

“Our growth initiatives will benefit AREIT profoundly—enlarging the portfolio, diversifying the assets, reducing concentration risk, and most importantly, providing shareholders dividend accretion.”



One Ayala East & West Towers
Ayala Center, Makati

Contents



6 AREIT'S DIVERSIFIED ASSET PORTFOLIO



14 JOINT MESSAGE FROM THE CHAIRPERSON AND PRESIDENT



46 SUSTAINABILITY

Background

About this Report	3
About the Company	5
AREIT's Diversified Asset Portfolio	6
Performance Highlights	10

To Our Stakeholders

Joint Message from the Chairperson and President	14
--	----

Our Performance

Business Review	22
-----------------	----

Our Leaders

Board of Directors	26
Management Team	30
AREIT Fund Management and Property Management Company Officers	32

Value Creation

The Business Model	37
External Environment	39
Outlook	41
How AREIT Creates Value	42

Sustainability

Environmental, Social, and Governance (ESG) Approach	46
Environmental Stewardship	50
Social Engagement	56
Corporate Governance	60
Risk Management	74

Financial Review

Management's Discussion and Analysis	76
The Audit Committee's Report to the Board of Directors	78
Statement of Management's Responsibility for the Financial Statements	79
Independent Auditor's Report	80
Financial Statements	88

Reporting References

Sustainability Reporting Index	92
Statement of Management's Responsibility for the Integrated Report	93
Independent Assurance Report	94
Corporate Information	IBC



eBloc 2
Cebu IT Park



About this Report

AREIT's Integrated Report is made available to its stakeholders and the public on the same day as the Annual Stockholders' Meeting.

Released on April 23, 2024, it covers the results of operations for the year ending December 31, 2023.

The report follows the International Integrated Reporting framework, developed by the International Integrated Reporting Council, referencing the Global Reporting Initiative (GRI) Principles, industry-specific standards of the Sustainability Accounting Standards (SASB), and recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). It also discusses the corporate governance practices following the ASEAN Corporate Governance Scorecard.

The reporting index on page 92 contains the material topics and corresponding global standards or recommendations.

AREIT commissioned SyCip Gorres Velayo & Co. (SGV & Co.), a member practice of Ernst & Young International (EY), to undertake an independent assurance of the sustainability disclosures in this report. SGV & Co. used its assurance methodology in accordance with the Philippine Standard on Assurance Engagements (PSAE) 3000 on Assurance Engagements, and global best practices such as the Global Reporting Initiative (GRI) Principles for Defining Report Content, Integrated Reporting <IR> Framework, Sustainability Accounting Standards Board (SASB), and Task Force on Climate-related Financial Disclosures (TCFD). SGV & Co. was not involved in developing this publication or any of its contents.

- Stakeholders may download a copy of the report at the company website: areit.com.ph
- In case of questions or clarifications, please send an email to investor.relations@areit.com.ph

“Bold, brave, and **better** are words that describe the year that was for AREIT.”



About the Company

AREIT Inc. (AREIT) was incorporated on 4 September 2006 as a real estate company. It was originally known as One Dela Rosa Property Development, Inc. before changing to its current name on 12 April 2019.

It is the first Real Estate Investment Trust (REIT) in the Philippines, formed primarily to own and invest in an income-generating commercial portfolio of office, retail, and hotel properties in the country that meets its investment criteria.

As a commercial REIT, AREIT is focused on expanding its office, shopping center, and hotel properties and exploring other types of real estate properties available in the market as the opportunity arises. As of year-end 2023, AREIT's gross leasable area (GLA) stands at 918,000 square meters (sqm). With Assets Under Management (AUM) valued at P87 billion, AREIT is the largest and most diversified REIT in the Philippines. This vast expanse underlines the extensive portfolio managed by AREIT, showcasing its significant footprint in the real estate industry.

AREIT was publicly listed on the Philippine Stock Exchange on 13 August 2020. As of 31 December 2023, 33% of the company is publicly held while the remainder is owned by its sponsor, Ayala Land, Inc. (Ayala Land or ALI) and its wholly owned subsidiaries.

AREIT offers an investment opportunity with a stable yield, distributing at least 90% of its distributable income from high-quality properties with strong tenant demand in its portfolio. Solid sponsor support from Ayala Land and highly experienced fund and property management companies, AREIT Fund Managers, Inc. (AFMI) and AREIT Property Managers, Inc. (APMI), respectively, provide the potential for revenue and net operating income growth.

