, Inc., BGWest Properties, Inc., BGNorth Properties, Inc., Bellavita Land Corp., Berkshires Holdings, Inc., Buklod Bahayan Realty & Development Corporation, Cagayan de Oro Gateway Corp., Columbus Holdings, Inc., Emerging City Holdings, Inc., CECI Realty, Inc., Fort Bonifacio Development Corporation, Nuevocentro, Inc., Serendra, Inc., and Vesta Properties Holdings, Inc.; and, Trustee and Treasurer of Bonifacio Art Foundation, Inc. Prior to joining ALI, she was a Vice President of Benpres Holdings Corporation. She graduated magna cum laude from Ateneo De Manila University with BS of Arts Degree in Economics Honors Program in 1990. She earned her Master's degree in Economics from London School of Economics and Political Science in 1991 and MBA at Harvard Graduate School of Business Administration in Boston in 1996.

Sherisa P. Nuesa, Filipino, 68, has been an independent director of Ayala Land, Inc. since April 2020. Currently, she is an Independent Director of other publicly listed companies namely: Manila Water Company, Inc., ACEN CORPORATION (formerly AC Energy Philippines, Inc.), and Integrated MicoElectronics, Inc. (IMI). She is a non-executive Director of Far Eastern University, also a publicly listed company, and of FERN Realty Corporation. She is a Senior Adviser to the Boards of Metro Retail Stores Group, Inc. and Vicsal Development Corporation. She is a member of the boards of trustees of the Justice Reform Initiative (JRI), and the NextGen Organization of Women Corporate Directors (NOWCD), where she holds the position of Vice President. In the recent past, from 2012 to early 2021, she held the positions of President and Director of the ALFM Mutual Funds Group, and Trustee of the Institute of Corporate Directors (ICD). In addition to her background as a Chief Finance Officer and currently as a Board Director, she also held previous positions in management operations and is an accredited lecturer of both ICD and the FINEX Academy. She was the Chief Finance Officer and Chief Administration Officer of IMI from January 2009 to July 2010. She was then a Managing Director of Ayala Corporation and had served in various capacities in Ayala Corporation, Ayala Land, Inc., and Manila Water Company, Inc. She co-led the Initial Public Offering (IPO) teams of Ayala Land, Inc., Cebu Holdings, Inc., Manila Water, and IMI. She was awarded the ING-FINEX CFO of the Year for 2008. She received a Master of Business Administration degree from the Ateneo Graduate School of Business in Manila. She also attended post-graduate courses in Harvard Business School and in Stanford University. She graduated summa cum laude in 1974, with a degree of Bachelor of Science in Commerce from the Far Eastern University, which named her as one of its Outstanding University Alumni. She is a Certified Public Accountant.

Management Committee Members / Key Executive Officers

Carol T. Mills*	President and Chief Executive Officer
Ma. Teresa R. Famy	Treasurer, Chief Finance Officer, and Chief Compliance Officer
Solomon M. Hermosura	Corporate Secretary
June Vee D. Monteclaro-Navarro	Assistant Corporate Secretary
Ma. Florence Therese dG. Martirez-Cruz	Assistant Corporate Secretary
Amelia Ann T. Alipao	Data Protection Officer
Rowena P. Libunao	Chief Audit Executive
Maphilindo S. Tandoc	Chief Risk Officer

**Member of the Board of Directors*

Ma. Teresa R. Famy, Filipino, 56, is the Treasurer, Chief Finance Officer, and Chief Compliance Officer of the Company. She was appointed as the Chief Finance Officer and Chief Compliance Officer effective July 1, 2021, and as Treasurer of the Company effective August 12, 2021. She has been with the ALI Group for 14 years. Prior to her appointment in the Company, Ms. Famy was the Chief Finance Officer of the AyalaMalls Group, Alveo Land Corp., Ayala Land Premier, and Avida Land Corp. Prior to joining the ALI Group, Ms. Famy assumed various roles in Finance in companies engaged in manufacturing and worked as an Auditor for SyCip Gorres Velayo and Co. She is a Certified Public Accountant and holds a Bachelor of Science in Commerce degree from Divine Word College, Legazpi City.

Solomon M. Hermosura, Filipino, 61, has served as the Corporate Secretary of AREIT, Inc. since April 4, 2019. He is a Senior Managing Director of Ayala Corporation and a member of the Ayala Corporation Management Committee and the Ayala Group Management Committee. He is the Group Head of Corporate Governance, Chief Legal Officer, Compliance Officer, Corporate Secretary and Data Protection Officer of Ayala Corporation. He is the Corporate Secretary and Group General Counsel of Ayala Land, Inc.; Corporate Secretary of Integrated Micro-Electronics, Inc., Globe Telecom, Inc., ACEN Corporation, and Ayala Foundation, Inc., and Corporate Secretary and member of the Boards of Directors of a number of companies in the Ayala Group. He served as Managing Director of Ayala Corporation from 1999 to June 2022. Mr. Hermosura is currently a member of the faculty of the College of Law of San Beda University. He graduated valedictorian with Bachelor of Laws degree from San Beda College in 1986 and placed third in the 1986 Bar Examinations.

June Vee D. Monteclaro-Navarro, Filipino, 51, has served as the Assistant Corporate Secretary of AREIT, Inc. since April 4, 2019. She is a Vice President, Chief Legal Counsel, Chief Compliance Officer, and Assistant Corporate Secretary of ALI. She is also the Corporate Secretary of AyalaLand Logistics Holdings Corp. She is also the Corporate Secretary of Alveo Land Corp., Avida Land Corp., AKL Properties, Inc., and ALI Eton Property Development Corporation. She served as Director (management position) and Corporate Secretary of Ayala Group Legal from 2012 to 2020. She was Legal Officer at Ayala Land, Inc. from 2007 to 2012 and a Senior Associate at SyCip Salazar Hernandez & Gatmaitan prior to that. She graduated from the University of St. La Salle in Bacolod with a Bachelor of Arts Major in Economics and a Bachelor of Science in Commerce Major in Data Processing in 1993. She earned a Bachelor of Laws degree from the University of the Philippines in 1997. She finished the Program on Negotiation at Harvard Law School in 2012 and the Leadership in Corporate Counsel Executive Education at Harvard Law School in 2016.

Ma. Florence Therese dG. Martirez-Cruz, Filipino, 37, has served as the Assistant Corporate Secretary of AREIT, Inc. since November 14, 2022. She is the Corporate Secretary of AREIT Fund Managers, Inc., and concurrently the Head of Legal of AREIT, Inc. and Ayalaland Offices, Inc. She is also the Alternate Compliance Officer for Anti-Money Laundering of Ayala Land, Inc., and the lead lawyer for Ayala Land's Commercial Business Group, and Ayala Land Legal's Banking, Finance, Securities, and Special Project group. Prior to joining Ayalaland Offices, Inc. in 2021, she was a Senior Counsel and Counsel for AG Counselors Corporation, from 2019 to 2021, and 2016 to 2019, respectively. Prior to joining the Ayala Land Group, she worked as an Associate at the Leynes Lozada-Marquez Law Offices and as a legal consultant in the Office of Senator Maria Lourdes Binay. She graduated from the University of the Philippines in 2007

with a Bachelor of Arts degree in Public Administration, and obtained her Juris Doctor in 2011 from the same University. She finished the Program on Negotiation and Leadership at Harvard Law School in 2019 and the Certification Course for Compliance Officers by the Center for Global Best Practices in 2022.

Amelia Ann T. Alipao, Filipino, 60, has served as the Data Protection Officer of AREIT, Inc. since April 4, 2019. She is also currently Vice President and Chief Information Officer of Ayala Land, Inc. She is also the Group Data Protection Officer for ALI Group of Companies and presently a member of the Data Privacy Council for Real Estate of the National Privacy Commission. She sits on the board of APRISA Business Process Solutions, Inc and HCX Technology Partners Inc. She is also Vice President for Ka-uSAP Inc, a non-profit organization for SAP User Group of the Philippines. She is currently a member of the ALI Corporate Bidding Committee. She previously occupied this role in 2009-2011 and acted as Chairperson. Before joining ALI, she took on dual roles in SAP Philippines as Account Manager, handling government accounts, and project manager for SAP Implementation. She served as Assistant Vice President in Coca-Cola Bottlers Philippines, Inc., where she held various IT systems implementation projects. She started her IT career as an IT Instructor in I/Act of SyCip Gorres Velayo & Co. She holds a Bachelor of Arts in Biology and a Bachelor of Science in Business Management from De La Salle University.

Rowena P. Libunao, Filipino, 45, is currently the audit lead for Corporate, Offices, Malls, Hotels and Resorts. She has been with ALI Internal Audit for almost 12 years. Prior to joining Ayala Land, she worked as Internal Auditor for various companies engaged in banking, petroleum and stock exchange. She is a Certified Public Accountant (CPA), Certified Internal Auditor (CIA), and a member of the Institute of Internal Auditors Philippines (IIAP). She holds a Bachelor of Science degree in Accountancy from the Pamantasan ng Lungsod ng Maynila.

Maphilindo S. Tandoc, Filipino, 59, is currently Ayala Land's Assistant Vice President and Chief Risk Officer under the office of the Chief Finance Officer. He started his career as a registered mechanical engineer and was first engaged in the contracting industry in 1986 at Koldwinds Systems Inc. (KSI), a company specializing in industrial heating, ventilating, air-conditioning and refrigerating (HVACR) systems where he handled installation, retrofit and maintenance projects. He joined PLDT Co., in 1989 as a Safety Engineer and eventually managed PLDT's Corporate Safety, Security and Environmental Management Divisions. In 2000, he was promoted as corporate Risk Manager, a role he performed up to 2004. From 2004 to 2006, he worked for Asian Terminals, Inc. (ATI), then P&O Ports Australian subsidiary, as Risk and Insurance Management Officer. In March 2006 joined Ayala Land, Inc. (ALI) as the company's Risk Insurance Manager. He was promoted in 2012 to be the Company's Chief Risk Officer (CRO) managing enterprise-wide risk management programs. He functionally reports directly to the company's Board Risk Oversight Committee and administratively reports to the company's Chief Finance Officer. Aside from handling enterprise-wide risk management programs, he is also managing on concurrent basis the company's vast portfolio of insurance programs and is designated as the corporate Safety Officer of the company. He is a DOLE accredited occupational safety and health consultant and was one of the founding members of the Association of Safety Practitioners of the Phils., Inc. (ASPPPI) in 1999 where he eventually became the Chairman until he exited in 2008. He is currently a Board Director of the Safety Organization of the Phils., Inc. (SOPI) and CRO of both ALI and AREIT.

Item 10. Compensation of Directors and Executive Officers

(a) Executive Compensation

Name and Principal Position	Year	Salary	Other Variable Pay
Carol T. Mills President & CEO			
Ma. Teresa R. Famy Treasurer, CFO, Chief Compliance Officer			
Rowena P. Libunao Chief Audit Executive			
Maphilindo S. Tandoc Chief Risk Officer			
CEO & Most Highly Compensated Executive Officers	Actual 2021	₱9.22	*₱4.05
	Actual 2022	₱10.39	₱2.68
	Projected 2023	₱11.55	₱4.48
All other officers** as a group unnamed All other officers** as a group unnamed	Actual 2021	₱1.04	₱0.45
	Actual 2022	₱4.16	₱0.81
	Projected 2023	₱3.94	₱1.37

* Exclusive of Stock Option exercise.

** Managers and up.

The executive officers are all seconded from ALI, and they receive no compensation, salary, or per diem from the Company. The amounts stated above cover the compensation of the executive officers of AREIT as secondees from ALI. Other variable pay paid to the officers by ALI covers bonuses. The total annual compensation of the President and top five highly compensated executives amounted to ₱13.27 million in 2021, and ₱14.55 million in 2022. The projected total annual compensation for 2023 is ₱15.49 million.

The total annual compensation paid to all executive officers was all paid in cash.

(b) Compensation of Directors

Article III, Section 12 of the By-Laws provides:

“Section 12 – By resolution of the Board of Directors, each director, may receive a reasonable per diem allowance for his attendance to each meeting of the Board of Directors. Any additional compensation, other than per diems, to be given to the members of the Board of Directors shall be subject to approval by stockholders representing majority of the outstanding capital stock.

A director, except an independent director, shall not be precluded from serving the Corporation in any other capacity such as an officer, agent or otherwise, and from receiving compensation thereof.

The amount of the annual compensation of all directors and principal officers of the Corporation shall be fixed subject to the provision of the REIT Act and other applicable laws, rules, and regulations. No director shall be involved in the determination of his own per diem or compensation during his incumbent term.”

i. Standard Arrangement (Current Compensation)

Other than payment of reasonable per diem of ₱40,000 for the independent directors for every Board meeting and ₱20,000 for every committee meeting, there are no standard arrangements pursuant to which directors of the Company are compensated, directly or indirectly, for any services provided as director.

In 2022, the following independent directors of the Corporation received net compensation, as follows:

Director	Per Diem (In Pesos)	Total (In Pesos)
Omar T. Cruz	480,000.00	480,000.00
Enrico S. Cruz	480,000.00	480,000.00
Jessie D. Cabaluna	400,000.00	400,000.00

ii. Other Arrangement

There are no other arrangements pursuant to which any of the directors of the Company is compensated, directly or indirectly, for any service provided as director.

Item 11. Security Ownership of Certain Beneficial Owners and Management

i. Security Ownership of Record and Beneficial Owners of more than 5% as of February 28, 2022:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent (of total outstanding shares)
Common	Ayala Land, Inc. ¹ 31F, Tower One and Exchange Plaza Ayala Triangle Ayala Ave., Makati City	Ayala Land, Inc. ²	Filipino	966,408,006	54.8769%
Common	PCD Nominee Corporation (Filipino) ³ G/F MSE Bldg. Ayala Ave., Makati City	PCD participants acting for themselves or for their customers ⁴	Filipino	515,812,309	29.2901%

¹ Ayala Land, Inc. (“ALI”) is the principal stockholder of the Company. On March 15, 2023, it will sell up to 205,000,000 shares bringing its percentage of direct ownership in the Company to 43.24%.

² Under the By-Laws of ALI and the Revised Corporation Code, the ALI Board has the power to decide how ALI’s shares are to be voted.

³ PCD Nominee Corporation (Filipino) (“PCD”) is not related to the Company.

⁴ Each beneficial owner of shares through a PCD participant is the beneficial owner to the extent of the number of shares in his account with the PCD participant. The beneficial owner, with certification of ownership of shares from the PCD Participant, has the power to vote *in absentia* or through the Chairman of the meeting as proxy. 515,812,309 common shares are registered in the name of PCD Nominee Corporation; there’s no shareholder owning 5% of the outstanding capital stock.

Common	AyalaLand Offices, Inc. ⁵	AyalaLand Offices, Inc. ⁶	Filipino	96,292,435	5.4679%
--------	--------------------------------------	--------------------------------------	----------	------------	---------

ii. Security Ownership of Directors and Management (Executive Officers) as of February 28, 2022:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent (Of total outstanding shares)
Directors				
Common	Bernard Vincent O. Dy	(direct) 1	Filipino	0.0000%
Common	Augusto D. Bengzon	(direct) 1	Filipino	0.0000%
Common	Jose Emmanuel H. Jalandoni	(direct) 1	Filipino	0.0000%
Common	Carol T. Mills	(direct & indirect) 116,001	Filipino	0.0066%
Common	Enrico S. Cruz	(direct & indirect) 2,625,001	Filipino	0.1491%
Common	Omar T. Cruz	(direct & indirect) 962,901	Filipino	0.0547%
Common	Jessie D. Cabaluna	(direct & indirect) 25,001	Filipino	0.0014%
Common	Mariana E. Zobel de Ayala	(direct) 1	Filipino	0.0000%
CEO and Most Highly Compensated Executive Officers				
Common	Carol T. Mills	(direct & indirect) 116,001	Filipino	0.0066%
Common	Ma. Teresa R. Famy	(indirect) 22,000	Filipino	0.0012%
Common	Rowena P. Libunao	0	Filipino	0.00000%
Common	Maphilindo S. Tandoc	0	Filipino	0.00000%
Other Executive Officers				
Common	Solomon M. Hermosura	0	Filipino	0.0000%
Common	Amelia Ann T. Alipao	(indirect) 20,000	Filipino	0.0011%
Common	June Vee D. Monteclaro-Navarro	(indirect) 15,000	Filipino	0.0009%
Common	Michael Anthony D. Garcia	0	Filipino	0.0000%
Common	Ma. Florence Therese dG. Martirez-Cruz	(indirect) 1,300	Filipino	0.00001%
All Directors and Officers as a group		3,787,208		0.2151%

No director or member of the Company's management owns 2.0% or more of the outstanding capital stock of the Company.

iii. Voting Trust Holders of 5% or more

The Company knows of no persons holding more than 5% of common shares under a voting trust or similar agreement.

iv. Changes in Control

No change of control in the Company has occurred since the beginning of its last fiscal year.

⁵ AyalaLand Offices, Inc. ("ALOI") is a wholly-owned subsidiary of ALI and is an affiliate of AREIT, Inc. with ALI as their common stockholder owning at least 10% of their outstanding capital stock.

⁶ Under the By-Laws of ALOI and the Revised Corporation Code, the Board of ALOI has the power to decide how the shares are to be voted.

(b) Foreign ownership level as of February 28, 2022:

Security	Total Outstanding Shares	Shares Owned By Foreigners	Percent of Ownership
Common Shares	1,761,047,193	82,852,091	4.70%

Item 12. Certain Relationships and Related Transactions

The Company, in its regular conduct of business, has entered into transactions with related parties consisting of lease of office spaces, advances, supply agreements, management, marketing and leasing, and administrative service agreements. These are based on terms agreed by the parties and made on an arm's length basis.

All related party transactions of the Company have to be approved by a majority of the entire membership of the Board of Directors, including the unanimous vote of all independent directors of the REIT. All related party transactions of the Company to date have been approved by the Risk Management and Related Party Transactions Review Committee of the Company.

The table below sets out the principal ongoing transactions of the Company with and the fees paid to related parties as of December 31, 2022:

Related Parties	Nature of Transaction	Value of the Transaction
Direct Power Services, Inc.	Retail Electricity Supply agreement to meet the electricity requirements of the facilities of Solaris One, Ayala North Exchange, McKinley Exchange Corporate Center, 30 th Corporate Center, Vertis Towers 1 to 3, eBloc Towers 1 to 4, and ACC Tower	Varying depending on supply charges computation and adjustments; for year ended December 31, 2022 electricity expense incurred amounted to ₱390.40 million (see Note 20 Audited FS) and ₱130.06 million for year ended December 31, 2021 (see Note 20 of Audited FS).
Ayala Property Management Corporation	Property Management agreements for the facilities management	Management fee recognized amounted to ₱32.66 million and ₱28.18 million for year ended December 31, 2022 and 2021 (see Note 20 of Audited FS).
Ayala Land, Inc.	Contract of Lease for McKinley Exchange Property	Initial monthly rent of ₱2,733,078.00 per month, subject to annual escalation of 5%. In 2022, the Company paid ₱34.44 million (see Notes 18 and 20 of Audited FS).
Ayala Land, Inc.	Land lease agreements for Solaris, Teleperformance Cebu, Vertis Offices and Mall, Bacolod Ayala Northpoint, eBloc Towers 1 to 4, ACC Tower and Tech Tower properties	The lease generally provides for a monthly rent based on a certain percentage of gross rental income. The Company recognized land lease amounting to ₱156.09 million and ₱65.72 million in 2022 and 2021 (see Note 18 and 20 of the Audited FS)

Related Parties	Nature of Transaction	Value of the Transaction
AREIT Fund Managers, Inc.	Fund Management Agreement for fund management services	<p>The Company recognized management fee expense amounting to ₱198.52 million in 2022 and ₱135.33 million 2021 (see Note 20 of Audited FS), computed based on 0.10% of the Deposited Property Value (as defined in the Fund Management Agreement) plus 3.5% of the EBITDA before deduction of management fees and after deducting interest expense from lease liabilities for the relevant period.</p> <p>Additional fees, if applicable: 1% of the acquisition price for every acquisition made.</p> <p>No acquisition fees were paid in 2022.</p> <p>0.50% of the sales price for every property divested.</p> <p>No divestment happened in 2022.</p> <p>The total fees paid to AREIT Fund Manager is within the limit provided under the Revised REIT IRR and does not exceed one percent (1%) of the Net Asset Value of the assets under its management.</p>
AREIT Property Managers, Inc.	Property Management Agreement for property management services starting August 13, 2020	<p>The Company recognized management fee expense amounting to ₱166.90 million for year 2022 and ₱103.78 million in 2021 (see Note 20 of Audited FS), computed based on 3% of Gross Rental Income plus Interest Income from finance lease for the relevant period (as defined in the Property Management Agreement) plus 2% of the EBITDA before deduction of Management fees of the Company.</p> <p>The total fees paid to AREIT Property Manager is within the limit provided under the Revised REIT IRR and does not exceed one percent (1%) of the Net Asset Value of the assets under its management.</p>
HLC Development Corporation	Land lease agreement for the land lease of ANE properties	<p>The Company recognized land lease amounting to ₱75.62 million and ₱74.02 million for year 2022 and 2021 (see Notes 18 and 20 of Audited FS)</p>

Related Parties	Nature of Transaction	Value of the Transaction
Alveo Land Corp.	Contract of Lease dated January 5, 2018 for office space in Solaris One	The Company recognized rental income amounting to ₱5.05 million and ₱4.62 million in 2022 and 2021 (see Note 20 of the Audited FS). AREIT, as lessor, did not pay any fees to the lessee.
Makati North Hotel Ventures, Inc.	Contract of Lease dated February 6, 2019 (for 100% of the serviced residences portion of Ayala North Exchange)	Year 1 to 5 - Monthly fixed rent of ₱500.00 per sqm of GFA plus P5,000.00 per parking slot. Year 6 onwards- Monthly fixed rent of ₱500.00 per sqm of GFA plus P5,000.00 per parking slot plus 5% of Total Hotel Revenues if Total Hotel Revenues exceed ₱500 million or 10% of Total Hotel Revenues if Total Hotel Revenues exceed ₱1 billion. The Company recognized interest income from finance lease receivables amounting to ₱149.23 million and ₱151.39 million in 2022 and 2021 (see Notes 18 and 20 of the Audited FS). AREIT, as lessor, did not pay any fees to the lessee.
Bank of the Philippine Islands	Contract of Lease dated November 28, 2016 (0.23% of total gross leasable area in Solaris One) Contract of Lease dated April 30, 2019 (10.5% of total gross leasable area in Ayala North Exchange)	The Company recognized rental income amounting to ₱170.31 million and ₱146.33 million in 2022 and 2021 (see Note 20 of the Audited FS). AREIT, as lessor, did not pay any fees to the lessee.
First Gateway Real Estate Corp.	Contract of Lease dated May 29, 2019 for office space in Ayala North Exchange	₱73.50 million, lease for a period of seven (7) years, VAT exclusive; Rental income recognized amounted to ₱11.13 million and ₱10.63 million in 2022 and 2021 (see Note 20 of the Audited FS). AREIT, as lessor, did not pay any fees to the lessee.
Amaia Land Corp.	Contract of Lease for office space in Alabang FGU	Rental income recognized amounted to ₱5.26 million and ₱1.22 million in 2022 and 2021 (see Note 20 of the Audited FS). AREIT, as lessor, did not pay any fees to the lessee.

Related Parties	Nature of Transaction	Value of the Transaction
Amicassa Process Solutions, Inc.	Contract of Lease for office space in Tech Tower (3.75% of total gross leasable area Tech Tower)	Rental income recognized amounted to ₱0.59 million in 2022. AREIT, as lessor, did not pay any fees to the lessee.
Cebu District Property Enterprise, Inc.	Loan covered by a Promissory Note	Total outstanding receivable balance as of December 31, 2022 amounted to ₱0.66 million (see Note 20 of Audited FS). AREIT, as lender, did not pay any fees to the borrower.
Arvo Commercial Corporation	Loans covered by Promissory note	Total outstanding receivable balance as of December 31, 2022 amounted to ₱39.20 million (see Note 20 of the Audited FS). AREIT, as lender, did not pay any fees to the borrower.
Arca South Commercial Ventures Corp.	Loans covered by Promissory note	Total outstanding receivable balance as of December 31, 2022 amounted to ₱2.25 million (see Note 20 of the Audited FS). AREIT, as lender, did not pay any fees to the borrower.
Crans Montana Property Holdings Corporation	Loans covered by Promissory note	Total outstanding receivable balance as of December 31, 2022 amounted to ₱1.25 million (see Note 20 of the Audited FS). AREIT, as lender, did not pay any fees to the borrower.
Capitol Central Commercial Ventures Corp.	Loans covered by Promissory note	Total outstanding receivable balance as of December 31, 2022 amounted to ₱209.19 million (see Note 20 of the Audited FS). AREIT, as lender, did not pay any fees to the borrower.
ALI Makati Hotel Property Inc.	Loans covered by Promissory note	Total outstanding receivable balance as of December 31, 2022 amounted to ₱1.00 million (see Note 20 of the Audited FS). AREIT, as lender, did not pay any fees to the borrower.
Soltea Commercial Corp.	Loans covered by Promissory note	Total outstanding receivable balance as of December 31, 2022 amounted to ₱0.31 million (see Note 20 of the Audited FS). AREIT, as lender, did not pay any fees to the borrower.

Related Parties	Nature of Transaction	Value of the Transaction
Laguna Technopark, Inc.	Loans covered by Promissory note	Total outstanding receivable balance as of December 31, 2022 amounted to ₱49.26 million (see Note 20 of the Audited FS). AREIT, as lender, did not pay any fees to the borrower.
AyalaLand Logistics Holdings Corp.	Loans covered by Promissory note	Total outstanding receivable balance as of December 31, 2022 amounted to ₱5.69 million (see Note 20 of the Audited FS). AREIT, as lender, did not pay any fees to the borrower.
ALI Triangle Hotel Ventures, Inc.	Loans covered by Promissory note	Total outstanding receivable balance as of December 31, 2022 amounted to ₱2.93 million (see Note 20 of the Audited FS). AREIT, as lender, did not pay any fees to the borrower.
Cagayan De Oro Gateway Corporation	Loans covered by Promissory note	Total outstanding receivable balance as of December 31, 2022 amounted to ₱0.54 million (see Note 20 of the Audited FS). AREIT, as lender, did not pay any fees to the borrower.
Cavite Commercial Towncenter, Inc.	Loans covered by Promissory note	Total outstanding receivable balance as of December 31, 2022 amounted to ₱40.09 million (see Note 20 of the Audited FS). AREIT, as lender, did not pay any fees to the borrower.
HLC Development Corporation	Loans covered by Promissory note	Total outstanding receivable balance as of Dec 31, 2022 amounted to ₱18.07 million (see Note 20 of the Audited FS). AREIT, as lender, did not pay any fees to the borrower.
Bay City Commercial Ventures Corp.	Loans covered by Promissory note	Total outstanding receivable balance as of December 31, 2022 amounted to ₱342.61 million (see Note 20 of the Audited FS). AREIT, as lender, did not pay any fees to the borrower.
ALI Commercial Center, Inc.	Loans covered by Promissory note	Total outstanding receivable balance as of December 31, 2022 amounted to ₱28.94 million (see Note 20 of the Audited FS).

Related Parties	Nature of Transaction	Value of the Transaction
Solinea Inc.	Loans covered by Promissory note	AREIT, as lender, did not pay any fees to the borrower. Total outstanding receivable balance as of December 31, 2022 amounted ₱38.02 million (see Note 20 of the Audited FS).
Avida Land, Inc.	Loans covered by Promissory note	AREIT, as lender, did not pay any fees to the borrower. Total outstanding receivable balance as of December 31, 2022 amounted ₱1.05 million (see Note 20 of the Audited FS).
AyalaLand Estates, Inc.	Loans covered by Promissory note	AREIT, as lender, did not pay any fees to the borrower. Total outstanding receivable balance as of December 31, 2022 amounted ₱65.69 million (see Note 20 of the Audited FS).
Circuit Makati Hotel Ventures, Inc.	Loans covered by Promissory note	AREIT, as lender, did not pay any fees to the borrower. Total outstanding receivable as of December 31, 2022 amounted to ₱0.06 million (see Note 20 of the Audited FS).
Airswift Transport, Inc.	Loans covered by Promissory note	AREIT, as lender, did not pay any fees to the borrower. Total outstanding receivable as of December 31, 2022 amounted to ₱19.04 million (see Note 20 of the Audited FS).
AyalaLand Malls Synergies, Inc.	Loans covered by Promissory note	AREIT, as lender, did not pay any fees to the borrower. Total outstanding receivable as of December 31, 2022 amounted to ₱2.46 million (see Note 20 of the Audited FS).
Amaia Land Corp.	Loans covered by Promissory note	AREIT, as lender, did not pay any fees to the borrower. Total outstanding receivable as of December 31, 2022 amounted to ₱3.10 million (see Note 20 of the Audited FS).
Westview Commercial Ventures Corp.	Loans covered by Promissory note	AREIT, as lender, did not pay any fees to the borrower. Total outstanding receivable as of December 31, 2022 amounted to ₱1.96 million (see Note 20 of the Audited FS).
		AREIT, as lender, did not pay any fees to the borrower.