VISION

To be the premier and leading Philippine Real Estate Investment Trust with a balanced portfolio providing stable returns and long-term growth

MISSION

AREIT delivers an excellent real estate portfolio and investment strategy that creates sustainable value for its customers, locators, stakeholders, and the relevant communities it serves

AREIT's Diversified Asset Portfolio

Assets Under Management of P87B
with 918k sqm of GLA

2020 Assets at IPO

1

Ayala North Exchange
95,300 sqm, Makati CBD

2

McKinley Exchange
10,688 sqm, Makati City

3

Solaris One
46,768 sqm, Makati CBD



2020 Acquisition from the IPO

1

Teleperformance Bldg. Cebu
18,093 sqm, Cebu IT Park



2021 Acquisitions

1

Laguna Technopark Industrial Lots
98,179 sqm, Binan Laguna

2

The 30th Office and Mall
74,704 sqm, Pasig, Metro Manila



2021 Property-for-share swap with Ayala Land Inc., Glensworth Development, Inc. and Westview Commercial Ventures, Inc.

1

Nuvali Evotech 1 and 2
23,058 sqm, Sta. Rosa Laguna

2

Vertis North BPO Towers and Mall
164,628 sqm, EDSA, Quezon City

3

BPI Philamlife Office Spaces
1,072 sqm, Makati CBD
551 sqm, Madrigal Business Park, Muntinlupa, Metro Manila

4

Ayala Northpoint Technohub
4,654 sqm, Talisay City, Negros Occidental

5

Bacolod Capitol Corporate Center
11,313, Bacolod City, Negros Occidental



**2022 Property-for-share swap
with Ayala Land, Inc.**

- 1**
eBloc 1
20,842 sqm, Cebu IT Park
- 2**
eBloc 2
27,727 sqm, Cebu IT Park
- 3**
eBloc 3
15,235 sqm, Cebu IT Park
- 4**
eBloc 4
15,835 sqm, Cebu IT Park
- 5**
ACC Tower
27,458 sqm, Ayala Center Cebu
- 6**
Tech Tower
16,273 sqm, Ayala Center Cebu



2023 Property-for-share swap with Ayala Land, Inc, AyalaLand Malls, Inc., Northbeacon Commercial Corp.,

1

One Ayala East & West Towers
70,995 sqm, Ayala Center, Makati

2

Glorietta 1 & 2 BPOs
40,026 sqm, Ayala Center, Makati

3

Glorietta 1 & 2 mall wings
68,764 sqm, Ayala Center, Makati

4

Marquee Mall
66,041 sqm, Angeles City, Pampanga



Performance Highlights

“Boosting our financial results was the timely acquisition of Ayala Land’s flagship assets One Ayala Avenue East and West Towers, Glorietta 1 and 2 Mall and Office buildings at Ayala Center Makati, as well as the MarQueue Mall in Pampanga”



FINANCIALS

P4.93B +43%
Net Income

P7.14B +41%
Total Revenues

P5.40B +39%
EBITDA

0.04:1
Net Gearing

P2.15 +8.6%
FY23 Dividends per Share



OPERATIONAL HIGHLIGHTS

97%
Occupancy

918k sqm +36%
Gross Leasable Area (GLA)

P87.2B
Assets Under Management (AUM)



ACQUISITIONS

P22.9B
190K in additional GLA

- One Ayala East and West Towers, Makati
- Glorietta 1&2 Mall and BPO Offices, Makati
- MarQueue Mall, Pampanga

PERFORMANCE HIGHLIGHTS

	2023	2022	2021
Statement of Income (In Php million)			
Total Revenues	7,140	5,073	3,316
EBITDA*	5,036	3,634	2,397
Net Income	5,031	2,888	2,433
Statement of Financial Position (In Php million)			
Cash and Cash Equivalent	42	63	92
Total Assets	93,272	67,686	56,504
Total Borrowings	3,000	3,278	3,847
Stockholders' Equity	83,410	60,073	48,888
Statement of Cashflows (In Php million)			
Net Cashflow provided by Operating Activities	6,538	3,933	2,211
Net Cash used in Investing Activities	(1,937)	(263)	(4,138)
Net Cash provided (used) by Financing Activities	(4,622)	(3,700)	1,960
Financial Ratios			
Current Ratio	0.90	0.43	0.67
Debt-to-Equity ratio	0.04	0.05	0.08
Net Debt-to-Equity ratio	0.04	0.05	0.08
Return on Equity (Average Equity)	7%	5%	5%
Return on Assets (Average Assets)	6%	5%	6%
Stock Information (As of 31 December)			
Market Capitalization (In Php million)	79,111	62,341	73,333
Stock Price (In Php)	33.40	35.40	48.60
Earnings per Share (In Php)	2.60	1.91	1.64
Operational Highlights			
Total GLA (In million square meters)	918	673	549
Occupancy	97%	98%	98%
Total Tenants	198	175	106
Average Lease Rate (per sqm/month)	618	583	540
Sustainability Highlights			
Economic Value Distribution (In Php million)			
Economic Value Generated			
Total Revenues	7,140	5,072	3,316
Economic Value Distributed	6,311	4,560	2,822
Payments to suppliers/contractors	1,529	1,073	683
Payments to providers of capital	4,305	3,121	1,903
Payments to governments	477	336	236
Economic Value Retained	830	513	494
Environmental Indicators			
Net GHG Emissions (Scopes 1 and 2, in t-CO2e)	-	-	-
% of energy consumption in Renewable Energy	97%	80%	71%