Related Parties	Nature of Transaction	Value of the Transaction
Ayala Property Management Corporation	Loans covered by Promissory note	Total outstanding receivable as of December 31, 2022 amounted to ₱2.51 million (see Note 20 of the Audited FS). AREIT, as lender, did not pay any fees to the borrower.
Econorth Resorts Ventures, Inc.	Loans covered by Promissory note	December 31, 2022 amounted to ₱0.12 million (see Note 20 of the Audited FS). AREIT, as lender, did not pay any fees to the borrower.
Accendo Commercial Corp.	Loans covered by Promissory note	Total outstanding receivable as of December 31, 2022 amounted to ₱0.58 million (see Note 20 of the Audited FS). AREIT, as lender, did not pay any fees to the borrower.
Integrated Micro-Electronics, Inc.	Contract of Lease for Laguna Technopark Lots	Monthly rent of ₱60.00 per sq. m. starting January 1, 2020, exclusive of VAT, subject to annual escalation of 5% commencing on January 1, 2021. In 2022 and 2021, the Company received payment amounting to ₱77.93 million, and ₱74.22 million respectively. Rent shall be the higher amount between the (a) fixed rent as stated in the Contract of Lease plus six percent (6%) of rental income; or (b) Minimum Guaranteed Rent as set forth in the schedule indicated in the Contract of Lease; provided that, such fixed rent and minimum guaranteed rent shall be subject to an escalation rate of 3% every three (3) years.
North Eastern Commercial Corp.	Building Lease for Ayala Malls The 30 th and Vertis Mall	The Company recognized interest income from finance lease receivables amounting to ₱73.09 million and ₱37.16 million in 2022 and 2021 (see Notes 18 and 20 of the Audited FS). AREIT, as lessor, did not pay any fees to the lessee.
Ceci Realty, Inc.	Land leases for One and Two Evotech	<i>For One Evotech</i> ₱29.43 per sq.m. per month (VAT-exclusive) from June 1, 2021 to September 30, 2027, subject to 5% escalation per annum; and beginning October 1, 2037 until September 30, 2058, monthly rent of ₱170.36 per sq.m. (VAT-exclusive), subject to an escalation of 5% per annum.

Related Parties	Nature of Transaction	Value of the Transaction
-----------------	-----------------------	--------------------------

For Two Evotech

- (a) ₱32.45 per sq.m. (VAT-exclusive) from rental commencement date, subject to escalation rate of 5% per annum for the first five years of the lease; (b) monthly rent for the succeeding years up to April 12, 2040 will be at 4% of AREIT's Gross Rental Income for the building or fixed land lease rate per sq.m., whichever is higher; (c) from April 13, 2040 to April 12, 2058, fixed land lease rate of ₱197.10 per sq.m. (VAT-exclusive), subject to an escalation rate of 5% per annum.

In 2022, the Company paid rent amounting to ₱11.73 million.

On March 7, 2023, upon the recommendation of AREIT Fund Managers, Inc., the Risk Management and Related Party Transactions Review Committee of the Company, approved and endorsed the subscription of ALI, Ayalaland Malls, Inc. (formerly ALI Commercial Center, Inc.) (ALMI), and Northbeacon Commercial Corporation (NBCC) to an aggregate of 607,559,380 primary common shares of AREIT in exchange for identified key commercial properties valued at Twenty-Two Billion Four Hundred Seventy-Nine Million Six Hundred Ninety-Seven Thousand Sixty Pesos (₱22,479,697,060.00) under a property-for-share swap transaction at an issue price of ₱37.00 per share ("Transaction Price"), set at a 3% premium over the thirty (30)-day volume weighted average price ("30-day VWAP") or the Market Price of ₱35.83, as validated by a third-party fairness opinion. In accordance with the Philippine Stock Exchange's ("PSE") Consolidated Listing and Disclosure Rules, Article V, Section 9, paragraph (a), "Market Price" means the volume weighted average of the closing prices for a period of thirty (30) Trading Days prior to the approval of the transaction. Transaction date refers to the date of approval of the Board of Directors when issue price was set. On even date, the Board of Directors of the Company, by unanimous vote likewise approved the transaction.

No other transaction, without proper disclosure, was undertaken by the Company in which any director or executive officer, any nominee for election as director, any beneficial owner of more than 5% of the Company's outstanding shares (direct or indirect) or any member of his immediate family was involved or had a direct or indirect material interest.

AREIT employees are required to promptly disclose any business and family-related transactions with the Company to ensure that potential conflicts of interest are surfaced and brought to the attention of management.

Material related party transactions are reviewed and approved by the Risk Management and Related Party Transactions Review Committee in accordance with the Company's Related Party Transactions Policy.

PART V- CORPORATE GOVERNANCE

Item 13. Compliance with leading practice on Corporate Governance

- i. The evaluation system which was established to measure or determine the level of compliance of the Board and top-level management with its Revised Manual of Corporate Governance includes a Board Performance Assessment which is accomplished by the Board indicating the compliance ratings. The above are submitted to the Compliance Officer. The Integrated Annual Corporate Governance (I-ACGR) of AREIT will be submitted to the SEC on or before May 30, 2023.
- ii. To ensure good governance, the Board establishes the vision, strategic objectives, key policies, and procedures for the management of the Company, as well as the mechanism for monitoring and evaluating Management's performance. The Board also ensures the presence and adequacy of internal control mechanisms for good governance.
- iii. There were no deviations from the Company's Revised Manual of Corporate Governance. The Company has adopted in the Manual of Corporate Governance the leading practices and principles of good corporate governance, and full compliance therewith has been made since the adoption of the Revised Manual.
- iv. The Company is taking further steps to enhance adherence to principles and practices of good corporate governance.

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits- See accompanying Index to Exhibits

The following exhibit is incorporated by reference in this report.

2022 Audited Financial Statements

The other exhibits, as indicated in the Index to Exhibits are either not applicable to the Company or require no answer.

(b) Reports on SEC form 17-C

The following current reports have been reported by AREIT during the year 2022.

Unstructured Disclosures
<ul style="list-style-type: none">• Notice of Holding of Annual Stockholders' Meeting in a Fully Virtual Format• Results of the 24 Feb 2022 Board Meeting• FY 2021 Results Press Release• AREIT to boost portfolio to P64B thru a P11B property-share swap with ALI• AREIT stockholders approve P11B property-for-share swap with ALI• AREIT 1Q 2022 Results Press Release• Execution of Deed of Exchange between AREIT, Inc. and Ayala Land, Inc.• Revisions to Audit Committee Charter

- Submission of Request for Confirmation of Exemption and Confirmation of Valuation
- AREIT 1H 2022 Results Press Release
- PSE approves AREIT's listing of additional 483M shares
- AREIT 9M 2022 Results Press Release
- Change in the Property Valuer of the Company
- Three-year AREIT Investment Strategy

(c) Reports under SEC form 17-C files

None.

(d) Material events subsequent to the end of the reporting period that have not been reflected in the financial statements of the reporting period

On February 24, 2023, the Board of Directors ratified and approved the following:

1, The amendments to the Audit Committee Charter

Our Board approved the amendment to the Audit Committee Charter consisting of i) the changes in the audit, audited-related and non-audit services policies and practices of our company, and ii) the alignment with the report of the Audit Committee to our Board, our updated Corporate Governance Manual and ALI's Audit Committee Charter.

2, The adoption of AREIT's Business Integrity Program

Our Board approved the adoption of AREIT's Business Integrity Program covering and enhancing our anti-bribery and corruption, anti-money laundering, and whistleblowing policies, and vendor audit program.

On March 07, 2023 the Board of Directors of AREIT, Inc. (AREIT) approved the subscription of Ayala Land, Inc (ALI), and its subsidiaries, Ayalaland Malls, Inc. (ALMI), and Northbeacon Commercial Corporation (NBCC) to 607,559,380 AREIT primary common shares, in Exchange for flagship offices and malls with an aggregate value of P22,479,697,060, as validated by a third-party fairness opinion.

The proposed property-for-share swap is for approval of AREIT shareholders at their annual meeting on 26 April 2023 and relevant regulatory bodies afterward.

The transaction will be indicated in AREIT's Definitive Information Statement, which will be available to its shareholders by 28 March 2023. AREIT shall submit the required Comprehensive Corporate Disclosure on the transaction within the period set under the PSE Listing Rules.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of MAKATI CITY on APR 13 2023, 2023.

By:



Carol T. Mills
President and Chief Executive Officer



Ma. Teresa R. Famy
Treasurer, Chief Finance and Chief Compliance Officer




Solomon M. Hermosura
Corporate Secretary

SUBSCRIBED AND SWORN to before me this _____ day APR 13 2023 2023 affiant(s) exhibiting to me his/their Residence Certificates, as follows:

NAMES	PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
Carol T. Mills	P9958069A	December 17, 2018	DFA NCR South
Ma. Teresa R. Famy	P8757104B	January 25, 2022	DFA Manila
Solomon M. Hermosura	P3081434B	October 14, 2019	DFA NCR East

Doc No. 443;
Page No. 100;
Book No. IV;
Series of 2023.
AREIT, INC.
Notarial DS1 pursuant to
Sec. 188 of the Tax Code
Affixed on Notary Public's cor




MA. FELORA A. MANGAWANG
Notary Public - Makati City
Appt. No. M-257 until December 31, 2023
Roll of Attorneys No. 64804
Lifetime IBP No. 013749 - Makati City
PTR No. MKT9569473 - 01/09/2023 - Makati City
MCLE Compliance No. VII -0006702 - 11/18/2021
28th Floor, Tower One and Exchange Plaza, Ayala Triangle,
Ayala Avenue, Makati City, Philippines

INDEX TO EXHIBITS
Form 17-A

No.		
(3)	Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession	n.a.
(5)	Instruments Defining the Rights of Security Holders, including Indentures	n.a.
(8)	Voting Trust Agreement	n.a.
(10)	2022 Audited Financial Statement (with notarized Statement of Management Responsibility)	
	Attached 2022 Financial Statement of "significant" subsidiaries/affiliates which are not consolidated	n.a.
(13)	Letter re: Change in Certifying Accountant	n.a.
(15)	Letter re: Change in Accounting Principles	n.a.
(16)	Report Furnished to Security Holders	n.a.
(18)	Subsidiaries of the Registrants	n.a.
(19)	Published Report Regarding Matters Submitted to Vote of Security Holders	n.a.
(20)	Consent of Experts and Independent Counsel	n.a.
(21)	Power of Attorney	n.a.
(29)	Additional Exhibits	n.a.

n.a Not applicable or require no answer.

AREIT, INC.

**INDEX TO SUPPLEMENTARY SCHEDULES
Form 17-A**

Supplementary Schedules *(For schedules A- G please refer to pages 49-61)*

Report of Independent Public Accountants on Supplementary Schedules

- A. Financial Assets
- B. Amounts Receivable from Directors, Officers, Employees and Principal Stockholders (Other than Related Parties)
- C. Amounts Receivable from Related Parties with are Eliminated during the Consolidation of Financial Statements
- D. Long-term Debt
- E. Indebtedness to Related Parties
- F. Guarantees of Securities of Other Issuers
- G. Capital Stock

Other Supporting Schedules

- Reconciliation of Retained Earnings Available for Dividend Declaration
- Schedule for Listed Companies with a Recent Offering of Securities to the Public
- Corporate Organizational Chart
- Financial Soundness Indicators

Sustainability Report

A copy of AREIT's 2022 Integrated Report, will be available on the link below on or before the date of its Annual Stockholders' Meeting on April 26, 2023

<https://areit.com.ph/investor-relations/annual-reports>



SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and Board of Directors
AREIT, Inc.
28th Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of AREIT, Inc. (the Company) as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022 and have issued our report thereon dated February 24, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Maria Antoniette L. Aldea

Maria Antoniette L. Aldea
Partner

CPA Certificate No. 116330

Tax Identification No. 242-586-416

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 116330-SEC (Group A)

Valid to cover audit of 2022 to 2026 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

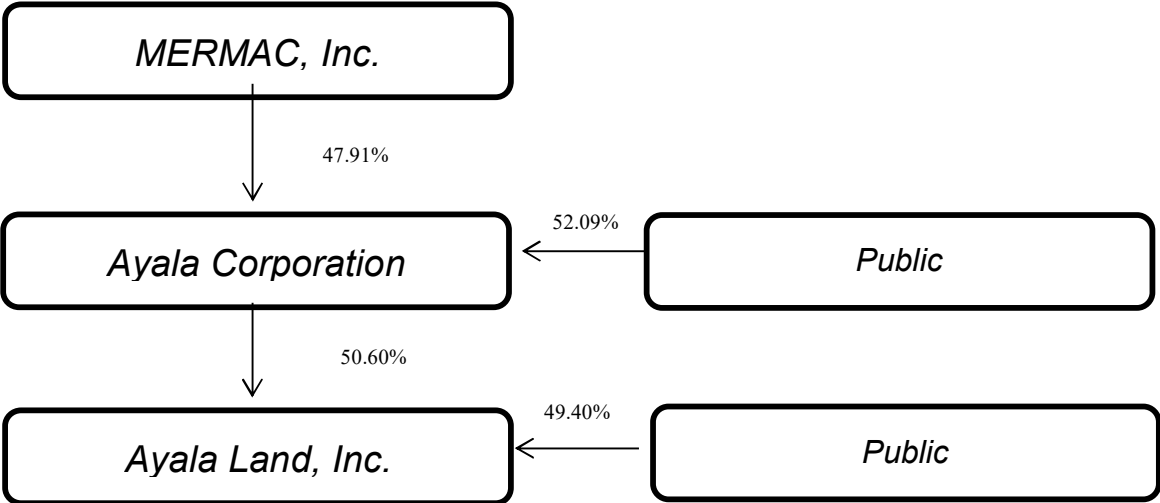
BIR Accreditation No. 08-001998-147-2022, November 7, 2022, valid until November 6, 2025

PTR No. 9564643, January 3, 2023, Makati City

February 24, 2023

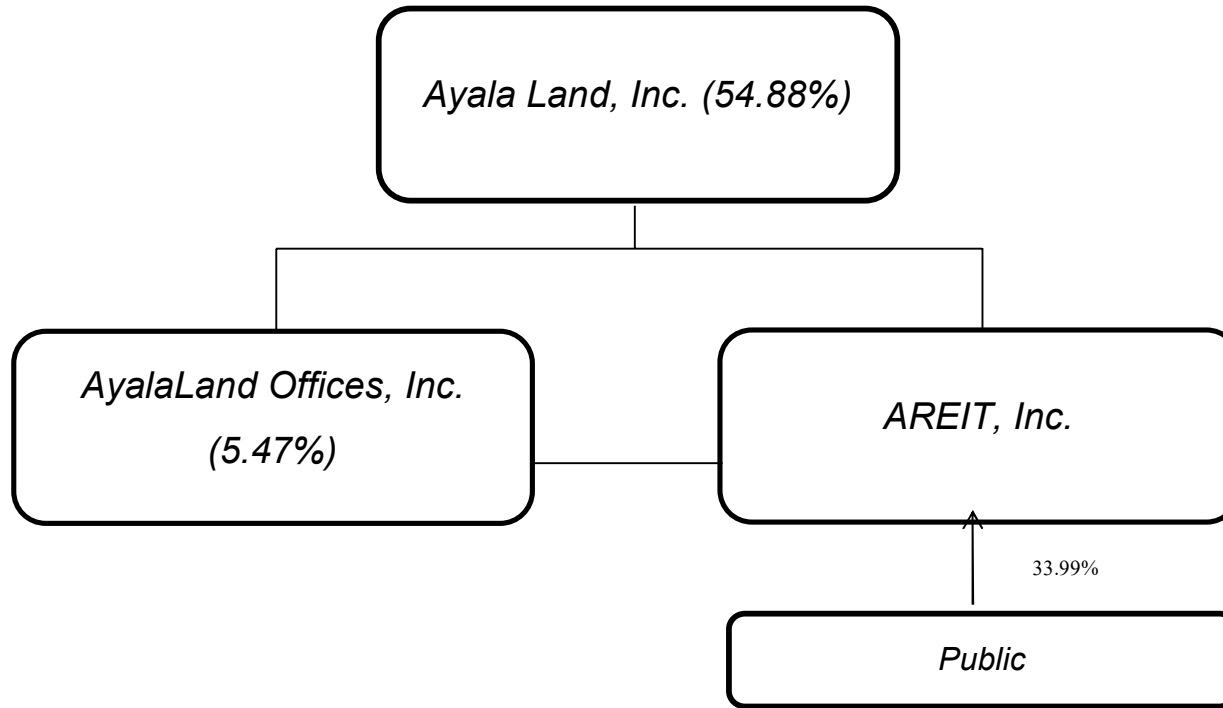


**MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND CO-SUBSIDIARIES
DECEMBER 31, 2022**



AREIT, INC.

**MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND CO-SUBSIDIARIES
DECEMBER 31, 2022**



AYALA LAND, INC.

Cagayan de Oro Gateway Corp. (70%)

Adauge Commercial Corporation (60%)

Alabang Commercial Corporation (50%)

Ayala Property Management Corp. (100%)

Soltea Commercial Corp. (60%)

Southgateway Development Corp. (100%)

Makati Development Corporation (100%)

Ayala Theatres Management, Inc. & S. (100%)

CMPI Holdings, Inc. (60%)

Ayalaland MetroNorth, Inc. (100%)

Ayala Hotels, Inc. (50%)

DirectPower Services, Inc. (100%)

ALI-CII Development Corporation (50%)

North Triangle Depot Commercial Corp. (73%)

AyalaLand Hotels and Resorts Corp. (100%)

Phil. Integrated Energy Solutions, Inc. (100%)

Roxas Land Corporation (50%)

BGWest Properties, Inc. (50%)

Lagdigan Land Corp. (60%)

Five Star Cinema, Inc. (100%)

Ten Knots Phils, Inc. (60%)

Ten Knots Development, Corp. (60%)

Southportal Properties Inc. (65%)

Leisure and Allied Industries Philippines, Inc. (50%)

ALInet.com, Inc. (100%)

First Longfield Investments Limited (100%)

Aprisa Business Process Solutions, Inc. (100%)

AyalaLand Club Management, Inc. (100%)

Varejo Corp. (100%)

Ayala Land Malls, Inc. (100%)

Verde Golf Development Corporation (100%)

Whiteknight Holdings, Inc. (100%)

ALI Commercial Center Inc. (100%)

Cebu Holdings Inc. (71%)

AREIT, Inc. (54.88%)

AYALA LAND, INC.

Alveo Land Corporation (100%)

Crimson Field Enterprises, Inc. (100%)

Primavera Towncentre, Inc. (100%)

Cavite Commercial Town Center, Inc. (100%)

Serendra, Inc. (28%)

Ecoholdings Company, Inc. (100%)

Summerhill E-Office Corporation (100%)

AyalaLand offices, Inc. (100%)

Amorsedia Development Corporation (100%)

NorthBeacon Commercial Corporation (100%)

Sunnyfield E-Office Corporation (100%)

Laguna Technopark, Inc. (68%)

Avida Land Corporation (100%)

Red Creek Properties, Inc. (100%)

Subic Bay Town Centre, Inc. (100%)

Aurora Properties Incorporated (81%)

Amaia Land Co. (100%)

Regent Time International, Limited (100%)

Regent Wise Investments Limited (100%)

Vesta Property Holdings, Inc. (78%)

Ayala Land International Sales, Inc. (100%)

Asterion Technopod, Incorporated (100%)

AREIT Fund Managers, Inc. (100%)

Station Square East Commercial Corporation (69%)

Ayala Land Sales, Inc. (100%)

Westview Commercial Ventures Corp. (100%)

Arvo Commercial Corporation (100%)

Ceci Realty, Inc. (60%)

Buendia Landholdings, Inc. (100%)

North Ventures Commercial Corp. (100%)

BellaVita Land Corporation (100%)

Accendo Commercial Corp. (67%)

Crans Montana Holdings, Inc. (100%)

Hillsford Property Corporation (100%)

Nuevo Centro, Inc. (54%)

Aviana Development Corporation (50%)

AREIT, Inc. (54.88%)

AREIT Property Managers, Inc. (100%)

AREIT, INC.**SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS
DECEMBER 31, 2022**

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Income received or accrued
Cash			
Cash in banks			
Deutsch Bank	₱17,218,929	₱17,218,929	₱483,505
Bank of Philippine Islands	45,461,953	45,461,953	135,036
	62,680,882	62,680,882	618,541
Receivables			
Related parties	4,316,464,857	4,316,464,857	33,710,130
Third parties, net of allowance	587,183,304	587,183,304	-
Others	1,990,659	1,990,659	-
	4,905,638,820	4,905,638,820	33,710,130
	₱4,968,319,702	₱4,968,319,702	₱34,328,671

AREIT, INC.**SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS,
OFFICERS, EMPLOYEES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN
RELATED PARTIES)
DECEMBER 31, 2022**

Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected	Current	Noncurrent	Balance at the end of the year
N/A	N/A	N/A	N/A	N/A	N/A	N/A

AREIT, INC.

**SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2022**

	Receivable Balance	Payable Balance	Current portion
Total Eliminated Receivables/Payables	N/A	N/A	N/A

AREIT, INC.

SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT
DECEMBER 31, 2022

Long-term Debt			
Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "current portion of long-term" in related balance sheet	Amount shown under caption "long-term debt" in related balance sheet
N/A	N/A	N/A	N/A

AREIT, INC.

**SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2022**

Indebtedness to Related Parties (Long-term Loans from Related Companies)		
Name of related party	Balance at beginning of period	Balance at end of period
N/A	N/A	N/A

AREIT, INC.**SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2022**

Guarantees of Securities of Other Issuers				
Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is file	Nature of guarantee
N/A	N/A	N/A	N/A	N/A

SCHEDULE G**AREIT, INC.****SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK
DECEMBER 31, 2022**

Capital Stock						
Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common shares	2,950,000,000	1,761,047,193	-	1,062,263,667	12	-

AREIT, INC.**COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2022**

Ratio	Formula	2022	2021	2020
Current ratio	Current assets / Current liabilities	0.43	0.67	3.55
Acid test ratio	Quick assets / Current liabilities (Quick assets includes cash and receivables – current portion)	0.39	0.63	3.32
Solvency ratio	Net Income add Depreciation/ Total debt (Total debt includes short-term debt, long-term debt and current portion of long-term debt)	0.88	0.63	0.00
Debt-to-equity ratio	Total debt / Stockholders' equity	0.05	0.08	0.00
Asset-to-equity ratio	Total assets / Stockholders' equity	1.13	1.16	1.07
Interest rate coverage ratio*	EBITDA / Interest expense	15.71	14.02	23.63
Return on equity	Net income / Average total stockholders' equity	5%	5%	19%
Return on assets	Net income after tax / Average total assets	5%	6%	21%
Net profit margin	Net income / Total revenue	0.57	0.73	3.08

*EBITDA refers to earnings before interest, taxes, depreciation, amortization and excludes net fair value change in investment properties and nonrecurring gain under finance lease



**STATEMENT OF MANAGEMENT’S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of AREIT, Inc. (the Company) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein for the years ended December 31, 2022, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company’s financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Company and its subsidiaries in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

JOSE EMMANUEL H. JALANDONI
Chairman, Board of Directors

CAROL T. MILLS
President & Chief Executive Officer

MA. TERESA R. FAMY
Chief Finance Officer

SUBSCRIBED AND SWORN to before me this FEB 27 2023 at Makati City, affiants exhibiting to me their respective Passports, to wit:

<u>Name</u>	<u>Passport No.</u>
Jose Emmanuel H. Jalandoni	P6984078B
Carol T. Mills	P9958069A
Ma. Teresa R. Famy	R8757104B

<u>Date & Place of Issue</u>
June 15, 2021 – DFA Manila
December 17, 201 – DFA NCR South
January 25, 2022 – DFA Manila

Doc. No. 177 ;
Page No. 37 ;
Book No. xxxvii ;
Series of 2023.



MARIA PAULA G. ROMERO-BAUTISTA
Notary Public - Makati City
Appt. No. M-079 until December 31, 2023
Roll of Attorneys No. 58335
IBP No. 264594 - 01/03/2023 - Makati City
PTR No. 9566341MM - 01/03/2023 - Makati City
MCLE Compliance No. VII-0020268 - 06/02/2022
4th Floor Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines

Notarial DST pursuant to Sec. 61
of the TRAIN Act (amending
Sec. 188 of the NIRC)
affixed on Notary Public’s copy.

INDEPENDENT AUDITOR'S REPORT

The Stockholders and Board of Directors
AREIT, Inc.
28th Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

Opinion

We have audited the financial statements of AREIT, Inc. (the Company), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.



Valuation of Investment Properties

The Company owns and operates investment properties located in Luzon and Visayas which comprise 89.9% of its total assets as of December 31, 2022. The investment properties are accounted for under the fair value method and the valuations were carried out by the management and an external valuer.

We identified the valuation of investment properties account as a key audit matter because it is material to the financial statements and the determination of the fair values of these properties involves significant judgment and estimation by the management and external valuer. They apply key assumptions for discount rates, growth rates and free cash flows, which are influenced by the prevailing market rates and comparable information.

The Company's disclosures about investment properties are included in Note 7 to the financial statements.

Audit Response

We evaluated the reasonableness of the fair value computations, valuation methodology adopted and the underlying assumptions in connection with the valuations of investment properties of the Company as of December 31, 2022. These key assumptions include discount rates, growth rates and free cash flows. In addition, we assessed whether the discount rates used are within the acceptable range with the assistance from our internal valuation specialist and performed a certain sensitivity analysis. We evaluated the competence and independence of the external valuer engaged by the Company. We also assessed the sufficiency of disclosures in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022 are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.





- 4 -

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear in our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 26 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of AREIT, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Maria Antoniette L. Aldea.

SYCIP GORRES VELAYO & CO.

Maria Antoniette L. Aldea

Maria Antoniette L. Aldea

Partner

CPA Certificate No. 116330

Tax Identification No. 242-586-416

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 116330-SEC (Group A)

Valid to cover audit of 2022 to 2026 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-147-2022, November 7, 2022, valid until November 6, 2025

PTR No. 9564643, January 3, 2023, Makati City

February 24, 2023



AREIT, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash (Notes 4 and 21)	P62,753,382	P92,010,744
Receivables (Notes 5, 20 and 21)	1,919,183,751	1,320,940,578
Other current assets (Notes 6 and 21)	155,825,886	110,291,205
Total Current Assets	2,137,763,019	1,523,242,527
Noncurrent Assets		
Noncurrent portion of receivables (Notes 5 and 21)	2,986,455,069	3,063,077,918
Investment properties (Note 7)	60,871,459,005	50,081,060,761
Property and equipment (Note 8)	598,631	309,716
Other noncurrent assets (Note 6)	1,689,713,043	1,835,836,322
Total Noncurrent Assets	65,548,225,748	54,980,284,717
	P67,685,988,767	P56,503,527,244
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 9 and 21)	P1,065,080,572	P530,622,799
Short-term debt (Notes 10 and 21)	300,000,000	890,000,000
Current portion of long-term debt (Notes 10 and 21)	2,977,693,930	-
Current portion of deposits and other liabilities (Notes 12 and 21)	527,675,373	735,086,847
Current portion of lease liability (Note 18)	50,290,868	42,967,375
Construction bonds (Note 11)	98,584,276	58,579,640
Total Current Liabilities	5,019,325,019	2,257,256,661
Noncurrent Liabilities		
Long-term debt (Note 10)	-	2,957,472,367
Deposits and other liabilities, net of current portion (Notes 12 and 21)	1,457,484,429	1,290,194,773
Lease liability - net of current portion (Note 18)	1,136,289,490	1,111,013,455
Total Noncurrent Liabilities	2,593,773,919	5,358,680,595
Total Liabilities	7,613,098,938	7,615,937,256
Equity (Note 13)		
Paid-up capital	18,283,771,630	15,762,407,800
Treasury shares	(673,299,700)	(673,299,700)
Additional paid-in capital	20,021,645,532	11,333,074,693
Retained earnings	22,440,772,367	22,465,407,195
Total Equity	60,072,889,829	48,887,589,988
	P67,685,988,767	P56,503,527,244

See accompanying Notes to Financial Statements.



AREIT, INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2022	2021	2020
REVENUE			
Rental income (Notes 7, 14 and 18)	₱3,807,533,243	₱2,506,910,928	₱1,495,723,891
Dues (Notes 7 and 15)	1,042,991,455	621,005,658	389,381,503
Interest income from finance lease receivables (Notes 15 and 18)	222,321,826	188,547,234	150,814,117
	5,072,846,524	3,316,463,820	2,035,919,511
NET FAIR VALUE CHANGE IN INVESTMENT PROPERTIES (Note 7)			
	(548,953,984)	164,502,279	1,424,645,596
COSTS AND EXPENSES			
Direct operating expenses (Notes 7 and 17)	1,359,803,642	815,866,427	444,066,931
General and administrative expenses (Note 17)	79,490,176	103,397,784	49,474,313
	1,439,293,818	919,264,211	493,541,244
OTHER INCOME (CHARGES) – Net			
Interest income (Notes 4, 16 and 20)	34,332,442	7,208,646	78,670,585
Interest expense and other charges (Notes 10, 12 and 17)	(231,243,666)	(185,459,737)	(65,419,126)
Gain under finance lease (Note 18)	-	49,763,675	-
Other income (Note 16)	-	101,034	3,660,620
	(196,911,224)	(128,386,382)	16,912,079
INCOME BEFORE INCOME TAX	2,887,687,498	2,433,315,506	2,983,935,942
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 19)	124,462	48,466	(3,280,878,846)
NET INCOME	2,887,563,036	2,433,267,040	6,264,814,788
OTHER COMPREHENSIVE INCOME	-	-	-
TOTAL COMPREHENSIVE INCOME	₱2,887,563,036	₱2,433,267,040	₱6,264,814,788
Basic/Diluted Earnings Per Share (Note 22)	₱1.91	₱1.64	₱6.29

See accompanying Notes to Financial Statements.



AREIT, INC.
STATEMENTS OF CHANGES IN EQUITY

	Years Ended December 31		
	2022	2021	2020
PAID-UP CAPITAL (Note 13)			
Common Shares - ₱10 par value			
Balance at beginning of year	₱15,762,407,800	₱10,929,864,050	₱10,451,224,050
Issuance of new shares	2,521,363,830	4,832,543,750	478,640,000
Balance at end of year	18,283,771,630	15,762,407,800	10,929,864,050
ADDITIONAL PAID-IN CAPITAL (Note 13)			
Balance at beginning of year	11,333,074,693	785,681,404	-
Issuance of new shares	8,736,525,671	10,583,270,809	813,688,001
Share issuance costs	(47,954,832)	(35,877,520)	(28,006,597)
Balance at end of year	20,021,645,532	11,333,074,693	785,681,404
TREASURY SHARES (Note 13)			
Balance at beginning and end of year	(673,299,700)	(673,299,700)	(673,299,700)
RETAINED EARNINGS (Note 13)			
Balance at beginning of year	22,465,407,195	21,765,499,530	16,454,545,227
Total comprehensive income/Net income	2,887,563,036	2,433,267,040	6,264,814,788
Cash dividends	(2,912,197,864)	(1,733,359,375)	(953,860,485)
Balance at end of year	22,440,772,367	22,465,407,195	21,765,499,530
	₱60,072,889,829	₱48,887,589,988	₱32,807,745,284

See accompanying Notes to Financial Statements.



AREIT, INC.**STATEMENTS OF CASH FLOWS**

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱2,887,687,498	₱2,433,315,506	₱2,983,935,942
Adjustments for:			
Net fair value change in investment properties (Note 7)	548,953,984	(164,502,279)	(1,424,645,596)
Depreciation and amortization (Notes 8 and 17)	90,634	42,043	8,036
Interest expense (Notes 10, 12 and 17)	208,368,633	169,820,104	65,419,126
Gain under finance lease (Note 16 and 18)	-	(49,763,675)	-
Interest income from finance lease receivables (Notes 16 and 21)	(222,321,826)	(188,547,234)	(150,814,117)
Interest income (Notes 4, 16 and 20)	(34,332,442)	(7,208,646)	(78,670,585)
Operating income before working capital changes	3,388,446,481	2,193,155,819	1,395,232,806
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Receivables	(340,416,374)	(683,376,821)	(90,137,357)
Other assets	120,810,161	(717,596,933)	(157,314,963)
Increase (decrease) in:			
Accounts and other payables	534,464,896	15,789,571	280,552,617
Deposits and other liabilities	(66,409,250)	1,148,320,226	71,237,355
Construction bonds	40,004,636	58,579,640	(11,105,498)
Cash generated from operations	3,676,900,550	2,014,871,502	1,488,464,960
Interest received	256,654,268	195,755,880	229,484,702
Income tax paid	(124,462)	(48,466)	(190,606,074)
Net cash flows provided by operating activities	3,933,430,356	2,210,578,916	1,527,343,588
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in due from related parties (Note 20)	(181,203,951)	881,900,000	(343,300,000)
Payments for additions to investment properties (Note 7)	(81,462,725)	(5,019,127,301)	(1,483,807,649)
Payments for additions to property and equipment (Note 8)	(379,549)	(339,706)	-
Net cash flows used in investing activities	(263,046,225)	(4,137,567,007)	(1,827,107,649)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of dividends (Note 13)	(2,912,197,864)	(1,733,359,375)	(953,860,485)
Proceeds from short-term debt (Note 10)	300,000,000	34,379,500,000	-
Payments of short-term debt (Note 10)	(890,000,000)	(33,489,500,000)	-
Interest paid	(100,256,144)	(81,036,681)	-
Payment of share issuance cost (Note 13)	(47,954,832)	(35,877,520)	(28,006,597)
Payments of lease liability (Note 18)	(49,232,653)	(37,177,503)	(32,796,936)

(Forward)



	Years Ended December 31		
	2022	2021	2020
Net proceeds from long-term debt	₱-	₱2,957,472,367	₱-
Net proceeds from issuance of shares (Notes 13 and 17)	-	-	1,251,225,020
Net cash flows provided by (used in) financing activities	(3,699,641,493)	1,960,021,288	236,561,002
NET INCREASE (DECREASE) IN CASH	(29,257,362)	33,033,197	(63,203,059)
CASH AT BEGINNING OF YEAR	92,010,744	58,977,547	122,180,606
CASH AT END OF YEAR (Note 4)	₱62,753,382	₱92,010,744	₱58,977,547

See accompanying Notes to Financial Statements.



AREIT, INC.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

AREIT, Inc., (formerly, One Dela Rosa Property Development, Inc.) (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on September 4, 2006. On September 26, 2018, the Company amended its Articles of Incorporation to engage in the business of a real estate investment trust (REIT), as provided under Republic Act No. 9856 (the Real Estate Investment Trust Act of 2009), and its implementing rules and regulations (the REIT Act). The Company was organized primarily to engage in the business, which includes the following: (1) to own, invest in, purchase, acquire, hold, possess, lease, construct, develop, alter, improve, operate, manage, administer, sell, assign, convey, encumber, in whole or in part, or otherwise deal in and dispose of, income-generating real estate, whether freehold or leasehold, within or outside the Philippines with or to such persons and entities and under such terms and conditions as may be permitted by law; (2) to invest in, purchase, acquire own, hold, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real estate and managed funds; (3) to receive, collect and dispose of the rent, interest, dividends and income rising from its property and investments; and (4) to exercise, carry on or undertake such other powers, acts, activities and transactions as may be deemed necessary, convenient or incidental to or implied from the purposes herein mentioned. On April 12, 2019, the Company changed its name to AyalaLand REIT, Inc., and further amended its name to AREIT, Inc. on June 28, 2019.

As of December 31, 2022, the Company is publicly-listed, 54.88%-owned by Ayala Land Inc. (ALI), 5.47%-owned by AyalaLand Offices, Inc. (ALOI), 2.13%-owned by Westview Commercial Ventures Corp. (WCVC), a wholly-owned subsidiary of ALI, 3.53%-owned by Glensworth Development, Inc. (GDI), a wholly owned subsidiary of ALOI, and the rest by the public. ALI's parent is Ayala Corporation (AC). AC is 47.91%-owned by Mermac, Inc., and the rest by the public. Both ALI and AC are publicly listed companies domiciled and incorporated in the Philippines.

The Company's registered office address and principal place of business is 28th Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City.

The Company's common stock was listed in The Philippine Stock Exchange on August 13, 2020, as a Real Estate Investment Trust (REIT) entity.

As a REIT entity, the Company is entitled to the following: (a) not subject to 2% minimum corporate income tax (MCIT), (b) exemption from value-added tax (VAT) and documentary stamp tax (DST) on the transfer of property in exchange of its shares, (c) deductibility of dividend distribution from its taxable income, and (d) fifty percent (50%) of the standard DST rate on the transfer of real property into the Company, including the sale or transfer of any security interest thereto, provided they have complied with the requirements under Republic Act (RA) No. 9856 and Implementing Rules and Regulations (IRR) of RA No. 9856.

The operational and administrative functions of the Company are handled by ALI before its listing. Beginning August 13, 2020, AREIT Fund Managers, Inc., and AREIT Property Managers, Inc., handle the fund manager functions and property management functions of the Company, respectively (see Note 20).

The accompanying financial statements were approved and authorized for issue by the Board of Directors (BOD) on February 24, 2023.



2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements of the Company have been prepared on a historical cost basis, except for investment properties which are measured at fair value, and are presented in Philippine Peso (₱), which is also the Company's functional currency. All amounts are rounded to the nearest peso unit unless otherwise indicated.

The accompanying financial statements have been prepared under the going concern assumption. The Company believes that its businesses would remain relevant despite challenges posed by the COVID-19 pandemic.

Statement of Compliance

The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2022. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Company.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.



- *Annual Improvements to PFRSs 2018-2020 Cycle*

- *Amendments to PFRS 1, First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

- *Amendments to PFRS 9, Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- *Amendments to PAS 41, Agriculture, Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

Standards and Interpretations Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2023

- *Amendments to PAS 1 and PFRS Practice Statement 2, Disclosure of Accounting Policies*
- *Amendments to PAS 8, Definition of Accounting Estimates*
- *Amendments to PAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Effective beginning on or after January 1, 2024

- *Amendments to PAS 1, Classification of Liabilities as Current or Non-current*
- *Amendments to PFRS 16, Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025

- *PFRS 17, Insurance Contracts*

Deferred effectivity

- *Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Current and Noncurrent Classification

The Company presents assets and liabilities in the statement of financial position based on a current and noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting period; or,



- Cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- Is due to be settled within 12 months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Cash

Cash includes cash on hand and in banks. Cash in banks are stated at face amounts and earn interest at the prevailing bank deposit rates.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at its transaction price.

In order for a debt financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that passes the 'solely payments of principal and interest' on the principal amount outstanding (SPPI criterion). This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refer to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.



Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments) (FVOCI with recycling)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) (FVOCI with no recycling)
- Financial assets at fair value through profit or loss (FVPL)

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost include cash in banks, receivables and recoverable deposits.

The Company has no financial assets under FVOCI with or without recycling and FVPL categories.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss. This category generally applies to accounts and other payables, deposits and other liabilities.

The Company's financial liabilities include accounts and other payables, security deposits, construction bonds, short-term long-term debt and lease liabilities.



Derecognition of Financial Instruments

Financial asset

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liability

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Impairment of Financial Assets

The Company recognizes an allowance for expected credit loss (ECL) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For cash in banks, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, were there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from a reputable credit rating agency to determine whether the debt instrument has significantly increased credit risk and to estimate ECL.

For trade receivables and finance lease receivable, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix for trade receivables that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due since security deposits are equivalent to 90 days which are paid at the start of the lease term which will cover any defaults. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive



the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting arrangements, where the related assets and liabilities are presented at gross in the statement of financial position.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the assets in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Fair Value Hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - valuation techniques for which the lowest level input that it is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as investment property. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.



Other Assets

Other assets include input value-added tax (VAT), creditable withholding taxes, recoverable deposits and advances to contractors.

Input VAT

Input VAT represents taxes due or paid on purchases of goods and services subjected to VAT that the Company can claim against future liability to the Bureau of Internal Revenue (BIR) for output VAT received from sale of goods and services which are incurred and billings which has been received as of date. The input VAT can also be refunded subject to the approval of the BIR. These are carried at cost less allowance for impairment loss, if any. Impairment loss is recognized when input VAT can no longer be recovered.

Deferred input VAT

Deferred input VAT represents input VAT on unpaid purchase of goods and/or services.

Creditable withholding taxes

Creditable withholding taxes represent the amount withheld by the payee. These are recognized upon collection of the related income and utilized as tax credits against income tax due.

Recoverable deposits

Recoverable deposits pertain to various utility deposits. These are measured initially at fair value. After initial recognition, deposits are subsequently measured at amortized cost using the effective interest method.

Advances to contractors

Advances to contractors are carried at cost less impairment losses, if any.

Investment Properties

Investment properties and completed properties that are held to earn rentals or capital appreciation or both and are not occupied by the Company. The initial cost of investment properties consists of any directly attributable costs of bringing the investment properties to their intended location and working condition, including borrowing costs.

Investment properties are stated at fair value, which reflects market conditions at the reporting date. The fair value of investment properties is determined by management and independent valuation experts based on the "income approach". Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise. In determining the carrying amount of investment property under the fair value model, the Company does not double-count assets or liabilities that are recognized as separate assets or liabilities such as accrued rental income and lease commitments.

Expenditures incurred after the investment property has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred.

Investment properties are derecognized when either it has been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in PFRS 15, *Revenue from Contracts with Customers*.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the PAS 16, *Property, plant and equipment*, up to the date of change in use.



Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that other current assets and other noncurrent assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit or loss. After such reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining estimated useful life.

Deposits and Other Liabilities

Deposits and other liabilities which includes security deposits that are initially measured at fair value. After initial recognition, security deposits are subsequently measured at amortized cost using effective interest method.

The difference between the cash received and its fair value is deferred (included in the "Deferred credits" under "Deposits and Other Liabilities" account in the statement of financial position) and amortized using the straight-line method and recognized as "Amortization of deferred credits" under the "Rental income" account in profit or loss. Accretion of discount is recorded under "Interest expense" account in profit or loss.

Equity

Paid-up capital and Additional paid-in capital (APIC)

Capital stock is measured at par value for all shares subscribed, issued and outstanding. When the Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

When the shares are sold at premium, the difference between the proceeds at the par value is credited to APIC. Direct costs incurred related to equity issuance (share issuance costs) are chargeable to APIC. If APIC is not sufficient, the excess is charged against retained earnings.

Share issuance costs

Share issuance costs are incremental costs directly attributable to the issuance or subscription of new shares which are shown in equity as a deduction, net of tax, from the proceeds. Costs that relate to the new stock market listing, or otherwise are not incremental costs directly attributable to issuing new shares, are charged to expenses.

Treasury shares

Treasury shares are the Company's own equity instruments which were reacquired. These are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in APIC. Voting rights related to treasury shares are nullified for the Company and no dividends are allocated to them respectively. When the shares are retired, the capital stock is reduced by its par value and the



excess of cost over par value upon retirement is charged to APIC when the shares were issued and to retained earnings for the remaining balance.

Retained earnings

Retained earnings represent the cumulative balance of net income of the Company, net of dividend distribution, if any.

Revenue Recognition

The Company is in the business of leasing its investment property portfolio. The Company's non-lease performance obligations include common area management and administration of utility services.

Revenue from contracts with customers is recognized when control of the services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The Company assesses its revenue arrangement against specific criteria in order to determine if it is acting as a principal or an agent.

Dues

Dues are recognized when the related services are rendered. The contract for the commercial spaces leased out by the Company to its tenants includes the right to charge for the electricity usage, water usage, air-conditioning charges and common usage service area (CUSA) charges like maintenance, janitorial and security services.

For the electricity and water usage, the Company determined that it is acting as an agent because the promise of the Company to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility and service companies, and not the Company, are primarily responsible for the provisioning of the utilities while the Company administers the leased spaces and coordinates with the utility and service companies to ensure that tenants have access to these utilities. Electricity and water dues in excess of actual charges and consumption are recorded as revenue.

For the provision of CUSA and air-conditioning of the buildings, the Company acts as a principal because it retains the right to direct the service provider of air-conditioning, maintenance, janitorial and security to the leased premises. The right to the services mentioned never transfers to the tenant and the Company has the discretion on how to price the CUSA and air-conditioning charges. Billing from common area and air conditioning dues is computed based on a fixed rate per square meter of the leasable area occupied by the tenant.

Other income

Other income is recognized when the related services have been rendered and the right to receive payment is established.

Disaggregated revenue information

The non-lease component of the Company's revenue arises from common area charges and utilities dues. The Company's performance obligations are to ensure that common areas are available for general use of its tenants and to provide for uninterrupted utility services such as water and electricity (see Note 15).

Allocation of transaction price to performance obligation

Each of the non-lease component is considered a single performance obligation, therefore it is not necessary to allocate the transaction price. These services are capable of being distinct from the other services and the transaction price for each service is separately identified in the contract.



Timing of revenue recognition

Revenue from common area charges and utilities dues are recognized over time since the tenants simultaneously receives and consumes the services provided by the Company. The Company determined that the output method best represents the recognition pattern for revenue from utilities dues since this is recognized based on the actual consumption of the tenants.

Income outside the scope of PFRS 15

Rental income

Rental income under noncancellable and cancellable leases on investment properties is accounted under operating lease and is recognized on a straight-line basis over the lease term and the terms of the lease, respectively, or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contracts.

No rental income is recognized when the Company waives its right to collect rent and other charges. This is recognized as a rent concession and reported as a variable payment (see Note 18).

Interest income from finance lease receivables

Interest income is recognized as it accrues using the EIR method which pertains to the receivable arising from finance lease agreement.

Interest income

Interest income is recognized as it accrues using the EIR method.

Costs and Expenses

Costs and expenses are recognized in profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Costs and expenses are recognized:

- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset.

Leases

The Company as lessor - operating lease

Leases where the Company does not transfer substantially all the risks and benefits of the ownership of the assets are classified as operating leases. Rental income arising from operating lease is accounted for on a straight-line basis over the lease terms and is included in revenue due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

The Company as lessor - finance lease

A lease is classified as a finance lease if the Company transfers substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company shall recognize assets held under a finance lease in its statement of financial position and present them as a receivable at an amount equal to the net investment in the lease. The Company shall use the interest rate implicit in the lease to measure the net investment in the lease. Finance income is recognized over the lease term, based on a pattern reflecting a constant periodic rate of return on the Company's net investment in the lease.



The Company as lessee

Right-of-use asset

The Company recognizes right-of-use asset at the commencement date of the lease (i.e., the date the underlying asset is available for use) except when the rental payment is purely variable linked to the future performance or use of an underlying asset. Right-of-use asset are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use asset includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received, and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use asset are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The Company accounts for right-of-use asset using fair value model in accordance with the policy as stated under investment properties. Right-of-use asset are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

Income Tax

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as at the reporting date.

Earnings Per Share (EPS)

Basic EPS is computed by dividing net income for the year attributable to common equity holders of the Company by the weighted average number of common shares issued and outstanding during the year adjusted for any subsequent stock dividends declared. Diluted EPS is computed by dividing net income for the year attributable to common equity holders of the Company by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential common shares that would have an antidilutive effect on earnings per share.



Segment Reporting

The Company's lease operation is its only segment. Financial information on business segment is presented in Note 23 to the financial statements.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate can be made of the amount of the obligation.

Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Events After the End of the Reporting Period

Post year-end events up to the date when the financial statements are authorized for issue that provide additional information about the Company's financial position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

3. Summary of Significant Accounting Estimates, Judgments and Assumptions

The preparation of the accompanying financial statements in compliance with PFRSs requires management to make estimates, judgments and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates, judgments and assumptions used in the accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

Assessment of the Company being effectively a 'tax-free' entity

There are entities which are specifically exempt from income tax under the tax rules, and accordingly are not within the scope of PAS 12, *Income Taxes*. For REIT entities, while not formally designated as 'tax-free' under the tax rules, are nevertheless "income tax-free" provided that they meet certain conditions (e.g. listing status, dividend payments, etc.). A REIT entity is required to distribute at least 90% of its annual income as a dividend to its investors and is allowed to treat the dividend as deduction for tax purposes making it effectively an "income tax-free" entity.

The Company abides with the provisions of the REIT law and complies with the 90% dividend distribution. The Company has determined, based on its current tax regime and expected dividend distribution in the succeeding periods, that it is effectively an "income tax-free" entity. Accordingly, the Company did not recognize deferred taxes after its listing as a REIT entity.



Determination of whether the Company is acting as a Principal or an Agent

The contract for the commercial spaces leased out by the Company to its tenants includes the right to charge for the electricity usage, water usage, air-conditioning charges and CUSA like maintenance, janitorial and security services.

For the electricity and water usage, the Company determined that it is acting as an agent because the promise of the Company to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility and service companies, and not the Company, are primarily responsible for the provisioning of the utilities while the Company administers the leased spaces and coordinates with the utility and service companies to ensure that tenants have access to these utilities.

For the provision of CUSA and air conditioning, the Company acts as a principal because it retains the right to direct the service provider of air conditioning, maintenance, janitorial and security to the leased premises. The right to the services mentioned never transfers to the tenant and the Company has the discretion on how to price the CUSA and air conditioning charges.

Operating lease commitments - the Company as lessor

The Company has entered into commercial property leases on its investment property portfolios. The Company has determined that it retains all significant risks and rewards of ownership of the property as the Company considered, among others, the length of the lease term as compared with the estimated useful life of the assets.

Finance lease commitments - the Company as lessor

The Company has entered into a lease agreement on the portion (composed of 18 floors stacked on top of the headquarters tower) of ANE building, a retail podium of The 30th Commercial Development (The 30th) building and the Vertis Mall. The Company has determined, based on evaluation of the terms and arrangement, particularly on the economic life, that the Company has transferred substantially all the significant risks and rewards of ownership of these properties to the lessee and accounts for the agreements as finance lease.

Evaluation whether the acquired set of assets constitute a business

The Company acquired additional portfolio of investment properties and elected to apply the optional concentration test to determine whether the acquired assets or group of assets constitute a business. The Company has determined that the acquisition is a purchase of asset as the acquisition passed the concentration test due to: (a) the building is considered a single identifiable asset (b) substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset.

See Note 7 for details of the acquired properties in 2022 and 2021 from various parties.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss pattern.

The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with the impact of current COVID environment and other forward-looking information, as applicable. For instance, if forecast economic conditions (i.e., gross domestic product and inflation rate) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.



The amount of ECLs is sensitive to changes in circumstances including COVID impact and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

The carrying value of the Company's receivables amounted to ₱4,905.64 million and ₱4,384.02 million as of December 31, 2022 and 2021 respectively, net of allowance for credit losses amounting to ₱60.40 million and ₱37.46 million as of December 31, 2022 and 2021, respectively (see Note 5).

Evaluating impairment of nonfinancial assets carried at costs

The Company regularly reviews its nonfinancial asset carried at costs for impairment of value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends including the impact of COVID. If such indicators are present and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The Company estimates the recoverable amount as the higher of the fair value less costs to sell and value in use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Company is required to make estimates and assumptions that may affect its nonfinancial assets.

As of December 31, 2022 and 2021, the Company's allowance for probable loss on CWT amounted to ₱72.00 million and ₱33.00 million, respectively (see Notes 6 and 17).

The carrying values of the Company's nonfinancial assets follow:

	2022	2021
Input VAT (Note 6)	₱1,185,662,489	₱959,608,313
Deferred input VAT (Note 6)	548,188,358	885,255,771
Creditable withholding taxes (Note 6)	96,644,360	85,587,338
	₱830,495,207	1,930,451,422

Valuation of investment properties held at fair value

The Company makes estimates in respect of the fair value of investment properties. The fair values of these properties are reviewed regularly by management with reference to external independent property valuations and market conditions existing at reporting date, using generally accepted market practices. The assumptions underlying estimated fair values are those relating to the receipt of contractual rents, expected future market rentals, capital expenditure requirements, and discount rates that reflect current market conditions and current or recent property investment prices. The property valuations have been prepared based on the information that is available.

Fair value of investment properties amounted to ₱60,871.46 million and ₱50,081.06 million as of December 31, 2022 and 2021, respectively. Net fair value change in investment properties recognized in profit or loss amounted to decrease of ₱548.95 million, increase of ₱164.50 million and increase of ₱1,424.65 million for the years ended December 31, 2022, 2021, and 2020, respectively (see Note 7).

4. Cash

This account consists of:

	2022	2021
Cash on hand	₱72,500	₱42,500
Cash in banks	62,680,882	91,968,244
	₱62,753,382	₱92,010,744



Cash in banks earn interest at the respective bank deposit rates which ranges from 0.35% to 0.85% in 2022 and 2021. Interest income earned from cash in banks amounted to ₱0.62 million, ₱0.24 million and ₱0.36 million in 2022, 2021 and 2020, respectively (see Note 16).

5. Receivables

This account consists of:

	2022	2021
Finance lease receivable (Notes 18, 20 and 21)	₱3,221,146,005	₱3,285,820,422
Due from related parties (Note 20)	1,095,318,852	914,114,901
Trade receivables – billed	647,588,205	220,680,256
Other receivables	1,990,659	858,963
	4,966,043,721	4,421,474,542
Less allowance for credit losses	60,404,901	37,456,046
	4,905,638,820	4,384,018,496
Less noncurrent portion of finance lease receivable	2,986,455,069	3,063,077,918
	₱1,919,183,751	₱1,320,940,578

Billed receivables arise mainly from tenants for rentals of office and retail spaces and recovery charges for common area and utilities. These are noninterest-bearing and are generally collectible on 30-day term.

Other receivables pertain to noninterest-bearing advances to employees which are subject to liquidation upon completion of the business transaction.

The movements in allowance for credit losses follows:

	2022	2021
Balance at beginning of year	₱37,456,046	₱14,923,759
Provision (Notes 17 and 21)	22,948,855	22,532,287
Balance at end of year	₱60,404,901	₱37,456,046

6. Other Assets

Other Current Assets

This account consists of:

	2022	2021
Input VAT	₱141,061,071	₱97,794,584
Recoverable deposits	14,764,815	12,496,621
	₱155,825,886	₱110,291,205

Input VAT is applied against output VAT within 12 months. This includes input VAT claimed for refund amounting to ₱6.39 million which is awaiting approval from the BIR.

Recoverable deposits pertain to various utility deposits.



Other Noncurrent Assets

This account consists of:

	2022	2021
Input VAT	₱1,044,601,418	₱861,813,729
Deferred input VAT	548,188,358	885,255,771
Creditable withholding taxes	168,644,360	118,587,338
Advances to contractors	278,907	3,179,484
	1,761,713,043	1,868,836,322
Less allowance for possible losses (Note 17)	72,000,000	33,000,000
	₱1,689,713,043	₱1,835,836,322

The remaining balance of input VAT and deferred input VAT are recoverable in future periods.

Deferred input VAT pertains to input tax on the Company's purchases of goods and services not yet settled during the year which is available for offset against the Company's future output VAT.

Creditable withholding taxes represent the amount withheld by the Company. These are recognized upon collection of the related lease receivable. The Company recognized provision for probable loss on CWT amounting to ₱39.00 million and ₱33.00 million in 2022 and 2021, respectively (see Note 17).

Advances to contractors are recouped upon every progress billing payment depending on the percentage of accomplishment or delivery.

7. Investment Properties

	2022	2021
Beginning of the year	₱50,081,060,761	₱29,189,674,985
Acquisitions	11,334,580,967	21,577,487,178
Property under finance lease (Note 18)	-	(886,240,458)
Fair value adjustment	(544,182,723)	200,139,056
	₱60,871,459,005	₱50,081,060,761

On December 29, 2022, SEC approved the property-for-share-swap via tax-free exchange transaction of the Company. These were acquired from ALI and involves six commercial properties namely:

- eBloc 1- A twelve (12)-level, Philippine Economic Zone Authority ("PEZA")-accredited office development, located in Cebu IT Park with gross leasable area of 20,841.90 square meters (sq.m).
- eBloc 2- A seventeen (17)-level, PEZA-accredited office development, located in Cebu IT Park with gross leasable area of 27,727.33 sq.m.
- eBloc 3- A twelve (12)-level, PEZA-accredited office development, located in Cebu IT Park with gross leasable area of 15,233.00 sq.m.
- eBloc 4- A twelve (12)-level, PEZA-accredited office development, located in Cebu IT Park with gross leasable area of 16,166.63 sq.m.
- ACC Tower- A twenty (20)-level, PEZA-accredited office development, located in Ayala Center Cebu, Cebu Business Park with gross leasable area of 27,517.00 sq.m.
- Tech Tower- A twelve (12)-level, PEZA-accredited office development, located along Sumilon corner Camiguin Roads, Cebu City with gross leasable area of 16,812.74 sq.m.



On January 5, 2021, the Company entered into a Deed of Absolute Sale with Technopark Land, Inc (TLI), a subsidiary of AC, to acquire 98,179 square meters (sqm) of land for ₱987.98 million, exclusive of VAT. Currently, the acquired parcels of land are being leased out to Integrated Micro-Electronics, Inc. (IMI) for a period of 8 years starting from January 1, 2020 to December 31, 2027. The subject properties are the four (4) parcels of land located at Barrio Biñan, Laguna.

On January 15, 2021, the Company entered into a Deed of Sale with ALI for the acquisition of The 30th for ₱4.56 billion (VAT exclusive). ALI has an existing land lease contract with MBS Development Corporation (MBS) which will expire on September 1, 2056 and such contract of lease was assigned to the Company as part of the sale of the building. Simultaneous to the acquisition, the Company and North Eastern Commercial Corp. (NECC), a wholly-owned subsidiary of ALI under the Ayala Malls brand, entered into a lease agreement for the retail podium of The 30th that is payable on monthly guaranteed lease for a period of 36 years. The retail podium is operated by NECC. NECC will pay a monthly guaranteed building lease to the Company for a period of 36 years, in line with the land lease term of the property. The Company derecognized the portion of the property under finance lease.