*Earnings Before Interest, Taxes, Depreciation and Amortization



W. H. H. & Co

eBloc 1
Cebu IT Park



To Our Stakeholders

“Despite the odds,
we pursued successive
asset infusions year
after year.”

Anna Ma. Margarita B. Dy
Chairperson



**Demonstrating Steady
Yield Accretion**

Upon infusion of Ayala Land's flagship assets in the third quarter of 2023, AREIT's quarterly dividends immediately increased to P0.55 centavos per share from P0.53 in the previous quarter.

43%

Net income growth
(excluding the net fair value
change in investment properties)

“And today we stand **bolder, braver**, and even **better**, diversifying and strengthening AREIT’s portfolio, setting it as the country’s REIT benchmark.”

Carol T. Mills
President and CEO



“AREIT is by far the only Philippine REIT that has significantly grown in assets, income and total shareholder return.”

This remarkable journey amidst macroeconomic headwinds that would have otherwise set us back reflects our commitment to our shareholders.



One Ayala East Tower
Ayala Center, Makati

Dear Shareholders,

2023 marks the third consecutive year of meaningful growth for AREIT. The company continued to trailblaze as it is not only the first but now the largest and most diversified commercial REIT in the Philippines. Starting with three office assets in Makati worth 27 billion pesos in 2020, AREIT has grown to 87 billion pesos in Assets under Management with a more diversified mix of offices, malls, hotels, and industrial land nationwide.

It is by far the only Philippine REIT that has significantly grown in assets, income, and total shareholder return since inception. This remarkable journey amidst macroeconomic headwinds that would have otherwise set us back reflects our commitment to you, our valued shareholders.

Bold, Brave and Better

Bold, brave, and better are words that describe the year that was for AREIT. 2023 revenues grew 41% year-on-year to 7.14 billion pesos, more than triple from only 2.04 billion pesos in 2020. EBITDA totaled P5.04 billion, 39% higher than in 2022 and more than three times the EBITDA of P1.54 billion in 2020 when we listed. Meanwhile, net income (excluding the net fair value change in investment properties) registered at P4.93 billion, a solid growth of 43% year-on-year and significantly higher than P1.45 billion in 2020.

As a result of this financial performance, dividends grew to 55 centavos per share in the fourth quarter of 2023 from only 28 centavos per share when we first declared dividends in 2020--an increase of almost 200%. For the full year of 2023, we announced total dividends of P2.15 per share, marking an 8.6% increase from P1.98

per share in 2022 and a significant 63% rise from P1.32 per share in 2020.

Our portfolio's overall occupancy rate of 97% is significantly higher than the industry average, owing to our prime locations, high-quality tenants, and the dedication of our management team. It has enabled us to maintain steady performance and resilience, even in the face of high market vacancies.

Demonstrating Steady Yield Accretion

Boosting our financial results last year was the timely acquisition of flagship assets One Ayala Avenue East and West Towers at the corner of Ayala Avenue and EDSA, Glorietta 1 and 2 Mall and Office buildings at Ayala Center Makati, as well as the MarQueen Mall in Pampanga – one of the best performing provincial shopping malls right at the Angeles interchange along the North Luzon Expressway.

Upon infusion of these assets in the third quarter of 2023, AREIT's quarterly dividends immediately increased to P0.55 centavos per share from P0.53 in the previous quarter, demonstrating yield accretion from this asset-for-share swap transaction.

Among these new assets, noteworthy are the One Ayala Avenue Office Towers. This development was one of Ayala Land's real estate projects funded from the cash proceeds raised during AREIT's Initial Public Offering in 2020. Through the said IPO proceeds, the development was completed and consequently infused into AREIT in 2023. This milestone demonstrated the true essence and purpose for which we established AREIT – for capital recycling, contributing to the growth of

Philippine commercial real estate, and opening the opportunity for the public to invest in these assets. With One Ayala Avenue as a perfect example of a REIT model, AREIT has gone full circle in just three years.

The office buildings at One Ayala Avenue were fully leased within a year from completion at the peak of the pandemic. Today, it houses the shared support services of leading multinational firms such as ING, Optum, Microsoft, and S&P Global, among others – providing jobs for an estimated 14 thousand Filipinos. It makes us proud to know that the Philippines and the Filipino workforce have been front and center in delivering the work required by many top global firms and are highly competitive against regional peers.

One Ayala Avenue is also known for its integrated transport terminal that provides a cleaner, safer, and seamless commuting experience to the public, particularly employees working in the building and the rest of the Makati Central Business District.

Sound Corporate Governance and Sustainability practices

Our efforts to professionally manage AREIT did not go unnoticed. Last September 2023, AREIT was recognized for its corporate governance practices. It received a Two Golden Arrows Award from the Institute of Corporate Directors based on the 2022 ASEAN Corporate Governance Scorecard.

Further, AREIT received EDGE Zero Carbon Certification for eight office buildings comprising 354 thousand square meters, making our office



One Ayala Transport Terminal

properties the largest EDGE Zero Carbon portfolio in the Philippines. Excellence in Design for Greater Efficiencies (EDGE) is an international green building certification and an innovation of the International Finance Corporation (IFC), the private sector arm of the World Bank Group. EDGE Zero Carbon is the highest level of EDGE certification granted to properties that have neutralized their carbon emissions through renewable energy use. AREIT shifted 91% of its office portfolio to renewable energy, enabling not only us but also our office locators to attain their ESG objectives.

Growing Further and Faster

Having accomplished as much in 2023, we are now ready to go further and faster as we embark on our largest acquisition of 30 billion pesos in 2024. This is composed of carefully selected prime commercial assets that ensure sustainable returns and long-term value

and solidify AREIT's position as the best-performing REIT in the Philippines.

First is Ayala Triangle Gardens Tower Two at the corner of Paseo de Roxas and Makati Avenue — a triple A office building, a crown jewel, and the headquarters address of some of the largest corporations. Standing 39 floors high on top of a retail podium and surrounded by the captivating Ayala Triangle Gardens, the building is LEED Gold and pre-certified WELL Gold, meeting its tenants' high sustainability and wellness standards.

Second is the newly renovated Greenbelt Mall 3 and 5 – Makati's renowned retail destination housing the finest heritage luxury brands. Spanning 94,000 square meters of gross floor area, Greenbelt Mall 3 and 5 are Greenbelt's newest and largest wings, which cater to discerning shoppers seeking luxury fashion and fine dining

amidst a park setting at the heart of Ayala Center Makati.

Third is Holiday Inn Makati—a 348-room business hotel located at the hub of Makati's Central Business District. Located on top of Glorietta Mall, it provides convenient access to shopping destinations, entertainment venues, and corporate offices.

Also to be infused into AREIT are two SEDA Hotels, Ayala Land's homegrown hotel brand, renowned for its contemporary design, exceptional customer service, and excellent locations across the country.

In the heart of the vibrant Cebu Business Park stands Seda Ayala Center Cebu, featuring 301 rooms and a prime location adjacent to the bustling Ayala Center Mall. Recently renovated to offer contemporary accommodations and amenities,

“Our portfolio’s overall occupancy of 97% is superior to the rest of the industry, on account of prime locations, quality tenancy, and dedicated management. This has driven our steady performance and resilience throughout the years despite high market vacancies.”

the hotel has become the preferred choice for discerning business and leisure travelers alike. Furthermore, our expansion includes the recent acquisition of Seda Lio, a 153-room resort hotel nestled within the picturesque Ayala Land’s Lio Tourism Estate in El Nido, Palawan.

Last is a 276-hectare industrial land in Zambales from Buendia Christiana Holdings Corporation or BCHC, a wholly owned subsidiary of ACEN. This land will be leased by another ACEN subsidiary, Giga Ace 8. Inc., for its solar plant operations. This would be our second industrial land asset in AREIT, following lots in Laguna Technopark, which will earn guaranteed rent with annual escalations over the next 25 years.

Altogether, the properties will propel AREIT’s assets under management to

117 billion pesos, quadruple in value since it was listed four years ago. The planned transaction will benefit AREIT profoundly by enlarging the portfolio further, diversifying the assets, reducing concentration risk, and most importantly, providing shareholders with dividend accretion. A testament that AREIT is an integral vehicle for capital recycling and growth, we remain steadfast in attaining our vision of being the leading and most diversified Philippine REIT.

Strengthening AREIT as the country’s REIT benchmark

In closing, we look back to where we started at our initial public offering in 2020. AREIT tested uncharted waters, deliberately starting small but, with a firm belief, pursued successive asset infusions year after year. Today, we stand bolder, braver, and even better,

strengthening AREIT as the country’s REIT benchmark.