On October 7, 2021, SEC approved the property-for-share-swap via tax-free exchange transaction of the Company. These were acquired from ALI, GDI and WCVL and involves six commercial properties namely:

- Vertis North Commercial Development - A mixed-use development located at the heart of Quezon City. It is composed of three (3) office towers with a total GLA of 125,507.39 sq. m. and a retail podium with a GLA of 39,305.76 sq.m.
- Evotech One and Two - Evotech One and Two consists of two (2) office buildings situated in Lakeside Evozone, Nuvali, Laguna. The property caters to the special demands of IT and BPO companies looking to establish themselves in the south of Metro Manila.
- Bacolod Capitol Corporate Center - A five-storey PEZA-accredited corporate center in Bacolod City comprised of 11,313.14 sq. m. of leasable office space.
- Ayala Northpoint Technohub - A two-storey PEZA-accredited technohub in Bacolod City with a GLA of 4,653.50 sq. m. of office space.
- BPI-Philam Life Makati - BPI Philam Life Makati Building is a 32-storey office tower at the intersection of Ayala Avenue and Gil Puyat Avenue. The property-for-share swap transaction covers three (3) condominium office units of the property.
- BPI-Philam Life Alabang - BPI Philam Life Alabang is a corporate center in Madrigal Business Park, Alabang, Muntinlupa City. The Building is a 14-storey corporate center office that caters to all employees, primarily corporate professionals. The property-for-share swap transaction covers six (6) condominium office units of the property.

As of December 31, 2022, the investment properties are composed of thirteen (13) stand-alone buildings, three (3) mixed-used properties, nine (9) condominium office units, and four (4) land parcels. The stand-alone buildings are Solaris One and McKinley Exchange located in Makati City, Teleperformance Cebu, eBloc Towers 1-4 which are located at Cebu I.T. Park, Cebu City, ACC Tower located in Ayala Center Cebu, Cebu Business Park, Tech Tower located along Sumilon cor. Camiguin Roads, Ceb Evotech One and Two consisting of two (2) office buildings situated in Laguna, Bacolod Capitol Corporate Center and Ayala Northpoint Technohub located in Bacolod City. The mixed-used properties are Ayala North Exchange, The 30th Commercial Development, and Vertis North Commercial Development. Ayala North Exchange is located along Ayala Avenue, Makati composed of two office towers, a retail podium and serviced apartments; The 30th Commercial Development features a 19-storey office building complemented by a four-storey retail podium; while Vertis North Commercial Development is a mixed-use development composed of three (3) office towers and a retail podium located in Quezon City. The condominium office units are BPI-Philam Life



Makati composed of three (3) condominium office units located at the intersection of Ayala Avenue and Gil Puyat Avenue, and BPI-Philam Life Alabang composed of six (6) condominium office units located at Madrigal Business Park, Alabang, Muntinlupa City. The four land parcels in Laguna Technopark are being leased to IMI.

The Company presents its investment properties at fair value and changes on such are recognized in profit or loss. The fair value of the investment properties was determined by management and independent and professionally qualified appraiser as of December 31, 2022.

The fair value of the Company's investment properties was determined using the Income Approach which 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 fair value is sensitive to the unobservable inputs of lease income growth rate and discount rate. Significant increases (decreases) in discount rate would result in a significantly lower (higher) fair value measurement while a change in the assumption used for the lease income growth rate is accompanied by a directionally similar change in the Company's fair value of investment properties.

The following table provides the fair value hierarchy of the Company's investment properties:

December 31, 2022

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investment properties	December 31, 2022	₱60,871,459,005	₱-	₱-	₱60,871,459,005

December 31, 2021

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investment properties	June 30, 2021 (Adjusted to December 31, 2021)	₱47,481,880,761	₱-	₱-	₱47,481,880,761
Teleperformance Cebu	December 31, 2021	2,599,180,000	-	-	2,599,180,000
Total		₱50,081,060,761	₱-	₱-	₱50,081,060,761

The components of the net fair value change in investment properties as follows:

	2022	2021	2020
Increase (decrease) in fair value of investment properties	(₱544,182,723)	₱200,139,056	₱1,479,137,317
Straight-line adjustment	17,813,632	(35,636,777)	(47,442,179)
Lease commissions	(22,584,893)	-	(7,049,542)
	(₱548,953,984)	₱164,502,279	₱1,424,645,596

Rental income and dues earned from investment properties and direct operating expenses incurred are as follows:

	2022	2021	2020
Rental income (Note 14)	₱3,807,533,243	₱2,506,910,928	₱1,495,723,891
Dues (Note 15)	1,042,991,455	621,005,658	389,381,503
Direct operating expenses (Note 17)	1,359,803,642	815,866,427	444,066,931

There are no items of investment properties that are pledged as security to liabilities as of December 31, 2022 and 2021.

There are no contractual purchase commitments for investment properties as of December 31, 2022 and 2021.



8. Property and Equipment

This account pertains to electronic data processing equipment. The rollforward analyses follow:

	2022	2021
Cost		
Balance at beginning and end of year	P2,228,578	P1,888,872
Additions	379,549	339,706
Balance at end of year	2,608,127	2,228,578
Accumulated Depreciation		
Balance at beginning of year	1,918,862	1,876,819
Depreciation (Note 17)	90,634	42,043
Balance at end of year	2,009,496	1,918,862
Net Book Value	P598,631	P309,716

There are no items of property and equipment that are pledged as security to liabilities as of December 31, 2022 and 2021.

There are no contractual purchase commitments for property and equipment as of December 31, 2022 and 2021.

9. Accounts and Other Payables

This account consists of:

	2022	2021
Due to related parties (Note 21)	P756,623,441	P299,429,900
Accrued expenses		
Light and water	41,848,381	22,492,161
Rent	24,956,211	13,413,162
Repairs and maintenance	14,040,220	7,546,168
Others	43,658,602	23,971,364
Taxes payable	90,768,937	61,777,639
Accounts payable	89,098,143	99,045,078
Retention payable	3,188,012	2,041,577
Interest payable	898,625	905,750
	P1,065,080,572	P530,622,799

Accrued expenses others consist mainly of accruals for professional fees, postal and communication, supplies, transportation and travel, security, insurance and representation. These are noninterest-bearing.

Taxes payable consist of amounts payable to taxing authority pertaining to expanded withholding taxes.

Accounts payable arises from regular transactions with suppliers and service providers. These are noninterest-bearing and are normally settled on 15-day to 60-day terms.

Retention payable pertains to the portion of contractor's progress billings withheld by the Company which will be released after the satisfactory completion of the contractor's work. The retention payable serves as a security from the contractor should there be defects in the project. These are noninterest-bearing and are normally settled upon completion of the relevant contract.



10. Short-term Debt, Interest Payable and Long-term Debt

This account consists of:

	2022	2021
Short-term loan	P300,000,000	P890,000,000
Bonds due on 2023	3,000,000,000	3,000,000,000
	3,300,000,000	3,890,000,000
Less unamortized transaction cost	22,306,070	42,527,633
	3,277,693,930	3,847,472,367
Less current portion	3,277,693,930	890,000,000
	P-	P2,957,472,367

In 2022 and 2021, the Company availed short-terms loans payable with different local banks amounting to P300.00 million and P890.00 million, respectively, which pertains to unsecured and interest bearing 30-day loans with interest rate of 5.5% and 1.95%, respectively.

Interest expense recognized in the statements of comprehensive income amounted to P100.25 million and P81.94 million for the year ended December 31, 2022 and 2021, (see Note 17; nil in 2020). The remaining unpaid interest amounted to P0.90 million and P0.91 million as of December 31, 2022 and 2021, respectively.

Philippine Peso 3-year bonds due 2023

On December 28, 2021, the Company issued a total of P3.00 billion fixed bonds due 2023 at a rate equivalent to 3.0445% p.a. The Bonds represent the first tranche of debt securities issued under the Company's P15.00 billion Debt Securities Program registered with the SEC and the first REIT in the Philippines to list a bond issued to public investors. The Bonds have been rated PRS Aaa by PhilRatings, indicating that obligor's capacity to meet its financial commitment on the obligation is extremely strong.

The loan agreements contain the following restrictions: material changes in nature of business; maintenance of aggregate leverage limit; payment of dividends and additional loans maturing beyond a year which will result to non-compliance of the required aggregate leverage limit; merger or consolidation where the Company is not the surviving corporation; guarantees or advances; encumbrance for borrowed money; and sale of substantially all assets. These restrictions and requirements were complied with by the Company as of December 31, 2022 and 2022.

Debt issue costs amounted to P42.70 million in 2021. Amortization amounted to P20.26 million and P0.18 million in 2022 and 2021, respectively and included under "Other charges" (see Note 17).

11. Construction Bonds

Construction bonds represent cash bonds to be used as a guarantee against damages to properties resulting from the construction, renovation or improvements being undertaken therein by the lessee. The bond will be refunded after full completion of the construction, renovation or improvements and inspection by the Company.

The carrying value of the Company's construction bonds amounted to P98.58 million and P58.58 million as of December 31, 2022 and 2021, respectively.



12. Deposits and Other Liabilities

This account consists of:

	2022	2021
Security deposits (Note 21)	P1,044,320,392	P942,749,081
Advance rentals	882,850,489	999,233,922
Deferred credits	57,988,921	83,298,617
	1,985,159,802	2,025,281,620
Less current portion	527,675,373	735,086,847
	P1,457,484,429	P1,290,194,773

The current portion of these accounts follows:

	2022	2021
Security deposits (Note 21)	P273,861,011	P436,882,890
Advance rentals	235,450,965	286,265,507
Deferred credits	18,363,397	11,938,450
	P527,675,373	P735,086,847

Security deposits

Security deposits represent deposits from lessees to secure the faithful compliance by lessees of their obligation under the lease contract. These are equivalent to three (3) months' rent and will be refunded to the lessee at the end of the lease term.

The rollforward of security deposits follows:

	2022	2021
Gross Amount		
Balance at beginning of year	P1,039,267,466	P460,762,969
Additions	85,977,166	582,212,828
Refunds	(9,474,286)	(3,708,331)
Balance at end of year	1,115,770,346	1,039,267,466
Unamortized Discount		
Balance at beginning of year	96,518,385	77,554,254
Additions	1,219,002	43,832,274
Accretion (Note 17)	(26,287,433)	(24,868,143)
Balance at end of year	71,449,954	96,518,385
Net Amount	P1,044,320,392	P942,749,081

Advance rentals

Advance rentals from lessees represent cash received in advance representing months' rent which will be applied to the last three (3) months' rentals on the related lease contracts.

Deferred credits

Deferred credits pertain to the difference between the nominal value of the deposits and its fair value. This is initially measured at fair value and subsequently amortized using the straight-line method.

The rollforward of deferred credits follows:

	2022	2021
Balance at beginning of year	P83,298,617	P61,932,409
Additions	1,219,002	43,832,274
Amortization (Note 14)	(26,528,698)	(22,466,066)
Balance at end of year	57,988,921	83,298,617
Less current portion	18,363,397	11,938,450
	P39,625,524	P71,360,167



13. Equity

Capital stock

The details of the Company's capital stock as of December 31, 2022 and 2021 follow:

	2022	2021
Authorized	2,950,000,000	2,950,000,000
Par value per share	P10.00	P10.00
Issued and outstanding shares	1,761,047,193	1,508,910,810

The changes in the number of common shares follow:

	2022	2021	2020
Authorized number of shares			
Balance at beginning of year at P10 par value	2,950,000,000	1,174,000,000	1,174,000,000
Increase in authorized capital stock at P10 par value	-	1,776,000,000	-
Balance at end of year	2,950,000,000	2,950,000,000	1,174,000,000
Issued shares			
Balance at beginning of year	1,576,240,780	1,092,986,405	1,045,122,405
Issuance of new shares	252,136,383	483,254,375	47,864,000
Balance at end of year	1,828,377,163	1,576,240,780	1,092,986,405
Treasury shares			
Balance at beginning and end of year	(67,329,970)	(67,329,970)	(67,329,970)
Outstanding	1,761,047,193	1,508,910,810	1,025,656,435

On June 23, 2020, the Company's BOD approved the offer and sale of 47,864,000 common shares out of the unissued portions of the authorized capital stock for initial public offering at an offer price of P27 per share.

On October 7, 2021, the SEC approved the increase in authorized capital stock of 1,776,000,000 common shares with a par value of P10 per share and approved subscriptions of ALI, WVCV and GDI of shares in exchange for the identified properties for 483,254,375 common shares with an exchange price of P32 per share.

On March 10, 2022 and April 21, 2022, the Company's BOD and its stockholders approved the issuance of 252,136,383 primary common shares of stock of the Company to ALI at an issue price of P44.65 per share in exchange for the identified properties. On December 29, 2022, SEC approved the property-for-share swap transaction.

Initial Public Offering (IPO)

On July 10, 2020, the SEC rendered effective the Company's REIT Plan and the registration of its 1,092,986,405 common shares.

On July 15, 2020, the Philippine Stock Exchange, Inc. (PSE) approved the application of the Company for the initial listing of its 1,092,986,405 common shares under the Main Board of the PSE, to cover the Company's IPO.

The Company was listed on the Main Board of the PSE on August 13, 2020.



Additional Paid-in Capital (APIC)

In 2020, the Company recorded APIC amounting to ₱785.68 million, net of transaction costs. The Company incurred transaction costs incidental to the IPO that is directly attributable to the issuance or subscription of new shares amounting to ₱28.01 million in 2020.

In 2021, the Company recorded APIC amounting to ₱10,547.39 million, net of transaction costs. The Company incurred transaction costs incidental to the property-for-share swap transaction that is directly attributable to the issuance of new shares amounting to ₱35.88 million in 2021.

In 2022, the Company recorded APIC amounting to ₱8,688.57 million, net of transaction costs. The Company incurred transaction costs incidental to the property-for-share swap transaction that is directly attributable to the issuance of new shares amounting to ₱47.95 million in 2022.

Retained Earnings

On August 17, 2020, the Company's BOD approved the declaration of cash dividends for the first and second quarter of 2020, of ₱0.28 and ₱0.31 per outstanding common share, respectively, to stockholders on record date as of September 2, 2020 amounting ₱605.14 million. These are paid on September 15, 2020.

On November 17, 2020, the Company's BOD approved the declaration of cash dividends for third quarter of 2020, of ₱0.34 per outstanding common share to stockholders on record date as of December 7, 2020 amounting to ₱348.72 million. The cash dividend was paid on December 17, 2020 to stockholders.

On February 24, 2021, the Company's BOD approved the declaration of cash dividends for the fourth quarter of 2020 amounting to ₱0.39 per outstanding common share to stockholders on the record date as of March 15, 2021 amounting to ₱400.01 million. The cash dividend was paid on March 25, 2021.

On May 26, 2021, the Company's BOD approved the declaration of cash dividends for the first quarter of 2021, amounting to ₱0.42 per outstanding common share to stockholders on record as of June 11, 2021, amounting to ₱430.78 million. The cash dividend was paid on June 25, 2021.

On August 12, 2021, the Company's BOD approved the declaration of cash dividends for the second quarter of 2021, amounting to ₱0.44 per outstanding common share to stockholders on record as of August 26, 2021, amounting to ₱451.29 million. The cash dividend was paid on September 10, 2021, to stockholders.

On September 22, 2021, the Company's BOD approved the declaration of cash dividends for the third quarter of 2021, amounting to ₱0.44 per outstanding common share to stockholders on record as of October 06, 2021, amounting to ₱451.29 million. The cash dividend was paid on October 22, 2021, to stockholders.

On February 24, 2022, the Company's BOD approved the declaration of cash dividends for the fourth quarter of 2021, amounting to ₱0.47 per outstanding common share to stockholders on record as of March 11, 2022, amounting to ₱709.19 million. The cash dividend was paid on March 25, 2022, to stockholders.

On May 19, 2022, the Company's BOD approved the declaration of cash dividends for the first quarter of 2022, amounting to ₱0.48 per outstanding common share to stockholders on record as of June 02, 2022, amounting to ₱724.28 million. The cash dividend was paid on June 17, 2022, to stockholders.



On August 12, 2022, the Company's BOD approved the declaration of cash dividends for the second quarter of 2022, amounting to ₱0.49 per outstanding common share to stockholders on record as of August 26, 2022, amounting to ₱739.37 million. The cash dividend was paid on September 09, 2022, to stockholders.

On October 11, 2022, the Company's BOD approved the declaration of cash dividends for the third quarter of 2022, amounting to ₱0.49 per outstanding common share to stockholders on record as of October 25, 2022, amounting to ₱739.37 million. The cash dividend paid on November 10, 2022, to stockholders.

Capital Management

The primary objectives of the Company's capital management policies are to afford the financial flexibility to support its business initiatives while providing a sufficient cushion to absorb cyclical industry risks and to maximize stakeholder value. The Company manages its capital structure and make adjustments to it, in light of changes in economic conditions.

The Company's sources of capital as of December 31, 2022 and 2021 follow:

	2022	2021
Paid-up capital	₱18,283,771,630	₱15,762,407,800
Additional paid-in capital	20,021,645,532	11,333,074,693
Treasury shares	(673,299,700)	(673,299,700)
Retained earnings	22,440,772,367	22,465,407,195
	₱60,072,889,829	₱48,887,589,988

The Company is subject to externally imposed capital requirements from its debt covenants and the requirement of the REIT law section 8.10: *Aggregate Leverage Limit* (see Note 10). As of December 31, 2022 and 2021, the Company is compliant with its debt covenants and requirements. Other than this, there are no changes made in the Company's capital management objectives, policies or processes in 2022, 2021 and 2020.

14. Rental Income

This account consists of:

	2022	2021	2020
Office and retail (Note 18)	₱3,626,926,514	₱2,375,942,463	₱1,407,588,642
Parking fees (Note 18)	154,078,031	108,502,399	72,409,517
Amortization of deferred credits (Note 12)	26,528,698	22,466,066	15,725,732
	₱3,807,533,243	₱2,506,910,928	₱1,495,723,891

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Company waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions. Rent discounts and concessions given vary for merchants that are (1) forced to close and those that are still (2) operational. Rental fees and common charges of merchants who were forced to close during the quarantine period were waived a certain percentage in their common area usage expenses (see Note 18).



15. Dues and Interest Income from Finance Lease Receivables

Dues pertains to net recoveries from tenants for the utilities, except for usage of common areas and air-conditioning charges. Set out below is the disaggregation of the Company's revenue from non-lease component:

	2022	2021	2020
Dues:			
Common area charges	₱880,438,679	₱535,376,072	₱310,003,926
Utilities dues	162,552,776	85,629,586	79,377,577
	₱1,042,991,455	₱621,005,658	₱389,381,503

Interest income from finance lease receivables

This account pertains to accretion of finance lease receivable amounting to ₱222.32 million, ₱188.55 million and ₱150.81 million in 2022, 2021 and 2020, respectively (see Note 18).

16. Interest and Other Income

Interest Income

This account consists of:

	2022	2021	2020
Interest income from:			
Intercompany loans (Note 20)	₱33,710,130	₱6,966,317	₱78,306,379
Cash in banks (Note 4)	622,312	242,329	364,206
	₱34,332,442	₱7,208,646	₱78,670,585

Other Income

This account pertains to income earned from interest and penalties arising from late payments amounting to ₱0.10 million and ₱3.66 million in 2021 and 2020, respectively (nil in 2022).

17. Costs and Expenses and Other Charges

Direct Operating Expenses

This account consists of:

	2022	2021	2020
Management fees (Note 20)	₱398,075,418	₱267,294,759	₱97,850,770
Taxes and licenses	363,304,266	204,801,681	139,690,380
Land lease (Notes 18 and 20)	262,034,140	168,962,930	110,552,423
Repairs and maintenance	165,399,042	83,328,757	38,119,740
Outside services	119,284,197	64,167,146	40,912,975
Insurance	14,357,866	9,617,107	8,249,699
Miscellaneous	10,524,065	5,643,292	5,261,390
Others	26,824,648	12,050,755	3,429,554
	₱1,359,803,642	₱815,866,427	₱444,066,931



General and Administrative Expenses

This account consists of:

	2022	2021	2020
Provision for probable losses (Note 6)	₱39,000,000	₱33,000,000	₱-
Provision for doubtful accounts (Note 5)	22,948,855	22,532,287	7,258,842
Professional fees	4,603,471	4,461,905	6,529,287
System costs	4,185,393	5,359,691	-
Taxes and licenses	3,008,543	31,437,964	26,806,570
Depreciation (Note 8)	90,634	42,043	8,036
Others	5,653,280	6,563,894	8,871,578
	₱79,490,176	₱103,397,784	₱49,474,313

Interest Expense

This account consists of:

	2022	2021	2020
Interest expense from:			
Short-term and long-term loans (Note 10)	₱100,249,019	₱81,942,431	₱-
Lease liabilities (Note 18)	81,832,181	63,009,530	51,490,870
Accretion of security deposit (Note 12)	26,287,433	24,868,143	13,928,256
	₱208,368,633	₱169,820,104	₱65,419,126

Other Charges

This account consists of the amortization of bond issue cost amounting to ₱20.26 million and ₱0.18 million in 2022 and 2021 and bank and other charges amounting to ₱2.62 million in 2022 and PSE filing fee related to listing of property-for-shares transaction amounting to ₱15.46 million in 2021.

18. Agreements and Lease Commitments

The Company as lessor - operating lease

The Company entered into lease agreements with third parties covering its investment properties for a period of two (2) to more than five (5) years. These noncancellable leases are subject to 5% to 10% annual escalation rate.

The future minimum rentals receivable under noncancellable operating leases are as follows:

	2022	2021	2020
Within one year	₱2,854,784,345	₱2,258,171,359	₱1,580,530,864
After one year but not more than five years	8,021,660,128	5,264,621,359	5,332,899,560
More than five years	335,045,027	418,483,308	492,474,823
	₱11,211,489,500	₱7,941,276,026	₱7,405,905,247

Total rental income amounted to ₱3,807.53 million, ₱2,506.91 million and ₱1,495.72 million in 2022, 2021 and 2020, respectively (see Note 14). Rental income arising from variable rent based on gross sales amounted to ₱9.08 million, ₱5.65 million and ₱5.98 million in 2022, 2021 and 2020, respectively.



In 2021 and 2020, the Company granted rent concessions to its tenants which were affected by the community quarantine imposed by the government amounting to ₱48.07 million and ₱37.59 million, respectively. These rent concessions did not qualify as a lease modification, thus, were accounted for as a variable lease payment and reported as reduction of lease income in 2021 and 2020 (nil in 2022).

The Company as lessor - finance lease

In 2021, the Company entered into building lease agreement with NECC for a term of 36 years. The agreement pertains to the lease of a retail podium of The 30th. The lease agreement states that the Company shall deliver to NECC the physical possession of the leased premise on January 1, 2021. The lease generally provides for rates based on higher between the a) fixed rent plus 6% of gross rental income or (b) minimum guaranteed rent and shall be subject to 3% escalation every three (3) years.

On October 1, 2021, the Company entered into building lease agreement with NECC for a term of 36 years. The agreement pertains to the lease of Vertis North Commercial Development Mall. The lease agreement states that the Company shall deliver to NECC the physical possession of the leased premise on October 1, 2021. The lease generally provides for rates based on higher between the a) fixed rent plus 6% of gross rental income or (b) minimum guaranteed rent and shall be subject to 3% escalation every three (3) years.

In 2019, the Company entered into a building lease agreement with Makati North Hotel Ventures, Inc. (MNHVI) for a term of 39 years (see Note 20). The agreement pertains to the lease of a portion, composed of 18 floors stacked on top of the headquarters tower, of ANE building. The lease agreement states that the Company shall deliver to MNHVI the physical possession of the leased premise on July 8, 2019. The lease generally provides for (a) quarterly rent based on a fixed rate for the first five (5) years and (b) fixed rate plus a certain percentage of total revenue of the Lessee for the remaining period of the lease term.

The maturity analysis of finance lease receivables, including the undiscounted lease payments to be received are as follows:

	2022	2021	2020
Within one year	₱234,690,936	₱236,172,830	₱189,728,000
More than one year and not more than five years	946,965,562	943,485,358	650,496,000
More than 5 years	7,465,937,702	8,465,334,764	5,390,029,750
Total undiscounted lease payments and unguaranteed residual value	8,647,594,200	9,644,992,952	6,230,253,750
Less: unearned finance income	5,426,448,195	6,359,172,530	3,987,672,695
Net investment in the lease	₱3,221,146,005	₱3,285,820,422	₱2,242,581,055

The net investment in the lease with MNHVI and NECC consists of the present value of minimum lease payments amounting to ₱2,221.09 million and ₱936.00 million, respectively. The Company derecognized the portion of investment property under finance lease amounting to ₱886.24 million which resulted in a gain under finance lease amounting ₱49.76 million in 2021 (nil in 2022 and 2020, see Note 7). The Company also recognized interest income earned amounting to ₱222.32 million, ₱188.55 million and ₱150.81 million for 2022, 2021 and 2020, respectively (see Note 15).

The Company remains to be the legal owner of the portion of ANE building, retail podium of The 30th and Vertis North Commercial Development Mall under finance lease.

The Company as lessee

On January 1, 2016, the Company entered into a land lease agreement with ALI for a term of 50 years (see Note 20). The agreement pertains to land lease of Solaris building. The lease generally provides for a monthly rent based on a certain percentage of gross receipt income. On April 26, 2019, the lease agreement was amended reducing the lease term from 50 years to 33 years.



On October 5, 2018, ALI assigned to the Company the land lease agreement with HLC with a lease term of 40 years. The agreement pertains to land lease of ANE properties. The lease generally provides for a monthly rent based on a certain percentage of gross receipt income.

On January 31, 2020, the Company entered into a contract of lease with ALI for the lease of land and building commencing on February 1, 2020 for a period of 34 years. The agreement pertains to land and building lease of MECC. The rent is payable at a fixed monthly rate of ₱2.73 million, subject to 5% annual escalation rate.

Effective October 1, 2021, GDI assigned to the Company the land lease agreement with Ceci Realty, Inc. ("CECI") with a lease term of 36 years. The agreement pertains to land lease of One and Two Evotech properties. The rent is payable at a fixed monthly rate, subject to an escalation rate of five percent (5%) per annum.

Effective October 1, 2021, WCVI assigned to the Company the land lease agreement with Province of Negros Occidental with a lease term of 50 years. The agreement pertains to land lease of Bacolod Capitol property. The rent is payable at a fixed monthly rate, subject to an escalation rate ten percent (10%) every five (5) years.

On July 07, 2022, the Company entered into a contract of lease with ALI for the lease of land commencing on October 1, 2022 for period of 36 years. The agreement pertains to land lease of Cebu properties namely, eBloc 1, eBloc 2, eBloc 3, eBloc 4, ACC Tower and Tech Tower. The lease generally provides for a monthly rent based on a certain percentage of gross receipt income.

The total cash outflow related to leases amounted to ₱311.26 million, ₱206.14 million and ₱143.35 million in 2022, 2021 and 2020, respectively. This is composed of interest payments amounting to ₱49.23 million, ₱37.18 million and ₱32.80 million in 2022, 2021 and 2020 for lease contracts where the Company recognized lease liability and variable lease payments amounting to ₱262.03 million, ₱168.96 million and ₱110.55 million in 2022, 2021 and 2020, respectively. No payment was attributed to principal of lease liability in 2022 and 2021.

The rollforward analysis of lease liability follows:

	2022	2021
Balance at beginning the year	₱1,153,980,830	₱871,843,943
Addition	-	256,304,860
Interest expense (Note 17)	81,832,181	63,009,530
Payment	(49,232,653)	(37,177,503)
Balance at the end of the year	1,186,580,358	1,153,980,830
Current lease liability	50,290,868	42,967,375
Noncurrent lease liabilities	₱1,136,289,490	₱1,111,013,455

The following are the amounts recognized in the statements of comprehensive income from the above lease agreements as lessee:

	2022	2021	2020
Rent expense - variable lease payments (Note 17)	₱262,034,140	₱168,962,930	₱110,552,423
Accretion of interest expense (Note 17)	81,832,181	63,009,530	51,490,870
Total amounts recognized in the statements of comprehensive income	₱343,866,321	₱231,972,460	₱162,043,293

Right-of-use asset and lease liability recognized in 2021 pertains to new lease agreement for which lease payments are fixed. Prior to December 31, 2019, all lease contracts where the Company is a lessee have lease payment terms that is purely variable linked to future performance or use of the



underlying asset, therefore no right-of-use asset is recognized. The right-of-use asset is included as part of investment properties amounting to ₱1,030.42 million and ₱1,061.29 million as of December 31, 2022 and 2021, respectively.

Effective October 1, 2021, NECC assigned to the Company its 36-year land lease agreement with ALI. The agreement pertains to lease of the parcels of land wherein the Vertis Tower 1-3 and Mall building is located. The lease generally provides for a monthly rent based on a certain percentage of gross receipt income.

Effective October 1, 2021, WCVV assigned to the Company its 36-year land lease agreement with ALI. The agreement pertains to lease of the parcels of land wherein the Bacolod BPO property building is located. The lease generally provides for a monthly rent based on a certain percentage of gross receipt income.

On October 1, 2020, APRC assigned to the Company its 31-year land lease agreement with ALI. The agreement pertains to lease of the parcels of land wherein the Teleperformance Cebu building is located. The lease generally provides for a monthly rent based on a certain percentage of gross receipt income.

The Company's contracts of lease for the land spaces that it occupies include dismantling provision clause at the option of the lessor. The Company did not recognize any asset retirement obligation as of the reporting date as the current assessment of the amount of outflow in dismantling the asset in the future is not material.

19. Income Tax

Provision for (benefit from) income tax consists of:

	2022	2021	2020
Current	₱-	₱-	₱173,735,934
Deferred	-	-	(3,454,687,621)
Final	124,462	48,466	72,841
	₱124,462	₱48,466	(3,280,878,846)

The current provision for income tax represents RCIT in 2020. Prior to the Company's listing date on August 13, 2020, the Company recognized provision for income tax amounting to ₱173.74 million. The Company started to avail of its tax incentive as a REIT after its listing.