We are honored to share this meaningful journey with you, born out of the trust you have accorded since AREIT started.

On behalf of our Board of Directors and Management, we thank our valued shareholders for your unwavering support for our continuing growth plans.

Anna Margarita B. Dy
ANNA MA. MARGARITA B. DY
 Chairperson

Carol T. Mills
CAROL T. MILLS
 President and CEO



*One Ayala East & West Towers
Ayala Center, Makati*

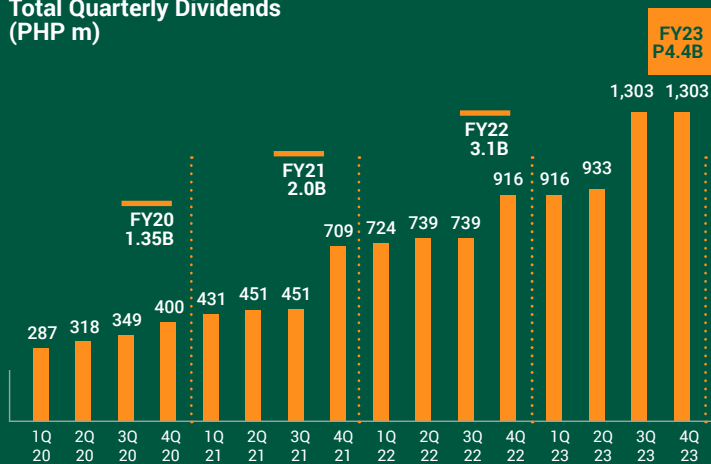


Our Performance

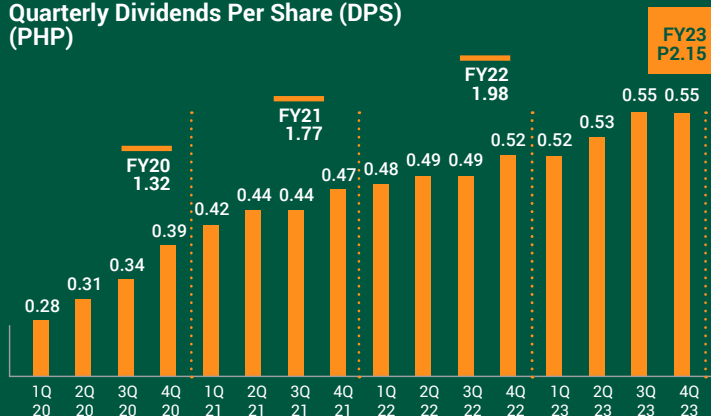
Business Review

Uninterrupted Growth in DPS since IPO

Total Quarterly Dividends (PHP m)



Quarterly Dividends Per Share (DPS) (PHP)



Financial Performance

AREIT recorded revenues of P7.1 billion and Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) of P5.0 billion in 2023, 41% and 39% higher year-on-year, respectively. These figures came as a result of stable operations with a 97% occupancy rate and strong collection performance. The company's full-year net income reached P5.0 billion, inclusive of a net fair value change in investment properties of P99 million. Excluding the net fair value change in investment properties, net income registered at P4.9 billion, 43% higher year-on-year. AREIT has a solid balance sheet with a net gearing of 0.04:1.

Portfolio

Last September 2023, the company received the Securities and Exchange Commission's (SEC) approval for the property-for-share swap with Ayala Land, Inc. (ALI), in exchange for six properties, particularly One Ayala East and West Towers, Glorietta 1 & 2 BPOs and mall wings located at Ayala Center Makati and Marquee Mall in Angeles Pampanga. The recognition of income from these new assets accrued beginning July 1, 2023, capping the year with a total GLA of 918,000 sqm, up from 673,000 sqm, and Assets Under Management (AUM) of P87 billion, up from P64 billion in 2022. With the recently concluded acquisition, AREIT has achieved its target to triple its AUM in three years since its IPO listing.

AREIT continues to diversify its portfolio with offices (88% of AUM), serviced apartments (3% of AUM), retail (8% of AUM), and industrial land (1% of AUM). The company maintains a high occupancy of 97%. The weighted average lease expiry of its office tenants is 3.8 years, and 10.1 years to factor in all tenants.

Dividends

AREIT consistently distributed quarterly dividends that increased since its IPO in August 2020. Dividends per quarter have grown 96% within a 16-quarter period owing to stable operations and asset infusions, demonstrating that

every acquisition is accretive to the company and its investors. For the full-year 2023, dividends per share totalled P2.15, an 8.6% increase from P1.98 in 2022.

Since its IPO, AREIT has exceeded its growth plans, resulting in a 50% total shareholder return from operations as of 31 December 2023.

Growth Prospects

AREIT will conduct a fourth property-for-share swap with its sponsor, Ayala Land, Inc. (ALI), and its subsidiaries, Greenhaven Property Ventures, Inc. and Cebu Insular Hotel Co., Inc in 2024. The transaction will involve the following flagship assets: (1) Ayala Triangle Tower Two Office Building, (2) Greenbelt 3 and 5 Mall, (3) Holiday Inn Hotel and Suites Makati, and (4) Seda Ayala Center Cebu with an aggregate value of P21,833,099,116 for 642,149,974 AREIT primary common shares, as validated by a third-party fairness opinion. In addition, AREIT will be acquiring SEDA Lio in El Nido, Palawan, from ALI subsidiary Econorth Resort Ventures, Inc., for cash at a total valuation of Php1,192,000,000.00. These assets will be acquired together with a 276-hectare industrial land parcel located in Zambales, owned by Buendia Christiana Holdings Corp. (BCHC), a wholly owned subsidiary of ACEN Corporation, at a transaction value of P6,769,720,892 in exchange for BCHC's subscription to 199,109,438 AREIT primary common shares, as validated by a third-party fairness opinion.

The assets are primarily located in the Makati CBD, including the recently completed Ayala Triangle Gardens Tower Two at the corner of Makati Avenue and Paseo de Roxas Avenue, as well as Greenbelt 3 and 5, the newest wings of the country's premier luxury mall, and Holiday Inn and Suites Makati centrally located within the bustling Ayala Center Makati. The assets have a combined building GLA of 214,000 square meters (sqm), 276 hectares of leased land, and an overall occupancy rate of 99%. It has a weighted average lease expiry (WALE) of 7 years for the office assets and 25 years for the

mall, hotel, and industrial land assets. ALI, BCHC, and AREIT are aiming to complete the transaction within 2024.

Upon completion of this acquisition, the Company's AUM will quadruple to P117 billion, while its building GLA will expand over six-fold to 1,019,000 sqm from the IPO, making AREIT one of the largest and the most diversified commercial REITs in the Philippines.

Constituent Indices and Awards

Last September 2023, AREIT was recognized for its corporate governance practices. It received a Two Golden Arrows Award from the Institute of Corporate Directors based on the 2022 ASEAN Corporate Governance Scorecard. Additionally, AREIT, Inc. was awarded Best Office REIT (Philippines) Platinum and Best Diversified REIT

(Philippines) Platinum during The 8th Edition of REITS Asia Pacific 2023 "The Best Of The Breeds REITS Awards" last March 2023. AREIT was also named the Best Premiere Real Estate Investment Trust during the 11th International Finance Awards last January 2024.

Further, AREIT received EDGE Zero Carbon Certification for eight office buildings comprising 354,000 sqm, making AREIT's office properties the largest EDGE Zero Carbon portfolio in the Philippines.

AREIT became the first Philippine REIT included in the FTSE EPRA NAREIT Asia ex-Japan REITs 10% capped Index in 2021. It is also a constituent of the MSCI Philippine Small Cap Index, the FTSE Small Cap Index, and the Philippine Property Index.



Best Premiere Real Estate Investment Trust
Awarded by International Finance Awards



2-Golden Arrow Award
Awarded by ASEAN Corporate Governance Scorecard



Best Office REIT (Philippines) Platinum and Best Diversified REIT (Philippines) Platinum
Awarded by The Pinnacle Group International



EDGE Zero Carbon Commitment Signing between AREIT and IFC



ONE AYALA

One Ayala West Tower
Ayala Center, Makati



Our Leaders

Board of Directors



Anna Maria Margarita Bautista Dy
Chairman of the Board

Filipino 54 years old

Tenure: Less than 1 year | Appointed April 26, 2023

Holdings, Inc., Emerging City Holdings, Inc., CECI Realty, Inc., Fort Bonifacio Development Corporation, Nuevocentro, Inc., Serendra, Inc., and Vesta Properties Holdings, Inc.

Outside the Ayala Group

→ Trustee and Treasurer of Bonifacio Art Foundation, Inc.

Former Positions

Outside the Ayala Group

→ Vice President of Benpres Holdings Corporation

Education

- Graduated magna cum laude from Ateneo De Manila University with a Bachelor of Arts Degree in Economics Honors Program in 1990
- Earned a Master's degree in Economics from the London School of Economics and Political Science in 1991.
- Completed an MBA at Harvard Graduate School of Business Administration in Boston in 1996.