In 2021 and 2020 the Company availed of the optional standard deduction (OSD) and itemized deduction in 2022.

As of December 31, 2022 and 2021, deferred tax assets and liabilities are recognized based on the effective income tax rate of 0% under REIT law.

The Company has incurred NOLCO in the taxable year 2022 which can be claimed as deduction from the regular income tax over a period of three (3) years and NOLCO in the taxable years 2021 and 2020 which can be claimed as deduction from the regular income tax for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
2022	₱340,120,747	₱-	₱340,120,747	2025
2021	688,819,663	-	688,819,663	2026
2020	481,283,017	-	481,283,017	2025
	₱1,510,223,427	₱-	₱1,510,223,427	



The reconciliation between the statutory income tax rate to the effective income tax rate shown in the statements of comprehensive income follows:

	2022	2021	2020
Statutory income tax rate	25.00%	25.00%	30.00%
Add (deduct) tax effect of:			
Nondeductible expenses	1.17	18.59	0.32
Nontaxable income	(0.37)	(0.93)	(0.36)
Deductible expenses due to option to use OSD	-	(8.05)	(9.47)
Movement in deferred taxes	-	-	3.26
Unrecognized deferred taxes	-	-	(108.61)
Deductible dividends	(25.8)	(34.60)	(25.09)
Effective income tax rate	0%	0%	(109.95%)

20. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates.

Terms and Conditions of Transactions with Related Parties

The Company, in its regular conduct of business, has entered into transactions with related parties consisting of advances and development, management, marketing and leasing and administrative service agreements. These are based on terms agreed by the parties.

Outstanding balances at yearend are unsecured, noninterest-bearing and settlement occurs in cash, unless otherwise indicated. There have been no guarantees provided or received for any related party receivables or payables.

Material related party transactions ("RPT")

This refers to any related party transaction, either individually, or in aggregate over a 12-month period with the same related party, amounting to 10% or higher of the Company's total assets. All material related party transactions are subject to the review by the RPT Committee.

In the event wherein there are changes in the RPT classification from non-material to material, the material RPT shall be subject to the provisions of the related party transactions policy.

The following tables provide the total balances and amount of transactions that have been entered into with related parties for the relevant financial year:

Category	December 31, 2022			
	Volume	Outstanding Balance	Terms	Conditions
Finance lease receivable				
Makati North Hotel Ventures, Inc. (i)	P149,232,107	P2,258,607,723	Noninterest-bearing; Payable quarterly	Unsecured; No impairment
North Eastern Commercial Corp. (j)	73,089,719	962,538,282	Noninterest-bearing; Payable quarterly	Unsecured; No impairment
Due from related parties				
Parent Company				
Ayala Land, Inc. (a and b)	207,180,633	122,963,190	Interest-bearing and noninterest-bearing; Due and demandable	Unsecured; No impairment
Affiliates				
Cebu District Property Enterprise, Inc. (b)	-	660,896	Interest-bearing; On demand	Unsecured; No impairment
Central Block Developers, Inc. (b)	-	3,700	Interest-bearing; On demand	Unsecured; No impairment
Arvo Commercial Corporation (b)	30,435,139	39,203,390	Interest-bearing; On demand	Unsecured; No impairment

(Forward)



December 31, 2022				
Category	Volume	Outstanding Balance	Terms	Conditions
Arca South Commercial Ventures Corp. (b)	P=	P2,250,258	Interest-bearing; On demand	Unsecured; No impairment
Crans Montana Property Holdings Corporation (b)	-	1,246,956	Interest-bearing; On demand	Unsecured; No impairment
Capitol Central Commercial Ventures Corp. (b)	204,830,304	209,193,922	Interest-bearing; On demand	Unsecured; No impairment
ALI Makati Hotel Property, Inc. (b)	-	1,004,074	Interest-bearing; On demand	Unsecured; No impairment
Soltea Commercial Corp. (b)	2,860,101	307,665	Interest-bearing; On demand	Unsecured; No impairment
Laguna Technopark Inc. (b)	48,850,961	49,259,439	Interest-bearing; On demand	Unsecured; No impairment
Ayalaland Logistics Holdings Corp (b)	-	5,687,206	Interest-bearing; On demand	Unsecured; No impairment
ALI Triangle Hotel Ventures, Inc. (b)	1,268,950	2,929,956	Interest-bearing; On demand	Unsecured; No impairment
Cagayan De Oro Gateway Corporation (b)	-	537,083	Interest-bearing; On demand	Unsecured; No impairment
Cavite Commercial Towncenter Inc. (b)	39,430,400	40,088,362	Interest-bearing; On demand	Unsecured; No impairment
HLC Development Corporation (b and c)	14,305,731	18,073,745	Interest-bearing; On demand	Unsecured; No impairment
Bay City Commercial Ventures Corp. (b)	11,537,176	342,605,821	Interest-bearing; On demand	Unsecured; No impairment
ALI Commercial Center, Inc. (b)	17,859,806	28,938,564	Interest-bearing; On demand	Unsecured; No impairment
Makati North Hotel Ventures, Inc. (i)	10,114,172	10,114,172	Noninterest-bearing; On demand	Unsecured; No impairment
Solinea Inc.	38,020,123	38,020,123	Noninterest-bearing; On demand	Unsecured; No impairment
Avida Land, Inc. (b)	1,045,181	1,045,181	Noninterest-bearing; On demand	Unsecured; No impairment
AyalaLand Estates, Inc. (b)	65,694,479	65,694,479	Noninterest-bearing; On demand	Unsecured; No impairment
North Triangle Hotel Ventures, Inc. (b)	1,678,317	1,678,317	Noninterest-bearing; On demand	Unsecured; No impairment
Sicogon Island Tourism Estate, Corp. (b)	21,679,818	21,679,818	Noninterest-bearing; On demand	Unsecured; No impairment
Ecozone Power Management, Inc. (b)	605,517	605,517	Noninterest-bearing; On demand	Unsecured; No impairment
LCI Commercial Ventures, Inc. (b)	38,167,921	38,167,921	Noninterest-bearing; On demand	Unsecured; No impairment
Direct Power Services, Inc. (b)	6,351	6,351	Noninterest-bearing; On demand	Unsecured; No impairment
Makati Cornerstone Leasing, Corp. (b)	4,921	4,921	Noninterest-bearing; On demand	Unsecured; No impairment
Ten Knots Philippines, Inc. (b)	1,163,932	1,163,932	Noninterest-bearing; On demand	Unsecured; No impairment
Globe Telecom, Inc.	344,286	344,286	Noninterest-bearing; On demand	Unsecured; No impairment
North Eastern Commercial Corp. (j)	12,765,704	12,765,704	Noninterest-bearing; On demand	Unsecured; No impairment
Circuit Makati Hotel Ventures, Inc. (b)	-	61,579	Interest-bearing; On demand	Unsecured; No impairment
Airswift Transport, Inc. (b)	16,579,024	19,043,664	Interest-bearing; On demand	Unsecured; No impairment
Ayalaland Malls Synergies, Inc. (b)	-	2,464,491	Interest-bearing; On demand	Unsecured; No impairment
Amaia Land Corp. (b)	81,017,219	3,102,340	Interest-bearing; On demand	Unsecured; No impairment
Westview Commercial Ventures Corp. (b)	7,880,784	1,958,066	Interest-bearing; On demand	Unsecured; No impairment
Ayala Property Management Corporation (b)	1,590,415	2,512,284	Interest-bearing; On demand	Unsecured; No impairment
Econorth Resorts Ventures, Inc. (b)	-	119,225	Interest-bearing; On demand	Unsecured; No impairment
BellaVita Land Corp. (b)	-	39,830	Interest-bearing; On demand	Unsecured; No impairment
Cebu Holdings, Inc. (b)	-	38,382	Interest-bearing; On demand	Unsecured; No impairment
Alveo Land Corp. (g)	6,183,724	7,939,698	Noninterest-bearing; On demand	Unsecured; No impairment
Accendo Commercial Corp (b)	37,541,582	575,250	Interest-bearing; On demand	Unsecured; No impairment
North Triangle Depot Commercial Corp (b)	1,217,959	1,218,944	Interest-bearing; On demand	Unsecured; No impairment
Sunnyfield E-Office Corp. (b)	-	150	Interest-bearing; On demand	Unsecured; No impairment
		P4,316,464,857		



December 31, 2022				
Category	Volume	Outstanding Balance	Terms	Conditions
Due to related parties				
Parent Company				
Ayala Land Inc. (a)	₱104,131,995	₱160,872,483	Noninterest-bearing, due and demandable	Unsecured
Affiliates*				
AREIT Fund Managers, Inc. (l)	82,291,272	99,182,229	Noninterest-bearing; On demand	Unsecured
AREIT Property Managers, Inc. (m)	138,926,224	271,308,298	Noninterest-bearing; On demand	Unsecured
North Eastern Commercial Corp. (j)	64,048,695	64,048,695	Noninterest-bearing; On demand	Unsecured
Glensworth Development, Inc.	4,136,323	4,136,323	Noninterest-bearing; On demand	Unsecured
HLC Development Corporation	19,193,387	19,193,387	Noninterest-bearing; On demand	Unsecured
AyalaLand Offices, Inc. (h)	-	4,165,217	Noninterest-bearing; On demand	Unsecured
Ayala Property Management, Corp. (f)	78,656,951	24,066,840	Noninterest-bearing; On demand	Unsecured
Direct Power Services, Inc. (d)	184,939,775	68,105,923	Noninterest-bearing; On demand	Unsecured
CECI Realty Corp. (o)	91,227,749	25,359,077	Noninterest-bearing; On demand	Unsecured
Makati Development Corp. (e)	-	2,019,459	Noninterest-bearing; On demand	Unsecured
Manila Water Company, Inc. (k)	8,498,380	8,498,380	Noninterest-bearing; On demand	Unsecured
Manila Water Philippine Ventures, Inc.	3,729,107	3,729,107	Noninterest-bearing; On demand	Unsecured
Others**	1,938,026	1,938,023	Interest-bearing and noninterest-bearing; On demand	Unsecured
		₱756,623,441		

*Entities under common control of ALI

**Entities with outstanding balance below ₱2.00 million

December 31, 2021				
Category	Volume	Outstanding Balance	Terms	Conditions
Finance lease receivable				
Makati North Hotel Ventures, Inc. (i)	₱162,624,000	₱2,312,655,616	Noninterest-bearing; Payable quarterly	Unsecured; No impairment
North Eastern Commercial Corp. (j)	973,164,806	973,164,806	Noninterest-bearing; Payable quarterly	Unsecured; No impairment
Due from related parties				
Parent Company				
Ayala Land, Inc. (a and b)	362,986,377	290,385,878	Interest-bearing and noninterest-bearing; Due and demandable	Unsecured; No impairment
Affiliates				
Cebu District Property Enterprise, Inc. (b)	45,097,500	45,097,500	Interest-bearing; On demand	Unsecured; No impairment
Central Block Developers, Inc. (b)	390,085,003	3,700	Interest-bearing; On demand	Unsecured; No impairment
Arvo Commercial Corporation (b)	116,453,869	8,768,252	Interest-bearing; On demand	Unsecured; No impairment
Arca South Commercial Ventures Corp. (b)	116,678,221	2,250,258	Interest-bearing; On demand	Unsecured; No impairment
Crans Montana Property Holdings Corporation (b)	67,002,587	1,246,956	Interest-bearing; On demand	Unsecured; No impairment
Capitol Central Commercial Ventures Corp. (b)	53,040,056	4,363,618	Interest-bearing; On demand	Unsecured; No impairment
ALI Makati Hotel Property, Inc. (b)	76,648,262	1,004,074	Interest-bearing; On demand	Unsecured; No impairment
Soltea Commercial Corp. (b)	21,452,637	3,167,767	Interest-bearing; On demand	Unsecured; No impairment
Laguna Technopark Inc. (b)	52,243,886	408,479	Interest-bearing; On demand	Unsecured; No impairment
Ayalaland Logistics Holdings Corp (b)	39,220,982	5,687,206	Interest-bearing; On demand	Unsecured; No impairment
ALI Triangle Hotel Ventures, Inc. (b)	1,661,006	1,661,006	Interest-bearing; On demand	Unsecured; No impairment
Cagayan De Oro Gateway Corporation (b)	25,841,449	537,083	Interest-bearing; On demand	Unsecured; No impairment
Cavite Commercial Towncenter Inc. (b)	24,950,003	657,962	Interest-bearing; On demand	Unsecured; No impairment

(Forward)



December 31, 2021				
Category	Volume	Outstanding Balance	Terms	Conditions
HLC Development Corporation (b and c)	₱3,768,013	₱3,768,013	Interest-bearing; On demand	Unsecured; No impairment
Bay City Commercial Ventures Corp. (b)	337,982,540	337,982,540	Interest-bearing; On demand	Unsecured; No impairment
ALI Commercial Center, Inc. (b)	11,078,757	11,078,757	Interest-bearing; On demand	Unsecured; No impairment
Makati North Hotel Ventures, Inc. (i)	11,388,146	19,993,396	Noninterest-bearing; On demand	Unsecured; No impairment
North Eastern Commercial Corp. (j)	2,952,040	2,952,040	Noninterest-bearing; On demand	Unsecured; No impairment
Circuit Makati Hotel Ventures, Inc. (b)	4,291,375	61,579	Interest-bearing; On demand	Unsecured; No impairment
Airswift Transport, Inc. (b)	35,622,688	35,622,688	Interest-bearing; On demand	Unsecured; No impairment
Ayalaland Malls Synergies, Inc. (b)	1,945,589	2,464,492	Interest-bearing; On demand	Unsecured; No impairment
Amaia Land Corp. (b)	84,119,559	84,119,560	Interest-bearing; On demand	Unsecured; No impairment
Westview Commercial Ventures Corp. (b)	9,838,850	9,838,850	Interest-bearing; On demand	Unsecured; No impairment
Ayala Property Management Corporation (b)	921,869	921,869	Interest-bearing; On demand	Unsecured; No impairment
Econorth Resorts Ventures, Inc. (b)	-	119,225	Interest-bearing; On demand	Unsecured; No impairment
BellaVita Land Corp. (b)	-	39,830	Interest-bearing; On demand	Unsecured; No impairment
Cebu Holdings, Inc. (b)	-	38,382	Interest-bearing; On demand	Unsecured; No impairment
Alveo Land Corp. (g)	1,873,562	1,755,974	Noninterest-bearing; On demand	Unsecured; No impairment
Accendo Commercial Corp (b)	38,116,832	38,116,832	Interest-bearing; On demand	Unsecured; No impairment
North Triangle Depot Commercial Corp (b)	985	985	Interest-bearing; On demand	Unsecured; No impairment
Sunnyfield E-Office Corp. (b)	-	150	Interest-bearing; On demand	Unsecured; No impairment
		₱4,199,935,323		

December 31, 2021				
Category	Volume	Outstanding Balance	Terms	Conditions
Due to related parties				
Parent Company				
Ayala Land Inc. (a)	₱265,232,671	₱47,566,230	Noninterest-bearing, due and demandable	Unsecured
Affiliates*				
AREIT Fund Managers, Inc. (l)	135,334,155	16,890,957	Noninterest-bearing; On demand	Unsecured
AREIT Property Managers, Inc. (m)	103,783,954	132,382,074	Noninterest-bearing; On demand	Unsecured
North Eastern Commercial Corp. (j)	56,541,580	56,541,580	Noninterest-bearing; On demand	Unsecured
ALO Prime Realty Corporation (n)	3,578,088	3,578,088	Noninterest-bearing; On demand	Unsecured
AyalaLand Offices, Inc. (h)	4,165,217	4,165,217	Noninterest-bearing; On demand	Unsecured
Ayala Property Management, Corp. (f)	28,176,650	12,294,883	Noninterest-bearing; On demand	Unsecured
Direct Power Services, Inc. (d)	120,647,226	6,013,296	Noninterest-bearing; On demand	Unsecured
CECI Realty Corp. (o)	9,942,712	9,942,712	Noninterest-bearing; On demand	Unsecured
Makati Development Corp. (e)	-	2,019,459	Noninterest-bearing; On demand	Unsecured
Manila Water Company, Inc. (k)	2,051,435	2,051,435	Noninterest-bearing; On demand	Unsecured
Westview Commercial Ventures Corp. (p)	4,728,703	4,728,703	Noninterest-bearing; On demand	Unsecured
Others**			Interest-bearing and noninterest-bearing; On demand	Unsecured
		1,255,266		
		₱299,429,900		

*Entities under common control of ALI

**Entities with outstanding balance below ₱2.00 million



The following describes the nature of the material transactions of the Company with related parties in 2022, 2021 and 2020:

- (a) ALI handles the lease management and marketing functions including key management personnel services of the Company pre-listing last August 13, 2020 and is entitled to receive a management fee. The Company recognized management fee amounting to ₱13.33 million in 2020 (see Note 17).

The Company entered into contracts of lease with ALI to occupy parcels of land where the Solaris, Teleperformance Cebu, Bacolod Ayala Northpoint, Vertis Offices, Ebloc Towers 1 to 4, ACC Tower and Tech Tower buildings are located. The Company recognized "Land lease" under "Direct operating expenses" in the statements of comprehensive income amounting to ₱156.09 million, ₱65.72 million and ₱39.04 million in 2022, 2021 and 2020, respectively (see Note 17).

On January 31, 2020, the Company entered into a contract of lease with ALI wherein ALI assigned, transferred, conveyed into the Company all of its rights and interests under existing tenant contracts which ALI had entered into with retail merchants and office tenants in connection with the development of MECC property. In addition, the contract of lease with ALI also contains the assumption of obligations wherein the Company thereby assumed all obligations of ALI under the existing tenant contracts in MECC property.

Payable amounting to ₱26.35 million and ₱47.57 million as of December 31, 2022 and 2021, respectively, pertain to expenses paid by ALI on behalf of AREIT for The 30th and Vertis offices operations.

- (b) The Company provides interest-bearing loan to related parties which are subject to monthly repricing and maturing in one month with interest ranging from 1.74% to 5.28%, 2.00% to 3.75% and 2.63% to 5.50% per annum in 2022, 2021 and 2020 respectively.

The Company recognized interest income amounting to ₱33.71 million, ₱6.97 million and ₱78.31 million in 2022, 2021 and 2020, respectively (see Note 16).

Documentary stamp tax is paid by the borrowers at the time of the loan.

- (c) HLC, a subsidiary of Amorsedia Development, Corporation, leases a land to the Company. The Company recognized "Land lease" under "Direct operating expenses" in the statements of comprehensive income amounting to ₱75.62 million, ₱74.02 million and ₱71.51 million in 2022, 2021 and 2020 respectively (see Note 17).
- (d) Direct Power Services, Inc., a subsidiary of ALI, provides energy distribution service to the Company. Energy distribution expense incurred amounted to ₱390.40 million, ₱130.06 million and ₱42.54 million in 2022, 2021 and 2020, respectively of which the remaining payable amounted to ₱68.11 million and ₱6.01 million as of December 31, 2022 and 2021, respectively.
- (e) On December 19, 2006, the Company and Makati Development Corp. (the 'Contractor') signed a construction contract agreement for a specific project. The Company has an outstanding retention payable to the contractor amounting to ₱2.02 million as of December 31, 2022, 2021 and 2020.
- (f) Ayala Property Management Corporation, a subsidiary of ALI, handles the facilities management of the Company prior to its listing in exchange for a fee equivalent to ₱12.00 per square meter of the total gross leasable area of units accepted by tenants subject to an annual escalation of 5% of the immediate succeeding year's rate. Provided, that if during the term, the occupancy rate of the building shall be 85% or above. If below 85%, the actual management fee for any given year shall be subject to approval of the BOD as part of the annual operating maintenance budget process. In the event no such approval is obtained, the management fee prevailing for the



immediately preceding year shall apply. The Company recognized management fees amounting to ₱32.66 million, ₱28.18 million and ₱12.60 million in 2022, 2021 and 2020, respectively (see Note 17).

- (g) Alveo Land Corp., a subsidiary of ALI, is a lessee of the Company. The Company recognized "Rental Income" in the statements of comprehensive income amounting to ₱5.05 million, ₱4.62 million and ₱4.66 million in 2022, 2021 and 2020, respectively, of which the remaining receivable amounted ₱7.94 million, ₱1.76 million and ₱0.03 million as of December 31, 2022, 2021 and 2020, respectively.
- (h) The Company's intercompany payable to ALOI pertains to outstanding balance of accounting shared services billed on behalf of the Company amounting to ₱4.17 million and ₱4.16 million in 2021 and 2020 respectively.
- (i) This pertains to the receivable arising from lease agreement with MNHVI (see Note 18). The Company's outstanding balance related to finance lease amounted to ₱2,258.61 million and ₱2,312.66 million as December 31, 2022 and 2021, respectively. This includes interest income accretion amounting to ₱149.23 million, ₱151.39 million and ₱150.81 million in 2022, 2021 and 2020, respectively (see Notes 15 and 18).

The Company also recognized receivable amounting to ₱10.11 million pertaining to payment for land lease on behalf of MNHVI.

- (j) This pertains to the receivable arising from lease agreement with NECC (see Note 18). The Company outstanding balance related to finance lease amounted to ₱962.54 million and ₱973.16 million as of December 31, 2022 and 2021, respectively. This includes interest income accretion amounting to ₱73.09 million for the year ended December 31, 2022 ₱37.16 million in 2021 and nil in 2020; (see Notes 15 and 18).

NECC, is a lessee of the Company for a space in The 30th Corporate Center. The Company recognized "Rental Income" in the statements of comprehensive income amounting to ₱2.11 million in 2022, ₱7.73 million in 2021 and nil in 2020.

Payable amounting to ₱64.05 million as of December 31, 2022 and ₱56.54 million as of December 31, 2021 pertain to expenses paid by NECC on behalf of AREIT for The 30th and Vertis offices operations.

- (k) The Company's intercompany payable to Manila Water Company, Inc. pertains to outstanding balance of water consumption incurred by the Company amounting to ₱8.50 million, ₱2.05 million and ₱2.06 million in 2022, 2021 and 2020, respectively.

The Company recognized utility services in "Utilities" under "Dues" in the statements of comprehensive income amounting to ₱38.21 million, ₱26.58 million and ₱7.50 million in 2022, 2021 and 2020, respectively (see Note 15).

- (l) AREIT Fund Managers, Inc., a subsidiary of ALI, handles the fund manager functions of the Company starting August 13, 2020, in exchange for a fee computed based on 0.10% of deposited property value plus 3.5% of the earnings before interest, taxes, depreciation, and amortization (EBITDA) before deduction of fees payable to fund manager and property manager and after deducting interest expense on lease liabilities for the period, exclusive of VAT. The Company recognized management fees amounting to ₱198.52 million and ₱135.33 million in 2022 and 2021 (₱37.37 million in 2020, see Notes 17).
- (m) AREIT Property Managers, Inc., a subsidiary of ALI, handles the property management functions of the Company starting August 13, 2020 in exchange for a fee equivalent to 3% of gross rental income and interest income from finance lease per year plus 2% of EBITDA before deduction of fees payable to fund manager and property manager and after deducting interest expense from



lease liabilities for the period, provided that such fee shall not exceed 1% of the net asset value of the properties being managed. The Company recognized management fees amounting to ₱166.90 million and ₱103.78 million in 2022 and 2021, respectively (₱34.54 million in 2020, see Note 17).

- (n) The Company's payable to ALO Prime Realty Corp. (APRC), a subsidiary of ALI, amounting to ₱3.57 million pertains to over remittance of security deposits from TP Cebu tenants as of December 31, 2021.
- (o) The Company's payable to Ceci Realty Corp. (CECI), a subsidiary of ALI, amounting to ₱25.36 million and ₱9.94 million as of December 31, 2022 and 2021. This pertains to electricity of Evotech building.
- (p) The Company's payable to Westview Commercial Ventures Corp. (WVCV), a subsidiary of ALI, amounting to ₱4.73 million pertains to various expenses paid by WVCV in behalf of the Company for Bacolod Ayala Northpoint and Bacolod Capitol building operations as of December 31, 2021.

In 2022 and 2021, the Company acquired certain investment properties from various related parties to increase its portfolio of rentable assets (see Note 7).

Cash in bank

The Company has entered into transactions with Bank of the Philippine Islands, an associate of AC, consisting of cash in bank amounting to ₱45.46 million, ₱52.61 million and ₱22.21 million in 2022, 2021 and 2020, respectively (see Note 4). Interest income earned from these deposits amounted to ₱135,036, ₱105,180 and ₱105,903 in 2022, 2021 and 2020, respectively (see Note 17).

Compensation of Key Management Personnel

The key management functions of the Company are handled by ALI, AREIT Fund Managers, Inc. and AREIT Property Managers, Inc. which charge management fees for such services. See items (a), (l) and (m) above.

21. Financial Assets and Liabilities

Fair Value Information

Except for the Company's noncurrent portion of finance lease receivable, security deposits, long-term debt and lease liabilities net of current portion, which are disclosed below, carrying values of the other financial instruments of the Company approximate their fair values due to the short-term nature of the transactions.

	2022		2021	
	Carrying value	Fair value	Carrying value	Fair value
Noncurrent portion of:				
Finance lease receivable	₱2,986,455,069	₱2,981,530,484	₱3,063,077,918	₱3,319,059,595
Lease liabilities	1,136,289,490	1,106,028,172	1,111,013,455	1,040,202,810
Security deposits	1,044,320,392	958,142,795	942,749,081	864,953,175
Long-term debt	-	-	2,957,472,367	2,844,051,163

Fair Value Hierarchy

As of December 31, 2022 and 2021, the Company has no financial instrument measured at fair value. In 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.



The fair value of the Company's noncurrent portion of finance lease receivable, security deposits, long-term debt and lease liability - net of current portion is categorized under Level 3 in the fair value hierarchy.

The significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy as at December 31, 2022 and 2021 are shown below:

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the input to fair value
Investment properties	DCF Method	Discount rate	2022: 9.76% 2021: 8.38%	Increase (decrease) in the discount would decrease (increase) the fair value
Finance lease receivable	DCF Method	Discount rate	2022: 8.41%-8.66% 2021: 7.08%-7.44%	Increase (decrease) in the discount would decrease (increase) the fair value
Security deposits	DCF Method	Discount rate	2022: 1.18-4.63% 2021: 1.10%-4.69%	Increase (decrease) in the discount would decrease (increase) the fair value
Long-term debt	DCF Method	Discount rate	2021: 2.67%	Increase (decrease) in the discount would decrease (increase) the fair value
Lease liabilities	DCF Method	Discount rate	2022: 8.20%-9.24% 2021: 6.75%-8.31%	Increase (decrease) in the discount would decrease (increase) the fair value

Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of cash, receivables, accounts and other payables and security deposits which arise directly from the conduct of its operations. The main risks arising from the use of financial instruments are liquidity risk and credit risk.

The Company reviews policies for managing each of these risks. The Company monitors market price risk from all financial instruments and regularly reports financial management activities and the results of these activities to the BOD.

Exposure to credit, interest rate and liquidity risks arise in the normal course of the Company's business activities. The main objectives of the Company's financial risk management follow:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

Prior to Company's listing, ALI's financing and treasury function operates as a centralized service for managing financial risks and activities as well as providing optimum investment yield and cost-efficient funding for the Company. Effective August 13, 2020, AREIT Fund Manager's, Inc. handles fund manager functions of the Company (see Note 20).

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company's credit risks are primarily attributable to cash, receivables and other financial assets. To manage credit risks, the Company maintains defined credit policies and monitors on a continuous basis its exposure to credit risks.

Credit risk arising from rental income from leased properties is primarily managed through a tenant selection process. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Company security deposits and advance rentals which helps reduce the Company's credit risk exposure in case of defaults by the tenants. For existing tenants, the Company has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables. Regular meetings with tenants are also undertaken to provide opportunities for counseling and further assessment of financial capacity. Except for the trade receivables, the maximum exposure to credit risk of all financial assets is equal to their carrying amounts.



An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due of all customers as they have similar loss patterns. The security deposits are considered in the calculation of impairment as recoveries. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. ECL related to trade receivables is minimal given its low credit risk and are generally covered by security deposits. The resulting ECL of ₱60.40 million, ₱37.46 million and ₱14.92 million as of December 31, 2022, 2021 and 2020, respectively.

As of December 31, 2022 and 2021, the ECL relating to cash in banks is minimal as these are considered as low credit risk.

The Company has applied the simplified approach and has calculated ECLs based on lifetime ECL for finance lease receivable. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. As of December 31, 2022 and 2021, ECL related to the Company's finance lease receivable is minimal given that the receivable is fully covered by the value of the underlying asset (as title to the asset is not transferred to the lessee) in the event of default by the counterparty and the counterparty is of good credit standing.