Present Positions

In the Ayala Group

- Listed Companies: Chairman of AREIT, Inc., President and Chief Executive Officer of Ayala Land, Inc., Member of ALI's Management Committee since August 2008., Head of the Residential Business Group of Ayala Land, Inc., and Head of the Malls Group.
- Non-listed Companies: Chairman of Amaia Southern Properties, Inc., Ayalaland Premier, Inc., Ayala Land International Sales, Inc., Avida Land Corp., and Solinea, Inc. ; Vice Chairman of Alveo-Federal Land Communities Inc.; Director

and Executive Vice President of AKL Properties, Inc., Avencosouth Corp., and Portico Land, Inc.; and, Director of Accendo Commercial Corp., Alveo Land Corp., ALI Eton Property Development Corporation, Altaraza Development Corporation, Amaia Land, Inc., Amicassa Process Solutions, Inc., Aurora Properties, Inc., Ayala Greenfield Development Corporation, Ayala Property Management Corporation, Ayalaland-Tagle Properties, Inc., BGWest Properties, Inc., BGNorth Properties, Inc., Bellavita Land Corp., Berkshires Holdings, Inc., Bonifacio Land Corporation, Cagayan de Oro Gateway Corp., Columbus



Carol T. Mills
Executive Director, President and CEO

Filipino, 51 years old

Tenure: 9 years | Appointed February 10, 2014

Education

- Bachelor of Science in Business Administration (Magna Cum Laude) from the University of the Philippines in 1993
- Master of Business Administration (MBA) from the Amos Tuck School of Business, Dartmouth College in 1998

Present Positions

In the Ayala Group

- Listed Companies: President and Chief Executive Officer of AREIT Inc., Vice President and Head of Offices Group of Ayala Land, Inc.; President of Ayala Land Offices Inc., the office leasing and development arm of Ayala Land since 2013. Ayala Land Offices owns and manages 1.4 million square meters of leasable space across 63 properties in the Philippines.
- Non-listed Companies: Chairman of UP North Property Holdings, Inc., First Gateway Real Estate Corp., Glensworth Development Inc.,

Hillsford Property Corp., Makati Cornerstone Leasing Corp. and Sunnyfield E-Office Corp.; Director of ALI Capital Corp., and DirectPower Services, Inc.

Former Positions

In the Ayala Group

- Chairman of Tower One and Exchange Plaza Condominium Corporation from 2017 to 2022; 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.



Bernard Vincent O. Dy
Non-executive Director

Filipino, 60 years old

Tenure: 4 years | Appointed April 4, 2019

Emerging City Holdings, Inc., member of the Board of Trustees of Ayala Foundation, Inc., and advisor of Alveo-Federal Land Communities, Inc.

Outside the Ayala Group

- Director of the Junior Golf Foundation of the Philippines since 2010 and Vice Chairman since 2017
- President and CEO; President of Bonifacio Art Foundation, Inc., and Hero Foundation Inc.

Education

- Bachelor of Business Administration in Accountancy from the University of Notre Dame in 1985
- Master of Business Administration (MBA) from the University of Chicago in 1997
- Masters in International Relations from the University of Chicago in 1989
- Member of the University of Chicago's Global Leaders Group in 2020.

Present Positions

In the Ayala Group

- Listed Companies: Director of AREIT Inc. since April 4, 2019, President and Chief Executive Officer of Ayala Land, Inc. until September 30, 2023 and Senior Managing Director and member of the Ayala Group Management Committee since April 2014., Director of AyalaLand Logistics Holdings and Avaland Berhad (formerly MCT Bhd.) in Malaysia.

Outside the Ayala Group

- Chairman of Aviana Development Corp. and Ayagold Retailers, Inc.; Vice Chairman of Alvierra Country Club, Inc. and Director of Accendo Commercial

Corp., AKL Properties, Inc., Alabang Commercial Corporation, ALI Eton Property Development Corporation, Altaraza Development Corporation, Aurora Properties Incorporated, Avencosouth Corp., Ayala Greenfield Development Corporation, Ayalaland-Tagle Properties, Inc., BGNorth Properties, Inc., BGSouth Properties, Inc., BGWest Properties, Inc., Cagayan De Oro Gateway Corp., Ceci Realty Inc., Fort Bonifacio Development Corporation, Serendra, Inc., Station Square East Commercial Corporation, and Vesta Property Holdings, Inc.; President and CEO of Berkshires Holdings, Inc., Bonifacio Land Corporation, Columbus Holdings, Inc.,



Augusto D. Bengzon
Non-executive Director

Filipino, 61 years old

Tenure: 4 years | Appointed April 4, 2019

Condominium Corp. and Hero Foundation, Inc.; Assistant Treasurer of Ayala Greenfield Development Corporation.

Outside the Ayala Group

- Trustee of Philippine National Police Foundation, Inc.