The Company did not provide any allowance relating to receivable from related parties in prior year. There are also no ECL recognized in the current year for related party receivables since there are no history of default payments. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

The Company's maximum exposure to credit risk as of December 31, 2022 and 2021 is equal to the carrying values of its financial assets, except for "Trade receivables" under "Receivables" in the statements of financial position. Details follow:

	2022			
	Gross maximum exposure	Fair value of collateral or credit enhancement	Net exposure	Financial effect of collateral or credit enhancement
Cash in banks	₱62,680,882	₱-	₱62,680,882	₱-
Receivables				
Finance lease receivable	3,221,146,005	3,221,146,005	-	3,221,146,005
Due from related parties	1,095,318,852	-	1,095,318,852	-
Trade receivables	647,588,205	801,626,359	-	647,588,205
Other receivables	1,990,659	-	1,990,659	-
Recoverable deposits	14,764,815	-	14,764,815	-
	₱5,043,489,418	₱4,022,772,364	₱1,174,755,208	₱3,868,734,210

	2021			
	Gross maximum exposure	Fair value of collateral or credit enhancement	Net exposure	Financial effect of collateral or credit enhancement
Cash in banks	₱91,968,244	₱-	₱91,968,244	₱-
Receivables				
Finance lease receivable	3,285,820,422	3,377,113,886	-	3,285,820,422
Due from related parties	914,114,901	-	914,114,901	-
Trade receivables	220,680,256	864,953,175	-	220,680,256
Other receivables	858,963	-	858,963	-
Recoverable deposits	12,496,621	-	12,496,621	-
	₱4,525,939,407	₱4,242,067,061	₱1,019,438,729	₱3,506,500,678



The aging analysis of the Company's receivable presented per class is as follows:

December 31, 2022

	Neither Past Due nor Impaired	Past due but not impaired				Impaired	Total
		<30 days	31-60 days	61-90 days	>90 Days		
Finance lease receivable	₱3,221,146,005	₱-	₱-	₱-	₱-	₱-	₱3,221,146,005
Due from related parties	860,700,000	67,966,991	46,933,538	7,847,173	111,871,150	-	1,095,318,852
Trade receivables – billed	40,670,843	447,376,687	443,356	80,426,135	18,266,283	60,404,901	647,588,205
Total	₱4,122,516,848	₱515,343,678	₱47,376,894	₱88,273,308	₱130,137,433	₱60,404,901	₱4,964,053,062

December 31, 2021

	Neither Past Due nor Impaired	Past due but not impaired				Impaired	Total
		<30 days	31-60 days	61-90 days	>90 Days		
Finance lease receivable	₱3,285,820,422	₱-	₱-	₱-	₱-	₱-	₱3,285,820,422
Due from related parties	759,585,728	47,717,824	2,881,915	83,770	103,845,664	-	914,114,901
Trade receivables – billed	13,859,505	3,077,162	27,102,252	330,463	138,854,828	37,456,046	220,680,256
Total	₱4,059,265,655	₱50,794,986	₱29,984,167	₱414,233	₱242,700,492	₱37,456,046	₱4,420,615,579

Liquidity risk

The Company actively manages its liquidity position so as to ensure that all operating, investing and financing needs are met. The Company's policy is to maintain a level of cash deemed sufficient to fund its monthly cash requirements, at least for the next two months. Capital expenditures are funded through long-term debt, while working capital requirements are sufficiently funded through cash collections and capital infusion by stockholders.

Through scenario analysis and contingency planning, the Company also assesses its ability to withstand both temporary and longer-term disruptions relative to its capacity to finance its activities and commitments in a timely manner and at reasonable cost and ensures the availability of ample unused credit facilities as back-up liquidity.

The Company's cash is maintained at a level that will enable it to fund its operations as well as to have additional funds as buffer for any opportunities or emergencies that may arise. To manage the Company's liquidity, credit line facilities with designated local banks, as approved by the Board of Directors, were obtained. The Company's available credit line with various local banks as of December 31, 2022 is ₱19.00 billion. The Company may also refinance its short-term and long-term loans and manage its payment terms for its payables.

The tables below summarize the maturity profile of the Company's financial assets and financial liabilities based on contractual undiscounted payments:

	2022			Total
	< 1 year	1 to 5 years	> 5 years	
Financial assets				
Cash in banks	₱62,680,882	₱-	₱-	₱62,680,882
Receivables				
Finance lease receivable	234,690,936	946,965,562	7,465,937,702	8,647,594,200
Due from related parties	1,095,318,852	-	-	1,095,318,852
Trade receivables*	587,183,304	-	-	587,183,304
Recoverable deposits	14,764,815	-	-	14,764,815
	1,994,638,789	946,965,562	7,465,937,702	10,407,542,053
Financial liabilities				
Accounts and other payables				
Due to related parties	₱756,623,441	₱-	₱-	₱756,623,441
Accounts payable	89,098,143	-	-	89,098,143
Accrued expenses	124,503,414	-	-	124,503,414
Retention payable	3,188,012	-	-	3,188,012
Interest payable**	898,625	-	-	898,625
Short-term debt	3,300,000,000	-	-	3,300,000,000
Security deposits	483,952,432	447,962,937	112,405,023	1,044,320,392
Lease liability	50,290,868	174,272,079	4,181,960,759	4,406,523,706
Construction bonds	98,584,276	-	-	98,584,276
	₱4,907,139,211	₱622,235,016	₱4,294,365,782	₱9,823,740,009

*net of allowance for expected credit losses

**includes future interest payments



	2021			Total
	< 1 year	1 to 5 years	> 5 years	
Financial assets				
Cash in banks	₱91,968,244	₱-	₱-	₱91,968,244
Receivables				
Finance lease receivable	236,172,830	943,485,358	8,465,334,764	9,644,992,952
Due from related parties	2,242,581,055	-	-	2,242,581,055
Trade receivables*	183,224,210	-	-	183,224,210
Recoverable deposits	12,496,621	-	-	12,496,621
	₱2,766,442,960	₱943,485,358	₱8,465,334,764	₱12,175,263,082
Financial liabilities				
Accounts and other payables				
Due to related parties	₱299,429,900	₱-	₱-	₱299,429,900
Accounts payable	99,045,078	-	-	99,045,078
Accrued expenses	67,422,855	-	-	67,422,855
Retention payable	2,041,577	-	-	2,041,577
Interest payable**	2,207,375	-	-	2,207,375
Short-term debt	890,000,000	-	-	890,000,000
Security deposits	436,882,890	404,393,757	101,472,434	942,749,081
Lease liability	49,853,415	221,433,216	4,135,237,075	4,406,523,706
Construction bonds	58,579,640	-	-	58,579,640
Long-term debt	-	3,000,000,000	-	3,000,000,000
	₱1,905,462,730	₱3,625,826,973	₱4,236,709,509	₱9,767,999,212

*net of allowance for expected credit losses

**includes future interest payments

22. Earnings Per Share

The Company's earnings per share for the years ended December 31, 2022, 2021 and 2020 were computed as follows:

	2022	2021	2020
Net income	₱2,887,563,036	₱2,433,267,040	₱6,264,814,788
Weighted average number of common shares	1,510,292,379	1,479,405,605	996,151,230
Basic/Diluted earnings per share	₱1.91	₱1.64	₱6.29

The Company also assessed that there were no potential dilutive common shares in 2022, 2021 and 2020.

23. Segment Reporting

The Company has determined that it is currently operating as one operating segment. Based on management's assessment, no part or component of the business of the Company meets the qualifications of an operating segment as defined by PFRS 8, *Operating Segments*.

The Company's four parcels of land, nine condominium office units and thirteen-building lease operations are its only income-generating activity, and such is the measure used by the Management in allocating resources.

There were revenue transactions with two external customers which accounted for 10% or more of the total revenue amounting to ₱395.04 million and ₱263.52 million for the year ended December 31, 2022, ₱376.67 million and ₱253.04 million for the year ended December 31, 2021, and ₱376.59 million and ₱255.97 million for the year ended December 31, 2020.

Distributable Income under the IRR of REIT Act of 2009

Under the Revised Implementing Rules and Regulations of REIT Act of 2009, section 4c, the Company shall present a computation of its distributable dividend taking into consideration requirements under the provisions of the Act and the Rule. Distributable income is not a measure of performance under the PFRS.



The computation of distributable income as presented to the Management of the Company as at December 31, 2022, 2021 and 2020 is shown below:

	2022	2021	2020
Net income	₱2,887,563,036	₱2,433,267,040	₱6,264,814,788
Unrealized gains:			(1,424,645,596)
Unrealized (gain)/loss on fair value change in investment properties	548,953,984	(164,502,279)	-
Gain on finance lease	-	(49,763,675)	-
Impact on DTL of fair value accounting	-	-	(3,387,455,299)
Impact on DTL of listing as a REIT entity	-	-	(3,293,073)
Distributable Income	₱3,436,517,020	₱2,219,001,086	₱1,449,420,820

24. Notes to Statements of Cash Flow

Disclosed below is the rollforward of liabilities under financing activities:

	January 1, 2022	Cash flows	Non-cash changes	December 31, 2022
Dividends	₱-	(₱2,912,197,864)	₱2,912,197,864	₱-
Short-term debt	890,000,000	(590,000,000)	2,977,693,930	3,277,693,930
Share issuance cost	-	(47,954,832)	47,954,832	-
Lease liabilities	1,153,980,830	(49,232,653)	81,832,181	1,186,580,358
Long-term debt	2,957,472,367	-	(2,957,472,367)	-
Interest payable	905,750	100,249,019	(100,256,144)	898,625
Total liabilities from financing activities	₱5,002,358,947	(₱3,499,136,330)	₱2,961,950,296	₱4,465,172,913

	January 1, 2021	Cash flows	Non-cash changes	December 31, 2021
Dividends	₱-	(₱1,733,359,375)	₱1,733,359,375	₱-
Short-term debt	-	890,000,000	-	890,000,000
Share issuance cost	-	(35,877,520)	35,877,520	-
Lease liabilities	871,843,943	(37,177,503)	319,314,390	1,153,980,830
Long-term debt	-	2,957,472,367	-	2,957,472,367
Interest payable	-	81,942,431	(81,036,681)	905,750
Total liabilities from financing activities	₱871,843,943	₱2,123,000,400	₱2,007,514,604	₱5,002,358,947

	January 1, 2020	Cash flows	Non-cash changes	December 31, 2020
Dividends	₱-	(₱953,860,485)	₱953,860,485	₱-
Issuance of shares	-	1,223,218,423	(1,223,218,423)	-
Lease liabilities	-	(32,796,936)	904,640,879	871,843,943
Total liabilities from financing activities	₱-	₱236,561,002	₱635,282,941	₱871,843,943

The Company's noncash operating and investing activities are as follows:

Operating

- Interest expense arising from accretion of security deposit amounting to ₱26.29 million, ₱24.87 million and ₱13.93 million in 2022, 2021 and 2020 respectively (see Notes 12 and 17).
- Noncash movement in "Receivables" and "Investment properties" arising from lease agreement with NECC amounting to ₱936.00 million and ₱886.24 million, respectively in 2021; (nil in 2022 and 2020; see Notes 7, 18, 20).



Investing

- Recognition of right-of-use asset recorded under investment properties and lease liability in 2021 amounting to ₱256.30 million for land lease agreements assigned to the Company under the property-for-share swap agreement for Bacolod Capitol Corporate Center and Evotech One and Two.
- Addition in investment properties amounting to ₱11,257.89 million and ₱15,415.81 million related to the property-for-share swap agreement in 2022 and 2021 (See Note 7)
- Increase in fair value of investment properties net of lease commissions amounting to a decrease of ₱544.18 million, increase of ₱200.14 million and increase of ₱1,472.09 million in 2022, 2021 and 2020, respectively (See Note 7).

25. Events After the End of the Reporting Period

On February 24, 2023, the Board of Directors of the Company as its regular meeting, approved the declaration of cash dividends of ₱0.52 per outstanding common share for the fourth quarter of 2022. The cash dividends amounting to ₱915.74 million will be payable on March 24, 2023, to stockholders on record as of March 10, 2023.

26. Report on the Supplementary Information Required Under RR 15-2010

Value added tax (VAT)

The National Internal Revenue Code (NIRC) of 1997, as amended, also provides for the imposition of VAT on sales of goods and services. Accordingly, the Company's sales are subject to output VAT while its purchases from other VAT-registered individuals or corporations are subject to input VAT.

The Company's vatable sales are based on actual collections received, hence may not be the same as amounts accrued in the statements of comprehensive income. The Company has zero-rated and exempt sales pursuant to Section 106(A)(2)(a)(5) of the Tax Code and Sections 109(A), 109(K) and 109 of the Tax Code, respectively.

In compliance with the requirements set forth by Revenue Regulations 15-2010 hereunder are the information on taxes and licenses fees paid or accrued during the taxable year 2022.

Receipts and output VAT declared in the Company's VAT returns in 2022

	Net Receipts	Output VAT
Taxable receipts	₱2,078,801,985	₱249,456,238

The Company, in its 2022 VAT declarations, has reported Net Receipts of ₱2,078.80 million and output VAT of ₱249.46 million. These amounts arise from the Company's interest income on intercompany loans.

Receipts and output VAT declared in the Company's VAT returns in 2021

	Net Receipts	Output VAT
Taxable receipts	₱958,206,170	₱114,984,740

The Company, in its 2022 VAT declarations, has reported Net Receipts of ₱958,206,170 and output VAT of ₱114,984,740. These amounts arise from the Company's interest income on intercompany loans.



Details of Input VAT follow:

Balance at January 1, 2022	₱959,608,313
Capital Goods not subject for Amortization	268,840
Input tax on depreciable capital good not attributable to any specific activity	61,126,136
Domestic purchases/payments for:	
Domestic purchases of services	125,116,252
Purchase of goods other than capital goods	2,549,958
<u>Total Input VAT</u>	<u>1,148,669,499</u>
<u>Less applied against output VAT</u>	<u>249,456,238</u>
<u>Balance at December 31, 2022</u>	<u>₱899,213,261</u>

Other Taxes and Licenses

This includes all other taxes, local and national, including real estate taxes, licenses and permit fees included in "Taxes and licenses" under "Direct operating expenses" and "General and Administrative expenses" in the statements of comprehensive income. Details of other taxes and licenses in 2022 follow:

Local

Real property tax	₱275,413,208
Business permit	82,853,052
Community tax	10,500
Others	7,281,713
	<u>365,558,473</u>

National

Fire permit	753,836
BIR annual registration	500
Others	-
	<u>754,336</u>
	<u>₱366,312,809</u>

Withholding Taxes

The Company's expanded withholding taxes for the year amounted to ₱47,623,653. Out of which, ₱24,082,049 remain outstanding as part of "Taxes payable" under "Accounts and other payables" as of December 31, 2022.

Taxes on Importation

The Company has not made any importations in 2022.

Excise Tax

The Company has no transaction subject to excise tax in 2022.

Documentary Stamp Tax

The Company paid documentary stamp tax amounting to ₱3,329,771 for the year ended December 31, 2022 pertaining to lease contracts of various tenants.

Tax Contingencies

The Company did not receive any Letter of Assessment, Preliminary Assessment Notice and Final Tax Assessment before or during 2022, nor it has tax cases under preliminary investigations, litigation, and/or prosecution in courts or bodies outside the administration of the Bureau of Internal Revenue.



AREIT, INC.

**INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2022**

Annex A: Reconciliation of Retained Earnings Available for Dividend Declaration

Annex B: Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered

Annex C: Supplementary Schedules Required by Annex 68-J

- Schedule A. Financial Assets
- Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
- Schedule D. Long-term Debt
- Schedule E. Indebtedness to Related Parties
- Schedule F. Guarantees of Securities of Other Issuers
- Schedule G. Capital Stock

AREIT, INC.**Reconciliation of Retained Earnings Available for Dividend Declaration
DECEMBER 31, 2022**

Unappropriated Retained Earnings, beginning		₱22,465,407,195
Less: Cumulative Fair Value Adjustment of Investment		
Properties from its Original Cost	20,469,371,278	
Accumulated depreciation	(2,239,502,031)	18,229,869,247
Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning		4,235,537,948
Add: Net income actually earned/realized during the period		
Net income during the period closed to Retained Earnings		2,887,563,036
Add: Non-actual losses net of tax		
Loss on fair value adjustment of investment properties		548,953,984
Net income Actual/Realized		3,436,517,020
Dividend declarations during the year		(2,912,197,864)
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND DECLARATION		₱4,759,857,104



SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and Board of Directors
AREIT, Inc.
28th Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of AREIT, Inc. (the Company) as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, included in this Form 17-A and have issued our report thereon dated February 24, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Maria Antoniette L. Aldea

Maria Antoniette L. Aldea
Partner

CPA Certificate No. 116330

Tax Identification No. 242-586-416

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 116330-SEC (Group A)

Valid to cover audit of 2022 to 2026 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-147-2022, November 7, 2022, valid until November 6, 2025

PTR No. 9564643, January 3, 2023, Makati City

February 24, 2023





SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and Board of Directors
AREIT, Inc.
28th Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of AREIT, Inc. (the Company) as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022 and have issued our report thereon dated February 24, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Maria Antoniette L. Aldea

Maria Antoniette L. Aldea
Partner

CPA Certificate No. 116330

Tax Identification No. 242-586-416

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 116330-SEC (Group A)

Valid to cover audit of 2022 to 2026 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

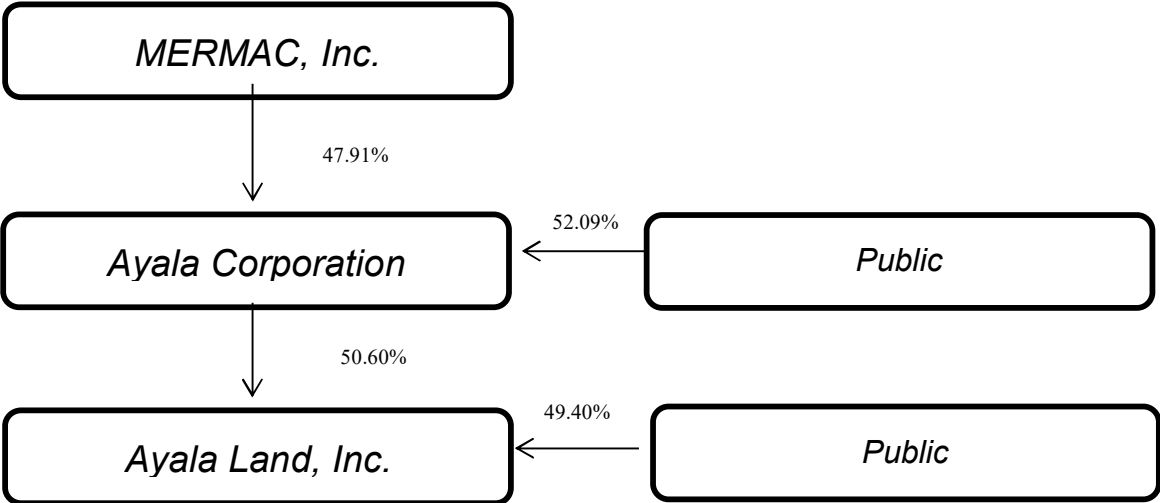
BIR Accreditation No. 08-001998-147-2022, November 7, 2022, valid until November 6, 2025

PTR No. 9564643, January 3, 2023, Makati City

February 24, 2023

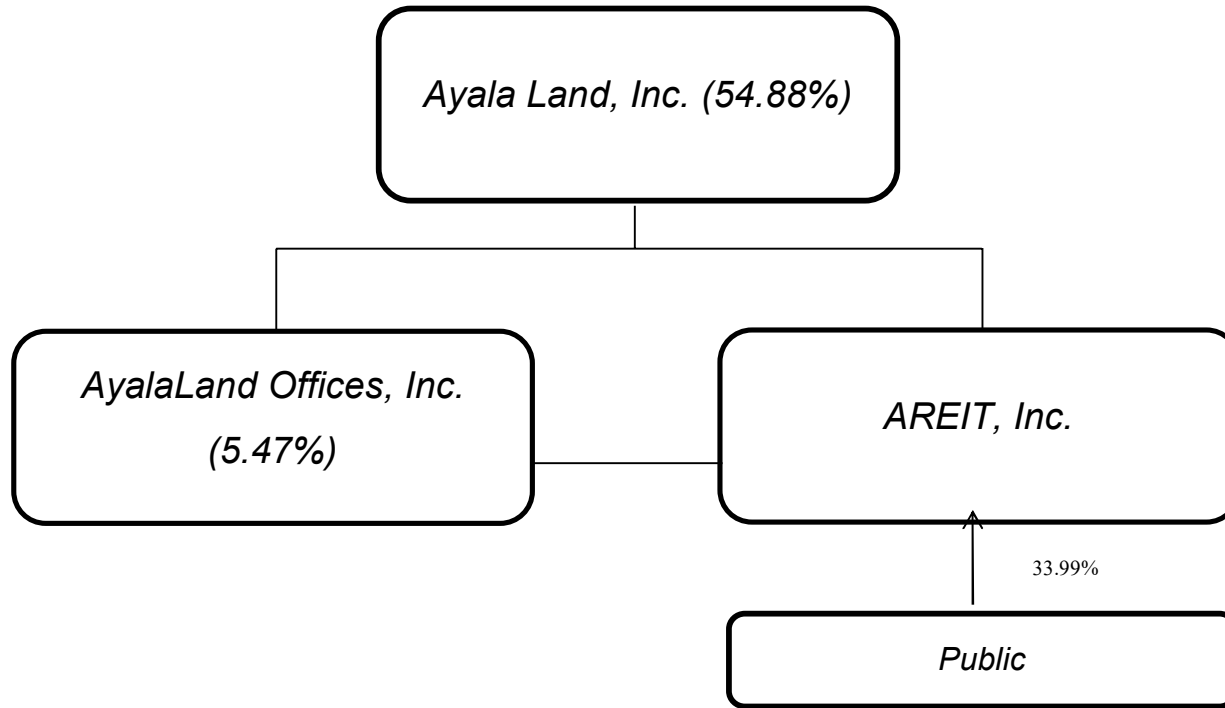


**MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND CO-SUBSIDIARIES
DECEMBER 31, 2022**



AREIT, INC.

**MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND CO-SUBSIDIARIES
DECEMBER 31, 2022**



AYALA LAND, INC.

Cagayan de Oro Gateway Corp. (70%)

Adauge Commercial Corporation (60%)

Alabang Commercial Corporation (50%)

Ayala Property Management Corp. (100%)

Soltea Commercial Corp. (60%)

Southgateway Development Corp. (100%)

Makati Development Corporation (100%)

Ayala Theatres Management, Inc. & S. (100%)

CMPI Holdings, Inc. (60%)

Ayalaland MetroNorth, Inc. (100%)

Ayala Hotels, Inc. (50%)

DirectPower Services, Inc. (100%)

ALI-CII Development Corporation (50%)

North Triangle Depot Commercial Corp. (73%)

AyalaLand Hotels and Resorts Corp. (100%)

Phil. Integrated Energy Solutions, Inc. (100%)

Roxas Land Corporation (50%)

BGWest Properties, Inc. (50%)

Lagdigan Land Corp. (60%)

Five Star Cinema, Inc. (100%)

Ten Knots Phils, Inc. (60%)

Ten Knots Development, Corp. (60%)

Southportal Properties Inc. (65%)

Leisure and Allied Industries Philippines, Inc. (50%)

ALInet.com, Inc. (100%)

First Longfield Investments Limited (100%)

Aprisa Business Process Solutions, Inc. (100%)

AyalaLand Club Management, Inc. (100%)

Varejo Corp. (100%)

Ayala Land Malls, Inc. (100%)

Verde Golf Development Corporation (100%)

Whiteknight Holdings, Inc. (100%)

ALI Commercial Center Inc. (100%)

Cebu Holdings Inc. (71%)

AREIT, Inc. (54.88%)

AYALA LAND, INC.

Alveo Land Corporation (100%)

Crimson Field Enterprises, Inc. (100%)

Primavera Towncentre, Inc. (100%)

Cavite Commercial Town Center, Inc. (100%)

Serendra, Inc. (28%)

Ecoholdings Company, Inc. (100%)

Summerhill E-Office Corporation (100%)

AyalaLand offices, Inc. (100%)

Amorsedia Development Corporation (100%)

NorthBeacon Commercial Corporation (100%)

Sunnyfield E-Office Corporation (100%)

Laguna Technopark, Inc. (68%)

Avida Land Corporation (100%)

Red Creek Properties, Inc. (100%)

Subic Bay Town Centre, Inc. (100%)

Aurora Properties Incorporated (81%)

Amaia Land Co. (100%)

Regent Time International, Limited (100%)

Regent Wise Investments Limited (100%)

Vesta Property Holdings, Inc. (78%)

Ayala Land International Sales, Inc. (100%)

Asterion Technopod, Incorporated (100%)

AREIT Fund Managers, Inc. (100%)

Station Square East Commercial Corporation (69%)

Ayala Land Sales, Inc. (100%)

Westview Commercial Ventures Corp. (100%)

Arvo Commercial Corporation (100%)

Ceci Realty, Inc. (60%)

Buendia Landholdings, Inc. (100%)

North Ventures Commercial Corp. (100%)

BellaVita Land Corporation (100%)

Accendo Commercial Corp. (67%)

Crans Montana Holdings, Inc. (100%)

Hillsford Property Corporation (100%)

Nuevo Centro, Inc. (54%)

Aviana Development Corporation (50%)

AREIT, Inc. (54.88%)

AREIT Property Managers, Inc. (100%)

AREIT, INC.**SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS
DECEMBER 31, 2022**

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Income received or accrued
Cash			
Cash in banks			
Deutsch Bank	₱17,218,929	₱17,218,929	₱483,505
Bank of Philippine Islands	45,461,953	45,461,953	135,036
	62,680,882	62,680,882	618,541
Receivables			
Related parties	4,316,464,857	4,316,464,857	33,710,130
Third parties, net of allowance	587,183,304	587,183,304	-
Others	1,990,659	1,990,659	-
	4,905,638,820	4,905,638,820	33,710,130
	₱4,968,319,702	₱4,968,319,702	₱34,328,671

AREIT, INC.**SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS,
OFFICERS, EMPLOYEES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN
RELATED PARTIES)
DECEMBER 31, 2022**

Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected	Current	Noncurrent	Balance at the end of the year
N/A	N/A	N/A	N/A	N/A	N/A	N/A

AREIT, INC.

**SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2022**

	Receivable Balance	Payable Balance	Current portion
Total Eliminated Receivables/Payables	N/A	N/A	N/A

AREIT, INC.

SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT
DECEMBER 31, 2022

Long-term Debt			
Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "current portion of long-term" in related balance sheet	Amount shown under caption "long-term debt" in related balance sheet
N/A	N/A	N/A	N/A

AREIT, INC.

**SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2022**

Indebtedness to Related Parties (Long-term Loans from Related Companies)		
Name of related party	Balance at beginning of period	Balance at end of period
N/A	N/A	N/A

AREIT, INC.**SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2022**

Guarantees of Securities of Other Issuers				
Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is file	Nature of guarantee
N/A	N/A	N/A	N/A	N/A

SCHEDULE G**AREIT, INC.****SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK
DECEMBER 31, 2022**

Capital Stock						
Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common shares	2,950,000,000	1,761,047,193	-	1,062,263,667	12	-

AREIT, INC.**COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2022**

Ratio	Formula	2022	2021	2020
Current ratio	Current assets / Current liabilities	0.43	0.67	3.55
Acid test ratio	Quick assets / Current liabilities (Quick assets includes cash and receivables – current portion)	0.39	0.63	3.32
Solvency ratio	Net Income add Depreciation/ Total debt (Total debt includes short-term debt, long-term debt and current portion of long-term debt)	0.88	0.63	0.00
Debt-to-equity ratio	Total debt / Stockholders' equity	0.05	0.08	0.00
Asset-to-equity ratio	Total assets / Stockholders' equity	1.13	1.16	1.07
Interest rate coverage ratio*	EBITDA / Interest expense	15.71	14.02	23.63
Return on equity	Net income / Average total stockholders' equity	5%	5%	19%
Return on assets	Net income after tax / Average total assets	5%	6%	21%
Net profit margin	Net income / Total revenue	0.57	0.73	3.08

*EBITDA refers to earnings before interest, taxes, depreciation, amortization and excludes net fair value change in investment properties and nonrecurring gain under finance lease

January 15, 2022

THE PHILIPPINE STOCK EXCHANGE

Philippine Stock Exchange Plaza
6th Floor, PSE Tower
Bonifacio Global City, Taguig

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

Subject: 2021 Fourth Quarter Progress Report on the Disbursement of Proceeds from the sale of The 30th ("The 30th") Commercial Development to AREIT, Inc. ("AREIT")

Dear Ms. Encarnacion,

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

Please be advised that as of December 31, 2021 the remaining balance of the proceeds from the sale of The 30th to AREIT amounts to One Billion Five Hundred Twelve Million Eight Hundred Eighty-One Thousand Seven Hundred Sixty-Seven Pesos and Twenty Six Centavos (Php1,512,881,767.26).

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

Net proceeds from the sale of The 30th (Refer to Amended Reinvestment plan dated Dec 22, 2021)	Php4,564,285,714.29
Less:	
Disbursements from Jan 16 to Sept 30, 2021 (Reported as of Sept 30, 2021)	956,079,904.09
Adjustments on disbursements reported as of Sept 30, 2021 (Annex A)	178,091,331.83
Disbursements from Oct 1 to Dec 31, 2021 (Annex B)	1,917,232,711.10
Balance of proceeds from the sale of The 30th as of December 31, 2021	<u>Php1,512,881,767.26</u>

Thank you.


Very truly yours,

Augusto D. Bengzon
Ayala Land, Inc.
Treasurer and Chief Finance Officer




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

SUBSCRIBED AND SWORN to before me this JAN 17 2022 at Makati City, affiants exhibiting to me their identification documents as follows:

Name	Competent Evidence of Identity	Date and Place Issued
AYALA LAND, INC. <i>Represented by:</i> Augusto D. Bengzon	TIN: 000-153-790-000 Passport No. P4323352B	 08 Jan 2020/ DFA NCR East
AREIT, Inc. <i>Represented by:</i> Ma. Teresa R. Famy	TIN: 006-346-689-000 Driver's License No. D06-97-186463	 Expiration Date 05 Dec 2023

Doc No. 337 ;
Page No. 69 ;
Book No. XV ;
Series of 2022 ;


MA. FLORENCE THERESE D.G. MARTIREZ-CRUZ
Notary Public - Makati City
Appt. No. M-154 until December 31, 2021
Roll of Attorneys No. 60896
IBP No. 136246 - 12/21/2020 - Makati City
PTR No. MKT8862852 - 01/11/2022 - Makati City
MCLE Compliance No. VI - 0009482 - 06/20/2018
28th Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines



ANNEX A- Adjustments on disbursements reported as of Sept 30, 2021

Disbursing Entity	Project Name	Amount
ALI Eton Property Development Corporation	Parklinks	389,674,233.92
Cebu District Property Enterprise, Inc.	Gatewalk Central	(211,582,902.09)
TOTAL		178,091,331.83

ANNEX B- Disbursements from Oct 1 to Dec 31, 2021

Disbursing Entity	Project Name	Amount
ALI Eton Property Development Corporation	Parklinks	306,000,000.00
ALI Commercial Center Inc	One Ayala (Malls)	384,716,788.50
ALI Commercial Center Inc	One Ayala (BPO)	558,480,000.00
Unity Realty & Dev't Corp.	Pampanga Property	225,000,000.00
Ayala Land Inc.	Arbor Lanes 1-5	97,190,715.62
Ayala Land Inc.	Avida Towers Vireo T1-3	77,646,815.35
Ayala Land Inc.	Avida Towers Sola T1-2	40,153,422.48
Amaia Land Corp.	Cavite Property	77,044,969.15
Amaia Land Corp.	Quezon City Property	61,000,000.00
Laguna Technopark Inc.	Cavite Property	90,000,000.00
TOTAL		1,917,232,711.10



SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

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, 2021** on the use of the proceeds from the sale of The 30th Commercial Development to AREIT, Inc. on **January 15, 2021**. 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 the sale of The 30th Commercial Development to AREIT, Inc. (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 sale of The 30th proceeds.

We report our findings below:

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

Distributing Entity	Amount	Project Name
ALI Eton Property Development Corporation	₱306,000,000.00	Parlinks (Mixed-use)
ALI Commercial Center Inc	384,716,788.50	One Ayala (Malls)
ALI Commercial Center Inc	558,480,000.00	One Ayala (BPO)
Unity Realty & Dev't Corp.	225,000,000.00	Pampanga Property
Amaia Land Corp	77,044,969.15	Cavite Property
Amaia Land Corp	61,000,000.00	Quezon City Property
Laguna Technopark Inc	90,000,000.00	Cavite Property
	₱1,702,241,757.65	

We have traced these amounts to the promissory note and bank statements and agreed the amounts to the accounting records. No exceptions noted.

We also traced the amounts disbursed by the Company during the 4th quarter (October to December) for the following projects amounting to ₱215 million to the progress billings, invoices and official receipts and agreed the amount to the accounting records. No exceptions noted.

Project Name	Amount
Arbor Lanes 1-5	₱97,190,715.62
Avida Towers Vireo T1-3	77,646,815.35
Avida Towers Sola T1-2	40,153,422.48
	₱214,990,953.45

3. We also noted adjustments made during the period. Adjustment for ALI Eton Property Development Corp. was due to the amendment of the planned use for Parklinks Project from ₱800 million to ₱833 million and the ₱527 million infusion from the Company last May and February 2021. The adjustment for Cebu District Property Enterprise, Inc. is attributable to the amendment on reinvestment plan from ₱837 million to ₱164 million and a correction of the reported disbursement as of September. No exceptions noted.

Distributing Entity	Amount	Project Name
ALI Eton Property Development Corporation	₱389,674,233.92	Parklinks
Cebu District Property Enterprise, Inc.	(211,582,902.09)	Gatewalk Central
	₱178,091,331.83	

4. There were no additions during the 4th quarter (October to December). Further, we inquired into and identified the nature of the disbursement. We have noted the Amended Reinvestment Plan dated December 22, 2021 included the proceeds from the sale of The 30th Commercial Development to AREIT, Inc. We also checked if the disbursements were classified consistently according to its nature based on the schedule of planned use of 30th proceeds as documented in the Amended 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 sale 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

Tax Identification No. 160-302-865

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

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

November 11, 2019, valid until November 10, 2022

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-073-2020, December 3, 2020, valid until December 2, 2023

PTR No. 8854360, January 3, 2022, Makati City

ACKNOWLEDGMENT

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


I certify that on 17 JAN 2022, before me a notary public duly authorized in the city named above to take acknowledgments, personally appeared:

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

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

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

Doc. No. 56 ;
Page No. 13 ;
Book No. 4 ;
Series of 2021. 2022


ATTY. JOSHUA P. LAPUZ
Notary Public for Makati City
Appointment No. M-19 until 12/31/2023
Roll No. 45790 / IBP Life No. 04897 / 07 - 03 - 03
PTR - O.R. No. 8852510 / 01 - 03 - 22 / Makati City
MCLE No VI-0016565 / 01 - 14 - 19
G/F Fedman Suites, 199 Salcedo Street,
Legaspi Village, Makati City

January 15, 2022

THE PHILIPPINE STOCK EXCHANGE

Philippine Stock Exchange Plaza
6th Floor, PSE Tower
Bonifacio Global City, Taguig

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

Subject: 2021 Fourth Quarter Progress Report on the Disbursement of Proceeds from the sale of The 30th ("The 30th") Commercial Development to AREIT, Inc. ("AREIT")

Dear Ms. Encarnacion,

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

Please be advised that as of December 31, 2021 the remaining balance of the proceeds from the sale of The 30th to AREIT amounts to One Billion Five Hundred Twelve Million Eight Hundred Eighty-One Thousand Seven Hundred Sixty-Seven Pesos and Twenty Six Centavos (Php1,512,881,767.26).

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

Net proceeds from the sale of The 30th (Refer to Amended Reinvestment plan dated Dec 22, 2021)	Php4,564,285,714.29
Less:	
Disbursements from Jan 16 to Sept 30, 2021 (Reported as of Sept 30, 2021)	956,079,904.09
Adjustments on disbursements reported as of Sept 30, 2021 (Annex A)	178,091,331.83
Disbursements from Oct 1 to Dec 31, 2021 (Annex B)	1,917,232,711.10
Balance of proceeds from the sale of The 30th as of December 31, 2021	<u>Php1,512,881,767.26</u>

Thank you.


Very truly yours,

Augusto D. Bengzon
Ayala Land, Inc.
Treasurer and Chief Finance Officer




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

SUBSCRIBED AND SWORN to before me this JAN 17 2022 at Makati City, affiants exhibiting to me their identification documents as follows:

Name	Competent Evidence of Identity	Date and Place Issued
AYALA LAND, INC. <i>Represented by:</i> Augusto D. Bengzon	TIN: 000-153-790-000 Passport No. P4323352B	 08 Jan 2020/ DFA NCR East
AREIT, Inc. <i>Represented by:</i> Ma. Teresa R. Famy	TIN: 006-346-689-000 Driver's License No. D06-97-186463	 Expiration Date 05 Dec 2023

Doc No. 337 ;
Page No. 69 ;
Book No. XV ;
Series of 2022 ;


MA. FLORENCE THERESE D.G. MARTIREZ-CRUZ
Notary Public - Makati City
Appt. No. M-154 until December 31, 2021
Roll of Attorneys No. 60896
IBP No. 136246 - 12/21/2020 - Makati City
PTR No. MKT8862852 - 01/11/2022 - Makati City
MCLE Compliance No. VI - 0009482 - 06/20/2018
28th Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines



ANNEX A- Adjustments on disbursements reported as of Sept 30, 2021

Disbursing Entity	Project Name	Amount
ALI Eton Property Development Corporation	Parklinks	389,674,233.92
Cebu District Property Enterprise, Inc.	Gatewalk Central	(211,582,902.09)
TOTAL		178,091,331.83

ANNEX B- Disbursements from Oct 1 to Dec 31, 2021

Disbursing Entity	Project Name	Amount
ALI Eton Property Development Corporation	Parklinks	306,000,000.00
ALI Commercial Center Inc	One Ayala (Malls)	384,716,788.50
ALI Commercial Center Inc	One Ayala (BPO)	558,480,000.00
Unity Realty & Dev't Corp.	Pampanga Property	225,000,000.00
Ayala Land Inc.	Arbor Lanes 1-5	97,190,715.62
Ayala Land Inc.	Avida Towers Vireo T1-3	77,646,815.35
Ayala Land Inc.	Avida Towers Sola T1-2	40,153,422.48
Amaia Land Corp.	Cavite Property	77,044,969.15
Amaia Land Corp.	Quezon City Property	61,000,000.00
Laguna Technopark Inc.	Cavite Property	90,000,000.00
TOTAL		1,917,232,711.10



SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

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, 2021** on the use of the proceeds from the sale of The 30th Commercial Development to AREIT, Inc. on **January 15, 2021**. 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 the sale of The 30th Commercial Development to AREIT, Inc. (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 sale of The 30th proceeds.

We report our findings below:

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

Distributing Entity	Amount	Project Name
ALI Eton Property Development Corporation	₱306,000,000.00	Parlinks (Mixed-use)
ALI Commercial Center Inc	384,716,788.50	One Ayala (Malls)
ALI Commercial Center Inc	558,480,000.00	One Ayala (BPO)
Unity Realty & Dev't Corp.	225,000,000.00	Pampanga Property
Amaia Land Corp	77,044,969.15	Cavite Property
Amaia Land Corp	61,000,000.00	Quezon City Property
Laguna Technopark Inc	90,000,000.00	Cavite Property
	₱1,702,241,757.65	

We have traced these amounts to the promissory note and bank statements and agreed the amounts to the accounting records. No exceptions noted.

We also traced the amounts disbursed by the Company during the 4th quarter (October to December) for the following projects amounting to ₱215 million to the progress billings, invoices and official receipts and agreed the amount to the accounting records. No exceptions noted.

Project Name	Amount
Arbor Lanes 1-5	₱97,190,715.62
Avida Towers Vireo T1-3	77,646,815.35
Avida Towers Sola T1-2	40,153,422.48
	₱214,990,953.45

3. We also noted adjustments made during the period. Adjustment for ALI Eton Property Development Corp. was due to the amendment of the planned use for Parklinks Project from ₱800 million to ₱833 million and the ₱527 million infusion from the Company last May and February 2021. The adjustment for Cebu District Property Enterprise, Inc. is attributable to the amendment on reinvestment plan from ₱837 million to ₱164 million and a correction of the reported disbursement as of September. No exceptions noted.

Distributing Entity	Amount	Project Name
ALI Eton Property Development Corporation	₱389,674,233.92	Parklinks
Cebu District Property Enterprise, Inc.	(211,582,902.09)	Gatewalk Central
	₱178,091,331.83	

4. There were no additions during the 4th quarter (October to December). Further, we inquired into and identified the nature of the disbursement. We have noted the Amended Reinvestment Plan dated December 22, 2021 included the proceeds from the sale of The 30th Commercial Development to AREIT, Inc. We also checked if the disbursements were classified consistently according to its nature based on the schedule of planned use of 30th proceeds as documented in the Amended 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 sale 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

Tax Identification No. 160-302-865

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

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

November 11, 2019, valid until November 10, 2022

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-073-2020, December 3, 2020, valid until December 2, 2023

PTR No. 8854360, January 3, 2022, Makati City

ACKNOWLEDGMENT

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


I certify that on 17 JAN 2022, before me a notary public duly authorized in the city named above to take acknowledgments, personally appeared:

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

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

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

Doc. No. 56 ;
Page No. 13 ;
Book No. 4 ;
Series of 2021. 2022


ATTY. JOSHUA P. LAPUZ
Notary Public for Makati City
Appointment No. M-19 until 12/31/2023
Roll No. 45790 / IBP Life No. 04897 / 07 - 03 - 03
PTR - O.R. No. 8852510 / 01 - 03 - 22 / Makati City
MCLE No VI-0016565 / 01 - 14 - 19
G/F Fedman Suites, 199 Salcedo Street,
Legaspi Village, Makati City

January 15, 2022

THE PHILIPPINE STOCK EXCHANGE

Philippine Stock Exchange Plaza
6th Floor, PSE Tower
Bonifacio Global City, Taguig

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

Subject: 2021 Fourth Quarter Progress Report on the Disbursement of Proceeds from the
sale of 44 million AREIT Shares

Dear Ms. Encarnacion,

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

Please be advised that as of December 31, 2021, the remaining balance of the proceeds from the sale of 44 million AREIT Shares, amounts to One Billion Three Hundred Ninety-Eight Million One Hundred Eighty-Six Thousand Two Hundred Forty Pesos (Php1,398,186,240.00).

No disbursement was made during the Fourth Quarter of 2021.

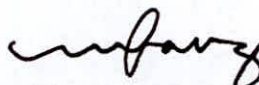
Gross Proceeds from sale of 44 million AREIT Shares as of May 5, 2021, Php	1, 408,000,000.00
Less: Transaction costs	<u>9,813,760.00</u>
Net Proceeds from sale of 44 million AREIT shares	1,398,186,240.00
Less: Disbursement May 5 to December 31, 2021	<u>0.00</u>
Balance of Proceeds from sale of AREIT Share as of December 31, 2021 Php	<u>1,398,186,240.00</u>

Thank you.

Very truly yours,



Augusto D. Bengzon
Ayala Land, Inc.
Treasurer and Chief Finance Officer




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

SUBSCRIBED AND SWORN to before me this JAN 17 2022 at Makati City, affiants exhibiting to me their identification documents as follows:

Name	Competent Evidence of Identity	Date and Place Issued
AYALA LAND, INC.	TIN: 000-153-790-000	
<i>Represented by:</i>		
Augusto D. Bengzon	Passport No. P4323352B	08 Jan 2020/ DFA NCR East
AREIT, Inc.	TIN: 006-346-689-000	
<i>Represented by:</i>		
Ma. Teresa R. Famy	Driver's License No. D06-97-186463	Expiration Date 05 Dec 2023

Doc No. 336 ;
Page No. 6A ;
Book No. XV ;
Series of 2022 ;


MA. FLORENCE THERESE D.G. MARTIREZ-CRUZ
Notary Public - Makati City
Appt. No. M-154 until December 31, 2021
Roll of Attorneys No. 60896
IBP No. 136246 - 12/21/2020 - Makati City
PTR No. MKT8862852 - 01/11/2022 - Makati City
MCLE Compliance No. VI -0009482 - 06/20/2018
28th Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines



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, 2021** on the use of the proceeds received by **Ayala Land, Inc.** (the "Company") from the block sale of its shares in **AREIT, Inc.** ("AREIT") on **May 5, 2021**. 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 the Block Sale of AREIT Shares (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 proceeds from the block sale of AREIT shares.

We report our findings below:

1. We checked the mathematical accuracy of the Schedule, no exceptions noted.
2. We checked whether there are additions and disbursements in the schedule and compare with the schedule of application of proceeds. There were no transactions during the 4th quarter (October to December).

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

Tax Identification No. 160-302-865

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

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

November 11, 2019, valid until November 10, 2022

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-073-2020, December 3, 2020, valid until December 2, 2023

PTR No. 8854360, January 3, 2022, Makati City

ACKNOWLEDGMENT

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


I certify that on 17 JAN 2022 before me a notary public duly authorized in the city named above to take acknowledgments, personally appeared:

<u>Name</u>	<u>Competent Evidence of Identity</u>	<u>Date / Place Issued</u>
Michael C. Sabado	P1178919B	March 25, 2019/DFA

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

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

Doc. No. 57 ;
Page No. 13 ;
Book No. 4 ;
Series of 2021. 2022


ATTY. JOSHUA P. LAPUZ
Notary Public for Makati City
Appointment No. M-19 until 12/31/2023
Roll No. 45790 / IBP Life No. 04897 / 07 - 03 - 03
PTR - O.R. No. 8852510 / 01 - 03 - 22 / Makati City
MCLE No VI-0016565 / 01 - 14 - 19
G/F Fedman Suites, 199 Salcedo Street,
Legaspi Village, Makati City

January 28, 2022

THE PHILIPPINE STOCK EXCHANGE

Philippine Stock Exchange Plaza
6th Floor, PSE Tower
Bonifacio Global City, Taguig

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

Subject: Final Tranche Final Report on the Disbursement of Proceeds from the Sale of The
30th Commercial Development ("The 30th") to AREIT, Inc. ("AREIT")

Dear Ms. Encarnacion,

We are pleased to submit the Final Report on the Application of Proceeds for the final tranche from the Sale of The 30th to AREIT, Inc., duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

On January 29, 2021, Ayala Land, Inc. ("ALI") received net proceeds from the Sale of The 30th amounting to Three Billion Six Hundred Fifty One Million Four Hundred Seventeen Thousand Eight Hundred Fifty Seven Pesos and Fourteen Centavos (Php3,651,417,857.14).

As of January 28, 2022, ALI already disbursed the total net proceeds amounting to Four Billion Five Hundred Sixty-Four Million Two Hundred Eighty-Five Thousand Seven Hundred Fourteen and Twenty-Eight Centavos (Php4,564,285,714.28), in accordance with its Reinvestment plan.

The details of the disbursement are as follows:

Proceeds from Sale of The 30th, January 15, 2021 (Initial payment)	Php912,867,857.14
Proceeds from Sale of The 30th, January 29, 2021 (Final payment)	3,651,417,857.14
Total Proceeds from Sale of The 30 th	<u>Php4,564,285,714.28</u>
Less: Disbursements from January 16, 2021 to January 28, 2022	<u>4,564,285,714.28</u>
Balance of Proceeds from Sale of The 30 th	<u>0</u>

Thank you.

Very truly yours,



Augusto D. Bengzon
Ayala Land, Inc.
Treasurer and Chief Finance Officer



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

SUBSCRIBED AND SWORN to before me this JAN 28 2022 at Makati City, affiants exhibiting to me their identification documents as follows:

Name	Competent Evidence of Identity	Date and Place Issued
AYALA LAND, INC. <i>Represented by:</i> Augusto D. Bengzon	TIN: 000-153-790-000 Passport No. P4323352B	 08 Jan 2020/ DFA NCR East
AREIT, Inc. <i>Represented by:</i> Ma. Teresa R. Famy	TIN: 006-346-689-000 Driver's License No. D06-97-186463	 Expiration Date 05 Dec 2023

Doc No. 357 ;
Page No. 73 ;
Book No. XV ;
Series of 2022 ;



A handwritten signature in blue ink, appearing to read "MA. FLORENCE THERESE D.G. MARTIREZ-CRUZ".

MA. FLORENCE THERESE D.G. MARTIREZ-CRUZ
Notary Public - Makati City
Appt. No. M-154 until December 31, 2021
Roll of Attorneys No. 60896
IBP No. 136246 - 12/21/2020 - Makati City
PTR No. MKT8862852 - 01/11/2022 - Makati City
MCLE Compliance No. VI-0009482 - 06/20/2018
28th Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines

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

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 Final Report as at **January 28, 2022** on the use of the proceeds for the final tranche from the sale of The 30th Commercial Development to AREIT, Inc. received on **January 29, 2021**. 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 final tranche Final Report on Use of Proceeds from the sale of The 30th Commercial Development to AREIT, Inc. (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 sale of The 30th proceeds.

We report our findings below:

1. We checked the mathematical accuracy of the Schedule, no exceptions noted.
2. We checked whether there are additions and disbursements in the schedule and compared with the schedule of application of proceeds.

3. We traced the receipt of the net proceeds to the Bank Statements, noted the following:
- The Company received total proceeds approximately ₱4,564 million, exclusive of tax or ₱5,112 million, VAT inclusive.
 - The Company received ₱913 million on January 15, 2021 for the first tranche.
 - The remaining ₱3,651 million exclusive of VAT was received on January 29, 2021 for the final tranche.

We also checked the entry made in the books of the Company. No exceptions noted.

4. 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:

Distributing Entity	Amount	Project Name
ALI Eton Property Development Corporation	833,000,000.00	Parklinks (Mixed-use)
Cebu District Property Enterprise, Inc.	164,024,444.13	Gateway Central (Malls & Offices)
Unity Realty & Dev't Corp.	955,000,000.00	Pampanga Property
ALI Commercial Center Inc	943,196,788.50	One Ayala (Malls & BPO)
Amaia Land Corp	77,044,969.15	Cavite Property
Amaia Land Corp	61,000,000.00	Quezon City Property
Accendo Development Corp	119,684,770.86	Avida Towers Abreeza T1
Amaia Land Corp.	36,520,910.68	Amaia Steps Alabang Helena
Avida Land Inc.	335,000,000.00	Mandaluyong Property
Avida Land Inc.	81,628,212.80	Iligan Property
Avida Land Inc.	67,035,109.47	Laguna Property
Avida Land Inc.	20,034,977.92	Batangas Property
Laguna Technopark Inc	135,000,000.00	Cavite Property
	₱3,828,170,183.51	

We have traced these amounts to the promissory note and bank statements and agreed the amounts to the accounting records. No exceptions noted.

We also traced the amounts disbursed for the following projects amounting to ₱736 million to the progress billings, invoices and official receipts and agreed the amount to the accounting records. No exceptions noted.

Project Name	Amount
Arbor Lanes 1-5	97,190,715.62
Avida Towers Vireo T1-3	83,762,364.83
Avida Towers Sola T1-2	40,153,422.48
Tarlac Property	427,780,654.18
Orean Place 1	87,228,373.66
	₱736,115,530.77

5. We inquired into and identified the nature of the disbursements. We have noted the Amended Reinvestment Plan dated December 22, 2021 included the proceeds from the sale of The 30th Commercial Development to AREIT, Inc. We also checked if the disbursements were classified consistently according to its nature based on the schedule of planned use of 30th proceeds as documented in the Amended 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 sale 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

Tax Identification No. 160-302-865

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

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

November 11, 2019, valid until November 10, 2022

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-073-2020, December 3, 2020, valid until December 2, 2023

PTR No. 8854360, January 3, 2022, Makati City

ACKNOWLEDGMENT

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

JAN 29 2022

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

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

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

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

ATTY. JOSM

Notary Public for Makati City

Appointment No. M-19 until 12/31/2023

Roll No. 45790 / IBP Life No. 04897 / 07-03-03

PTR - O.R. No. 8852510 / 01-03-22 / Makati City

MCLE No VI-0016565 / 01-14-19

G/F Fedman Suites, 199 Salcedo Street,

Legaspi Village, Makati City

Doc. No. 99 ;
Page No. 21 ;
Book No. 4 ;
Series of 2021. 2022

April 7, 2022

THE PHILIPPINE STOCK EXCHANGE

Philippine Stock Exchange Plaza
6th Floor, PSE Tower
Bonifacio Global City, Taguig

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

Subject: 2022 First Quarter Progress Report on the Disbursement of Proceeds from the Sale
of 44 million AREIT Shares

Dear Ms. Encarnacion,

We are pleased to submit our Progress Report on the Application of Proceeds for the First Quarter of 2022, duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

On May 5, 2021, Ayala Land, Inc. ("ALI") received gross proceeds from the sale of 44 million AREIT Shares amounting to One Billion Four Hundred Eight Million Pesos (Php1,408,000,000).

As of March 31, 2022, ALI already disbursed the total gross proceeds amounting to One Billion Four Hundred Eight Million Pesos (Php1,408,000,000) in accordance with its Reinvestment plan.

The details of the disbursement are as follows:

Gross Proceeds from sale of 44 million AREIT Shares as of May 5, 2021	Php1,408,000,000.00
Less: Disbursements from May 5, 2021 to March 31, 2022 (Annex A)	<u>Php1,408,000,000.00</u>
Balance of Proceeds from sale of AREIT Shares as of March 31, 2022	<u><u>0</u></u>

Thank you.

Very truly yours,



Augusto D. Bengzon
Ayala Land, Inc.
Treasurer and Chief Finance Officer




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

SUBSCRIBED AND SWORN to before me this APR 08 2022 at Makati City, affiants exhibiting to me their identification documents as follows:

Name	Competent Evidence of Identity	Date and Place Issued
AYALA LAND, INC. <i>Represented by:</i> Augusto D. Bengzon	TIN: 000-153-790-000 Passport No. P4323352B	 08 Jan 2020/ DFA NCR East
AREIT, Inc. <i>Represented by:</i> Ma. Teresa R. Famy	TIN: 006-346-689-000 Driver's License No. D06-97-186463	 Expiration Date 05 Dec 2023

Doc No. 436 ;
Page No. 89 ;
Book No. XV ;
Series of 2022 ;




MA. FLORENCE THERESE D.G. MARTIREZ-CRUZ
Notary Public - Makati City
Appt. No. M-154 until December 31, 2021
Roll of Attorneys No. 60896
Extended until June 30, 2022
IBP No. 178376 - 02/16/2022 - Makati City
PTR No. MKT8862852 - 01/11/2022 - Makati City
MCLE Compliance No. VI - 0009482 - 06/20/2018
28th Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines

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

ANNEX A- Disbursements from January 1 to March 31, 2022

Disbursing Entity	Project Name	Amount
Ayala Land Inc	One Vertis Plaza	167,842,669.23
Ayala Land Inc	Arbor Lanes 3-5	353,093,073.88
Ayala Land Inc	Gardencourt	175,533,678.37
Ayala Land Inc	Andacillo	175,796,424.97
Ayala Land Inc	Orean Place T2	127,890,492.25
Avida Land Corp	Manila Property	300,436,281.60
Avida Land Corp	Avida Towers Riala T1-T5	98,252,365.13
Avida Land Corp	Avida Towers Verge T1	9,155,014.57
TOTAL		1,408,000,000.00

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 **March 31, 2022** on the use of the proceeds received by **Ayala Land, Inc.** (the “Company”) from the block sale of its shares in **AREIT, Inc.** (“AREIT”) on **May 5, 2021**. 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 the Block Sale of AREIT Shares (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 proceeds from the block sale of AREIT shares.

We report our findings below:

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

Distributing Entity	Amount	Project Name
Avida Land Corp	₱300,436,281.60	Manila Property
Avida Land Corp	98,252,365.13	Avida Towers Riala T1-T5
Avida Land Corp	9,155,014.57	Avida Towers Verge T1
	₱407,843,661.3	

We have traced these amounts to the promissory note and bank statements and agreed the amounts to the accounting records. No exceptions noted.

We also traced the amounts disbursed for the following projects amounting to ₱1,000.16 million to the progress billings, invoices and official receipts and agreed the amount to the accounting records. No exceptions noted.

Project Name	Amount
One Vertis Plaza	₱167,842,669.23
Arbor Lanes 3-5	353,093,073.88
Gardencourt	175,533,678.37
Andacillo	175,796,424.97
Orean Place T2	127,890,492.25
	₱1,000,156,338.70

3. We inquired into and identified the nature of the disbursements. We have noted the Amended Reinvestment Plan dated March 22, 2022 included the proceeds from the block sale of AREIT. We also checked if the disbursements were classified consistently according to its nature based on the schedule of planned use proceeds from the block sale of AREIT shares as documented in the Amended 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

Tax Identification No. 160-302-865

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

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

November 11, 2019, valid until November 10, 2022

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-073-2020, December 3, 2020, valid until December 2, 2023

PTR No. 8854360, January 3, 2022, Makati City

ACKNOWLEDGMENT

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

APR 08 2022

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

<u>Name</u>	<u>Competent Evidence of Identity</u>	<u>Date / Place Issued</u>
Michael C. Sabado	P1178919B	March 25, 2019/DFA

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

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

Doc. No. 395 ;
Page No. 80 ;
Book No. 4 ;
Series of 2022.

JP

ATTY. JOSHUA P. LAPUZ

Notary Public for Makati City

Appointment No. M-19 until 12/31/2023

Roll No. 45790 / IBP Life No. 04897 / 07-03-03

PTR - O.R. No. 8852510 / 01-03-22 / Makati City

MCLE No VI-0016565 / 01-14-19

G/F Fedman Suites, 199 Salcedo Street,

Legaspi Village, Makati City

April 7, 2022

THE PHILIPPINE STOCK EXCHANGE

Philippine Stock Exchange Plaza
6th Floor, PSE Tower
Bonifacio Global City, Taguig

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

Subject: Final Report on the Disbursement of Proceeds from the Sale of 44 million AREIT
Shares

Dear Ms. Encarnacion,

We are pleased to submit our Final Report on the Application of Proceeds from the sale of 44 million AREIT Shares at a transaction price of PHP32.00 per share, duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

On May 5, 2021, Ayala Land, Inc. ("ALI") received gross proceeds from the sale of 44 million AREIT Shares amounting to One Billion Four Hundred Eight Million Pesos (Php1,408,000,000).

As of March 31, 2022, ALI already disbursed the total gross proceeds amounting to One Billion Four Hundred Eight Million Pesos (Php1,408,000,000) in accordance with its Reinvestment plan.

The details of the disbursement are as follows:

Gross Proceeds from sale of 44 million AREIT Shares as of May 5, 2021	Php1,408,000,000.00
Less: Disbursements from May 5, 2021 to March 31, 2022 (Annex A)	<u>Php1,408,000,000.00</u>
Balance of Proceeds from sale of AREIT Shares as of March 31, 2022	<u><u>0</u></u>

Thank you.

Very truly yours,



Augusto D. Bengzon
Ayala Land, Inc.
Treasurer and Chief Finance Officer



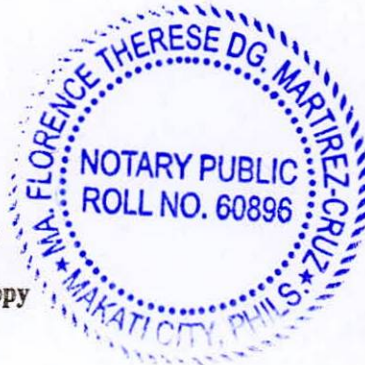
Ma. Teresa R. Famy
AREIT, Inc.
Chief Finance and Compliance Officer


SUBSCRIBED AND SWORN to before me this _____ at Makati City, affiants exhibiting to me their identification documents as follows: **APR 08 2022**

Name	Competent Evidence of Identity	Date and Place Issued
AYALA LAND, INC. <i>Represented by:</i> Augusto D. Bengzon	TIN: 000-153-790-000 Passport No. P4323352B	 08 Jan 2020/ DFA NCR East
AREIT, Inc. <i>Represented by:</i> Ma. Teresa R. Famy	TIN: 006-346-689-000 Driver's License No. D06-97-186463	 Expiration Date 05 Dec 2023

Doc No. 437 ;
Page No. 89 ;
Book No. XV ;
Series of 2022 ;

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




MA. FLORENCE THERESE D.G. MARTIREZ-CRUZ
Notary Public - Makati City
Appt. No. M-154 until December 31, 2021
Roll of Attorneys No. 60896
Extended until June 30, 2022
IBP No. 178376 - 02/16/2022 - Makati City
PTR No. MKT8862852 - 01/11/2022 - Makati City
MCLE Compliance No. VI - 0009482 - 06/20/2018
28th Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines

ANNEX A- Disbursements from January 1 to March 31, 2022

Disbursing Entity	Project Name	Amount
Ayala Land Inc.	One Vertis Plaza	167,842,669.23
Ayala Land Inc.	Arbor Lanes 3-5	353,093,073.88
Ayala Land Inc.	Gardencourt	175,533,678.37
Ayala Land Inc.	Andacillo	175,796,424.97
Ayala Land Inc.	Orean Place T2	127,890,492.25
Avida Land Corp.	Manila Property	300,436,281.60
Avida Land Corp.	Avida Towers Riala T1-T5	98,252,365.13
Avida Land Corp.	Avida Towers Verge T1	9,155,014.57
TOTAL		1,408,000,000.00

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 **March 31, 2022** on the use of the proceeds received by **Ayala Land, Inc.** (the “Company”) from the block sale of its shares in **AREIT, Inc.** (“AREIT”) on **May 5, 2021**. 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 the Block Sale of AREIT Shares (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 proceeds from the block sale of AREIT shares.

We report our findings below:

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

Distributing Entity	Amount	Project Name
Avida Land Corp	₱300,436,281.60	Manila Property
Avida Land Corp	98,252,365.13	Avida Towers Riala T1-T5
Avida Land Corp	9,155,014.57	Avida Towers Verge T1
	₱407,843,661.3	

We have traced these amounts to the promissory note and bank statements and agreed the amounts to the accounting records. No exceptions noted.

We also traced the amounts disbursed for the following projects amounting to ₱1,000.16 million to the progress billings, invoices and official receipts and agreed the amount to the accounting records. No exceptions noted.

Project Name	Amount
One Vertis Plaza	₱167,842,669.23
Arbor Lanes 3-5	353,093,073.88
Gardencourt	175,533,678.37
Andacillo	175,796,424.97
Orean Place T2	127,890,492.25
	₱1,000,156,338.70

3. We inquired into and identified the nature of the disbursements. We have noted the Amended Reinvestment Plan dated March 22, 2022 included the proceeds from the block sale of AREIT. We also checked if the disbursements were classified consistently according to its nature based on the schedule of planned use proceeds from the block sale of AREIT shares as documented in the Amended 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

Tax Identification No. 160-302-865

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

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

November 11, 2019, valid until November 10, 2022

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-073-2020, December 3, 2020, valid until December 2, 2023

PTR No. 8854360, January 3, 2022, Makati City

ACKNOWLEDGMENT

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

APR 08 2022

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

<u>Name</u>	<u>Competent Evidence of Identity</u>	<u>Date / Place Issued</u>
Michael C. Sabado	P1178919B	March 25, 2019/DFA

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

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

Doc. No. 395 ;
Page No. 80 ;
Book No. A ;
Series of 2022.

JP

ATTY. JOSHUA P. LAPUZ

Notary Public for Makati City

Appointment No. M-19 until 12/31/2023

Roll No. 45790 / IBP Life No. 04897 / 07-03-03

PTR - O.R. No. 8852510 / 01-03-22 / Makati City

MCLE No VI-0016565 / 01-14-19

G/F Fedman Suites, 199 Salcedo Street,

Legaspi Village, Makati City

STRICTLY CONFIDENTIAL

REPORT OF FACTUAL FINDINGS

AYALA LAND, INC.

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

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

Dear Mr. Bengzon:

We have performed the procedures agreed with you and enumerated below with respect to the attached Quarterly Progress Report as at **June 30, 2022** on the use of the proceeds received by **Ayala Land, Inc.** (the "Company") from the block sale of its shares in **AREIT, Inc.** ("AREIT") on **May 2, 2022**. 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 the Block Sale of AREIT Shares (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 proceeds from the block sale of AREIT shares.

We report our findings below:

1. We checked the mathematical accuracy of the Schedule, no exceptions noted.
2. We traced the disbursements to the subscription agreement. We have noted that the Company made capital infusion to the following company to be used in the project specified:

Distributing Entity	Amount	Project Name
ALI Eton Property Development Corporation	₱1,250,000,000	Quezon City Property

We have also noted that the Company issued intercompany loans to the following company to be used in the project specified:

Distributing Entity	Amount	Project Name
Laguna Technopark Inc.	₱745,000,000	Batangas Property

We have traced these amounts to the promissory note and bank statements and agreed the amounts to the accounting records. No exceptions noted.

We also traced the amounts disbursed for the following projects amounting to ₱273.60 million to the progress billings, invoices and official receipts and agreed the amount to the accounting records. No exceptions noted.

Project Name	Amount
Cavite Property	₱108,135,603
One Vertis Plaza	99,274,245
Andacillo	66,188,088
	₱273,597,936

3. We traced the net proceeds received in the Schedule amounting to ₱3,444.41 million to the bank statements and trading confirmation advice from BPI Securities. No exceptions noted.
4. We inquired into and identified the nature of the disbursements. We have noted the Reinvestment Plan dated May 2, 2022 included the proceeds from the block sale of AREIT. We also checked if the disbursements were classified consistently according to its nature based on the schedule of planned use proceeds from the block sale of AREIT shares 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

Tax Identification No. 160-302-865

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

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

November 11, 2019, valid until November 10, 2022

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-073-2020, December 3, 2020, valid until December 2, 2023

PTR No. 8854360, January 3, 2022, Makati City

ACKNOWLEDGMENT

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

JUL 14 2022

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

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

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

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

Doc. No. 488 ;
Page No. 88 ;
Book No. A ;
Series of 2022.

JR
ATTY. JOSHUA P. LAPUZ
Notary Public for Makati City
Appointment No. M-19 until 12/31/2023
Roll No. 45790 / IBP Life No. 04897 / 07-03-03
PTR - O.R. No. 8852510 / 01-03-22 / Makati City
MCLE No VI-0016565 / 01-14-19
G/F Fedman Suites, 199 Salcedo Street,
Legaspi Village, Makati City

July 14, 2022

THE PHILIPPINE STOCK EXCHANGE

Philippine Stock Exchange Plaza
6th Floor, PSE Tower
Bonifacio Global City, Taguig

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

Subject: 2022 Second Quarter Progress Report on the Disbursement of Proceeds from the Sale of
87.37 million AREIT Shares

Dear Ms. Encarnacion,

We are pleased to submit our Progress Report on the Application of Proceeds for the Second Quarter of 2022, duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

On May 2, 2022, Ayala Land, Inc. ("ALI") received net proceeds from the sale of 87.37 million AREIT Shares amounting to Three Billion Four Hundred Forty-Four Million Four Hundred Twelve Thousand Nine Hundred Thirty-Four Pesos and Sixty-Seven Centavos (Php3,444,412,934.67).

As of June 30, 2022, ALI already disbursed total net proceeds amounting to Two Billion Two Hundred Sixty-Eight Million Five Hundred Ninety-Seven Thousand Nine Hundred Thirty-Six and Sixty-Nine Centavos (Php 2,268,597,936.69) in accordance with its Reinvestment plan.

The details of the disbursement are as follows:

Net Proceeds from sale of 87.37 million AREIT Shares as of May 2, 2022	Php3,444,412,934.67
Less: Disbursements from May 2, 2022 to June 30, 2022 (Annex A)	<u>2,268,597,936.69</u>
Balance of Proceeds from sale of AREIT Shares as of June 30, 2022	<u>1,175,814,997.98</u>

Thank you.

Very truly yours,



Augusto D. Bengzon
Ayala Land, Inc.
Treasurer and Chief Finance Officer



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


SUBSCRIBED AND SWORN to before me this JUL 14 2022 at Makati City, affiants exhibiting to me their identification documents as follows:

Name	Competent Evidence of Identity	Date and Place Issued
AYALA LAND, INC. <i>Represented by:</i> Augusto D. Bengzon	TIN: 000-153-790-000 Passport No. P4323352B	 08 Jan 2020/ DFA NCR East
AREIT, Inc. <i>Represented by:</i> Ma. Teresa R. Famy	TIN: 006-346-689-000 Driver's License No. 006-07-186463	 Expiration Date 05 Dec 2023

Doc No. 33 ;
Page No. 8 ;
Book No. I ;
Series of 2022 ;



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


VENUS B. AMBRONA
Notary Public - Makati City
Appt. No. M-150 until December 31, 2023
Roll of Attorneys No. 63025
IBP No. 178071; 02/14/2022; RSM
PTR No. MKT8865001; 01/12/2022; Makati City
MCLE Compliance No. VI-0025148; 04/08/19
2nd Floor, Tower One and Exchange Plaza, Ayala Triangle,
Ayala Avenue, Makati City, Philippines

ANNEX A- Disbursements from May 2 to June 30, 2022

Disbursing Entity	Project Name	Amount (in PHP)
ALI Eton Property Development Corporation (a 50:50 JV between ALI and EPPI)	Quezon City Property	1,250,000,000.00
Laguna Technopark Inc.	Batangas Property	745,000,000.00
Ayala Land Inc.	Cavite Property	108,135,603.24
Ayala Land Inc.	One Vertis Plaza	99,274,245.45
Ayala Land Inc.	Andacillo	66,188,088.00
TOTAL		2,268,597,936.69

October 13, 2022

THE PHILIPPINE STOCK EXCHANGE

Philippine Stock Exchange Plaza
6th Floor, PSE Tower
Bonifacio Global City, Taguig

Attention: Alexandra D. Tom Wong
Officer-in-Charge, Disclosure Department

Subject: 2022 Third Quarter Progress Report on the Disbursement of Proceeds from the Sale of
87.37 million AREIT Shares

Dear Ms. Tom Wong,

We are pleased to submit our Progress Report on the Application of Proceeds for the Third Quarter of 2022, duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

Please be advised that as of September 30, 2022, the remaining balance of the proceeds from the sale of 87.37 million AREIT Shares, amounts to One Billion One Hundred Sixty Million Eight Hundred Fifty Seven Thousand Seven Hundred Ninety Four and Fifty Two Centavos (Php1,160,857,794.52).

The details of the disbursement for the Third Quarter of 2022 are as follows:

Balance of Proceeds from sale of AREIT Shares as of June 30, 2022	Php1,175,814,997.98
Less: Disbursements from July 1, 2022 to September 30, 2022 (Annex A)	<u>14,957,203.46</u>
Balance of Proceeds from sale of AREIT Shares as of September 30, 2022	<u>1,160,857,794.52</u>

Thank you.

Very truly yours,



Augusto D. Bengzon
Ayala Land, Inc.
Treasurer and Chief Finance Officer



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

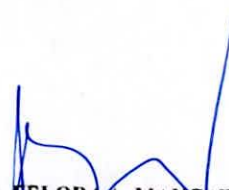
SUBSCRIBED AND SWORN to before me this OCT 13 2022 at Makati City, affiants exhibiting to me their identification documents as follows:

Name	Competent Evidence of Identity	Date and Place Issued
AYALA LAND, INC. <i>Represented by:</i> Augusto D. Bengzon	TIN: 000-153-790-000 Passport No. P4323352B	 08 Jan 2020/ DFA NCR East
AREIT, Inc. <i>Represented by:</i> Ma. Teresa R. Famy	TIN: 006-346-689-000 Driver's License No. D06-97-186463	 Expiration Date 05 Dec 2023

Doc No. 127 ;
Page No. 17 ;
Book No. IV ;
Series of 2022 ;

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




MA. FELORA A. MANGAWANG
Notary Public - Makati City
Appt. No. M-257 until December 31, 2023
Roll of Attorneys No. 64804
Lifetime IBP No. 013749 - Makati City
PTR No. MKT8862851 - 01/11/2022 - Makati City
MCLE Compliance No. VII -0006702 - 11/18/2021
28th Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines

ANNEX A- Disbursements from July 1 to September 30, 2022

Disbursing Entity	Project Name	Amount (in PHP)
Ayala Land Inc.	One Vertis Plaza	11,026,165.24
Ayala Land Inc.	Andacillo	3,931,038.22
TOTAL		14,957,203.46

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, 2022** on the use of the proceeds received by **Ayala Land, Inc.** (the "Company") from the block sale of its shares in **AREIT, Inc.** ("AREIT") on **May 2, 2022**. 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 the Block Sale of AREIT Shares (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 proceeds from the block sale of AREIT shares.

We report our findings below:

1. We checked the mathematical accuracy of the Schedule, no exceptions noted.
2. We compared the additions and disbursements in the Schedule with the schedule of application of proceeds. No exceptions noted.

- 2 -

3. On a sample basis, we also traced the amounts disbursed for the following projects amounting to P14.96 million for the periods from July 1, 2022 up to September 30, 2022 to the progress billings, invoices and official receipts and agreed the amount to the accounting records. No exceptions noted.

<u>Distributing Entity</u>	<u>Project Name</u>	<u>Amount</u>
	One Vertis Plaza	P11,026,165
Ayala Land, Inc.	Andacillo	3,931,038
		P14,957,203

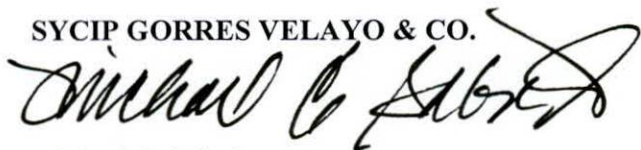
4. On a sample basis, we inquired into and identified the nature of the disbursements. We have noted the Reinvestment Plan dated May 2, 2022 included the proceeds from the block sale of AREIT. We also checked if the disbursements were classified consistently according to its nature based on the schedule of planned use proceeds from the block sale of AREIT shares as documented in the Reinvestment Plan. We have noted that the abovementioned entity and the related projects were included in the Reinvestment Plan, and the amounts disbursed to the entity 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

Tax Identification No. 160-302-865

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

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

November 11, 2019, valid until November 10, 2022

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-073-2020, December 3, 2020, valid until December 2, 2023

PTR No. 8854360, January 3, 2022, Makati City

ACKNOWLEDGMENT

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

I certify that on **OCT 13 2022** before me a notary public duly authorized in the city named above to take acknowledgments, personally appeared:

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

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

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

Doc. No. 317 ;
Page No. 65 ;
Book No. 29 ;
Series of 2022.

JR
ATTY. JOSHUA P. LAPUZ
Notary Public for Makati City
Appointment No. M-19 until 12/31/2023
Roll No. 45790 / IBP Life No. 04897 / 07-03-03
PTR - O.R. No. 8852510 / 01-03-22 / Makati City
MCLE No VI-0016565 / 01-14-19
G/F Fedman Suites, 199 Salcedo Street,
Legaspi Village, Makati City

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATIONS CODE (SRC) AND SRC RULE 17.1

1. January 13, 2023
Date of Report (Date of earliest event reported)
2. 152747 3. 000-153-790-000
SEC Identification Number BIR Tax Identification Number
4. AYALA LAND, INC.
Exact Name of registrant as specified in its charter
5. MAKATI CITY, PHILIPPINES 6. [REDACTED] (SEC Use Only)
Province, country or other jurisdiction of Industry Classification Code
incorporation
7. 31F Tower One and Exchange Plaza, Ayala Triangle, 1226
Ayala Avenue, Makati City
Address of principal office Postal code
8. (632) 7908-3111
Registrant's telephone number, including area code
9. Not Applicable
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class (As of November 8, 2022)	Number of Shares of Stock Outstanding	Amount of Debt Outstanding (Registered)
Common	14,757,239,931	
Voting Preferred*	12,442,524,223	P87,250,000,000.00

Indicate the item numbers reported herein :

Item 9. Other Events
Re: 4Q 2022 Reinvestment Plan Progress Report

AYALA LAND, INC.

Registrant



Date: January 13, 2023

MICHAEL ANTHONY L GARCIA

Head, Investor Communications and Compliance,

*Unregistered

January 13, 2023

THE PHILIPPINE STOCK EXCHANGE

Philippine Stock Exchange Plaza
6th Floor, PSE Tower
Bonifacio Global City, Taguig

Attention: Alexandra D. Tom Wong
Officer-in-Charge, Disclosure Department

Subject: 2022 Fourth Quarter Progress Report on the Disbursement of Proceeds from the Sale of
87.37 million AREIT Shares

Dear Ms. Tom Wong,

We are pleased to submit our Progress Report on the Application of Proceeds for the Fourth Quarter of 2022, duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

Please be advised that from October 1 to December 31, 2022, Ayala Land disbursed proceeds amounting to One Billion One Hundred Sixty Million Eight Hundred Fifty Seven Thousand Seven Hundred Ninety Four and Fifty Two Centavos (Php1,160,857,794.52).

The details of the disbursement for the Fourth Quarter of 2022 are as follows:

Balance of Proceeds from sale of AREIT Shares as of September 30, 2022	Php1,160,857,794.52
Less: Disbursements from October 1, 2022 to December 31, 2022 (Annex A)	<u>(1,160,857,794.52)</u>
Balance of Proceeds from sale of AREIT Shares as of December 31, 2022	<u>0</u>

Thank you.

Very truly yours,



Augusto D. Bengzon
Ayala Land, Inc.
Treasurer and Chief Finance Officer



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

SUBSCRIBED AND SWORN to before me this JAN 13 2023 at Makati City, affiants exhibiting to me their identification documents as follows:

Name	Competent Evidence of Identity	Date and Place Issued
AYALA LAND, INC. Represented by: Augusto D. Bengzon	TIN: 000-153-790-000 Passport No. P4323352B	08 Jan 2020/ DFA NCR East
AREIT, Inc. Represented by: Ma. Teresa R. Famy	TIN: 006-346-689-000 Driver's License No. D06-97-186463	Expiration Date 05 Dec 2023

Doc. No. 242
Page No. 50
Book No. IV
Series of 2023.

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



[Signature]
MA FELORA A. MANGAWANG
Notary Public - Makati City
Appt. No. M-257 until December 31, 2023
Roll of Attorneys No. 64804
Lifetime IBP No. 013749 - Makati City
PTR No. MKT 9569473 - 1/9/2023 - Makati City
MCLE Compliance No. VII-0006702 - 11/18/2021
28th Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines

ANNEX A- Disbursements from October 1 to December 31, 2022

Disbursing Entity	Project Name	Amount (in PHP)
Ayala Land Inc.	Caloocan Property	156,950,720.00
ALI Eton Property Development Corporation (a 50:50 JV between ALI and EPPI)	Quezon City Property	849,000,000.00
Ayala Land Inc.	One Vertis Plaza	154,907,074.52
TOTAL		1,160,857,794.52

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, 2022** on the use of the proceeds received by **Ayala Land, Inc.** (the “Company”) from the block sale of its shares in **AREIT, Inc.** (“AREIT”) on **May 2, 2022**. 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 the Block Sale of AREIT Shares (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 proceeds from the block sale of AREIT shares.

We report our findings below:

1. We checked the mathematical accuracy of the Schedule, no exceptions noted.
2. We checked whether there are additions and disbursements in the Schedule with the schedule of application of proceeds. No exceptions noted.
3. On a sample basis, we also traced the amounts disbursed for the following projects amounting to ₱1,160.86 million for the periods from October 1, 2022 up to December 31, 2022 to the progress billings, invoices and official receipts and agreed the amount to the accounting records. No exceptions noted.

Distributing Entity	Project Name	Amount
Ayala Land, Inc.	Caloocan Property	₱156,950,720
	One Vertis Plaza	154,907,075
ALI Eton Property Development Corporation	Quezon City Property	849,000,000
		₱1,160,857,795

4. On a sample basis, we inquired into and identified the nature of the disbursements. We have noted the Amended Reinvestment Plan dated January 9, 2023 included the proceeds from the block sale of AREIT. We also checked if the disbursements were classified consistently according to its nature based on the schedule of planned use proceeds from the block sale of AREIT shares as documented in the Amended Reinvestment Plan. 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

Tax Identification No. 160-302-865

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 89336-SEC (Group A)

Valid to cover audit of 2022 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-073-2020, December 3, 2020, valid until December 2, 2023

PTR No. 9564691, January 3, 2023, Makati City

ACKNOWLEDGMENT

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

I certify that on **JAN 13 2023**, before me a notary public duly authorized in the city named above to take acknowledgments, personally appeared:

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

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

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

Doc. No. 22 ;
Page No. 6 ;
Book No. 6 ;
Series of 2023.

JR
JOSHUA P. LAPUZ
 Notary Public for Makati City
 Appointment No. M-19 / Until 12-31-23
 Roll No. 45790 / IBP Lifetime No. 04897 / 07-03-03
 PTR O.R. No. 9563523 / 01-03-23 / Makati City
 MCLE No. VII-0016370 / 04-26-22 Until 04-14-25
 G/F Fedman Suites, 199 Salcedo St.
 Legaspi Village, Makati City

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATIONS CODE (SRC) AND SRC RULE 17.1

1. January 13, 2023
Date of Report (Date of earliest event reported)
2. 152747 SEC Identification Number
3. 000-153-790-000 BIR Tax Identification Number
4. AYALA LAND, INC.
Exact Name of registrant as specified in its charter
5. MAKATI CITY, PHILIPPINES Province, country or other jurisdiction of incorporation
6. [REDACTED] (SEC Use Only) Industry Classification Code
7. 31F Tower One and Exchange Plaza, Ayala Triangle,
Ayala Avenue, Makati City Address of principal office
- 1226 Postal code
8. (632) 7908-3111
Registrant's telephone number, including area code
9. Not Applicable
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class (As of November 8, 2022)	Number of Shares of Stock Outstanding	Amount of Debt Outstanding (Registered)
Common	14,757,239,931	
Voting Preferred*	12,442,524,223	P87,250,000,000.00

Indicate the item numbers reported herein :

Item 9. Other Events
Re: Final Reinvestment Plan Progress Report

AYALA LAND, INC.

Registrant



Date: January 13, 2023

MICHAEL ANTHONY L GARCIA

Head, Investor Communications and Compliance,

*Unregistered

January 13, 2023

THE PHILIPPINE STOCK EXCHANGE

Philippine Stock Exchange Plaza
6th Floor, PSE Tower
Bonifacio Global City, Taguig

Attention: Alexandra D. Tom Wong
Officer-in-Charge, Disclosure Department

Subject: Final Report on the Disbursement of Proceeds from the Sale of 87.37 million AREIT Shares

Dear Ms. Tom Wong,

We are pleased to submit our Final Report on the Application of Proceeds from the sale of 87.37 million AREIT Shares at a transaction price of PHP39.70 per share, duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

On May 2, 2022, Ayala Land, Inc. ("ALI") received net proceeds from the sale of 87.37 million AREIT Shares amounting to Three Billion Four Hundred Forty-Four Million Four Hundred Twelve Thousand Nine Hundred Thirty-Four Pesos and Sixty-Seven Centavos (Php3,444,412,934.67).

As of December 31, 2022, ALI already disbursed the total net proceeds amounting to Three Billion Four Hundred Forty-Four Million Four Hundred Twelve Thousand Nine Hundred Thirty-Four Pesos and Sixty-Seven Centavos (Php3,444,412,934.67) in accordance with its Reinvestment plan.

The details of the disbursements are as follows:

Net Proceeds from sale of 87.37 million AREIT Shares as of May 2, 2022	Php3,444,412,934.67
Less: Disbursements from May 2, 2022 to December 31, 2022 (Annex A)	<u>(3,444,412,934.67)</u>
Balance of Proceeds from sale of AREIT Shares as of December 31, 2022	<u><u>0</u></u>

Thank you.

Very truly yours,



Augusto D. Bengzon
Ayala Land, Inc.
Treasurer and Chief Finance Officer



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

SUBSCRIBED AND SWORN to before me this JAN 13 2023 at Makati City, affiants exhibiting to me their identification documents as follows:

Name	Competent Evidence of Identity	Date and Place Issued
AYALA LAND, INC. <i>Represented by:</i> Augusto D. Bengzon	TIN: 000-153-790-000 Passport No. P4323352B	 08 Jan 2020/ DFA NCR East
AREIT, Inc. <i>Represented by:</i> Ma. Teresa R. Famy	TIN: 006-346-689-000 Driver's License No. D06-97-186463	 Expiration Date 05 Dec 2023

*Doc. No. 241
Page No. 50
Book No. 1V
Series of 2023.*



[Signature]
MA. FELORA A. MANGAWANG
Notary Public - Makati City
Appt. No. M-257 until December 31, 2023
Roll of Attorneys No. 64804
Lifetime IBP No. 013749 - Makati City
PTR No. ~~MKT 9569473~~ - 11/1/2023 - Makati City
MCLE Compliance No. VII-0006702 - 11/18/2021
28th Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines

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

ANNEX A- Disbursements from May 2 to December 31, 2022

Disbursing Entity	Project Name	Amount (in PHP)
Ayala Land Inc.	Caloocan Property	156,950,720.00
ALI Eton Property Development Corporation (a 50:50 JV between ALI and EPPI)	Quezon City Property	2,099,000,000.00
Laguna Technopark Inc.	Batangas Property	745,000,000.00
Ayala Land Inc.	Cavite Property	108,135,603.24
Ayala Land Inc.	One Vertis Plaza	265,207,485.21
Ayala Land Inc.	Andacillo	70,119,126.22
TOTAL		3,444,412,934.67

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 Final Report as at **December 31, 2022** on the use of the proceeds received by **Ayala Land, Inc.** (the “Company”) from the block sale of its shares in **AREIT, Inc.** (“AREIT”) on **May 2, 2022**. 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 the Block Sale of AREIT Shares (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 proceeds from the block sale of AREIT shares.

We report our findings below:

1. We checked the mathematical accuracy of the Schedule, no exceptions noted.
2. We checked the additions and disbursements in the Schedule with the schedule of application of proceeds. No exceptions noted.
3. On a sample basis, we traced the 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. We noted the amounts disbursed for the following projects amounting to ₱3,444.41 million for the periods from May 2 up to December 31, 2022. No exceptions noted.

Distributing Entity	Project Name	Amount
	Andacillo	₱70,119,127
Ayala Land, Inc.	Caloocan Property	156,950,720
	Cavite Property	108,135,603
	One Vertis Plaza	265,207,485
ALI Eton Property Development Corporation	Quezon Property	2,099,000,000
Laguna Technopark Inc.	Batangas Property	745,000,000
		₱3,444,412,935

4. On a sample basis, we inquired into and identified the nature of the disbursements. We have noted the Amended Reinvestment Plan dated January 9, 2023 included the proceeds from the block sale of AREIT. We also checked if the disbursements were classified consistently according to its nature based on the schedule of planned use proceeds from the block sale of AREIT shares as documented in the Amended Reinvestment Plan. 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

Tax Identification No. 160-302-865

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 89336-SEC (Group A)

Valid to cover audit of 2022 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-073-2020, December 3, 2020, valid until December 2, 2023

PTR No. 9564691, January 3, 2023, Makati City

ACKNOWLEDGMENT

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

I certify that on **JAN 13 2023** before me a notary public duly authorized in the city named above to take acknowledgments, personally appeared:

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

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

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

Doc. No. 21 ;
Page No. 6 ;
Book No. 6 ;
Series of 2023.

JP

JOSHUA P. LAPUZ
Notary Public for Makati City
Appointment No. M-19 / Until 12-31-23
Roll No. 45790 / IBP Lifetime No. 04897 / 07-03-03
PTR O.R. No. 9563523 / 01-03-23 / Makati City
MCLE No. VII-0016370 / 04-16-22 Until 04-14-25
G/F Fedman Suites, 188 Salcedo St.
Legaspi Village, Makati City