Education

- Bachelor of Science in Business Management from the Ateneo de Manila University in 1984
- Masters in Business Management from the Asian Institute of Management (Andres K. Roxas scholar) in 1988
- Graduate of the Philippine Trust Institute

Present Positions

In the Ayala Group

- Listed Companies: Director and Treasurer of AREIT Inc.; Senior Vice President, Chief Finance Officer, Treasurer and Chief Compliance Officer of Ayala Land, Inc.; Treasurer of AyalaLand Logistics Holding Corp.
- Non-listed Companies: Chairman of Aprisa Business Process Solutions Inc., Anvaya Cove Golf and Sports Club, Inc. and Anvaya Cove Beach and Nature Club, Inc.; Chief Finance Officer of Altaraza Development Corporation; Director and Treasurer of Alveo Land Corp., ALI Eton Property Development Corp., Aurora Properties Inc., AyalaLand Premier

Inc., AyalaLand-Tagle Properties, Inc., Ceci Realty Inc., Philippine Integrated Energy Solutions Inc. and Vesta Property Holdings Inc.; Director of Alvierra Country Club Inc., Amicassa Process Solutions, Inc., Makati Development Corp., Northgate Hotel Ventures, Inc., and Station Square East Commercial Corp.; Comptroller of Nuevocentro, Inc.; Treasurer of Alabang Commercial Corporation, AKL Properties, Inc., Amaia Land Corp., Amaia Southern Properties, Inc., Avida Land Corp., 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

BOARD OF DIRECTORS



Mariana Beatriz Zobel de Ayala
Non-executive Director

Filipino, 35 years old

Tenure: 2 years | Appointed October 2021

Present Positions

In the Ayala Group

- Listed companies: Director of AREIT Inc.; Executive Director of Ayala Corporation; Director and Senior Vice President of Ayala Land, Inc., heading its Leasing and Hospitality Group, overseeing Ayala Malls, Ayala Land Offices, and Ayala Land Hotels and Resorts.
- Non-listed companies: Director of AC Health, Ayala Group's ACTIVE Fund, and BPI's Asset Management and Trust Company.

Outside the Ayala Group

- Non-listed companies: Board Advisor for Asia Partners, a Singapore-based private equity firm with over USD500

million in funding, focused on enabling the next generation of high-growth technology companies in Southeast Asia.; Board Director of U-Go, looking to drive education equality in emerging markets by providing scholarship grants to women looking to pursue a university education.

Former Positions

In the Ayala Group

- Listed companies: Senior Vice President of Bank of the Philippine Islands (BPI); Deputy Head of Ayala Malls, Project Development Manager of Alveo Land, Inc., and Business Development Associate of Ayala Corporation

Outside the Ayala Group

- Non-listed companies: Associate of J.P. Morgan

Education

- Bachelor of Arts in Social Studies (Philosophy, Politics, and Economics) from Harvard College in 2011
- Master of Business Administration (MBA) from INSEAD in 2020
-



Omar T. Cruz
Lead Independent Director

Filipino, 69 years old

Tenure: 4 years | Appointed April 12, 2019

Present Positions

In the Ayala Group

- Listed companies: Lead Independent Director of AREIT, Inc.

Outside the Ayala Group

- Non-listed companies: Independent Director of Toyota Financial Services, Inc., RCBC Capital Corporation, Philippine Regional Investments Enterprises, Inc., and ABACORE Group, Inc.; Chairman of the Investment Committee of De La Salle Philippines; Trustee of the Financial Executives Institute Foundation of the Philippines; Vice Chairman of the board and Board Executive Committee for the University of Asia and the Pacific; Vice Chairman of the board and Board Executive

Committee for the Center for Research and Communication Foundation, Inc.; Trustee for the Philippine National Police Foundation.

Former Positions

- Treasurer of the Republic of the Philippines
- Director of 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
- Chairman of the International Treasury Committee of the International Association of Financial Executives Institution
- Senior Advisor to Prudential

- Corporation Asia (HK)
- President and CEO of BPI-Philam Life Assurance Corp.
- Senior Executive Vice President of Insular Life
- Vice President and Bank Executive of Citibank, N.A.

Education

- Bachelor of Science in Industrial Management Engineering (minor in Mechanical Engineering) from De La Salle University in 1977
- Masters in Industrial Economics from the Center for Research and Communication at the University of Asia and the Pacific in 1980



Enrico S. Cruz
Independent Director

Filipino, 66 years old

Tenure: 3 years | Appointed February 5, 2020

Present Positions

In the Ayala Group

- Listed companies: Independent Director of AREIT, Inc.

Outside the Ayala Group

- Listed companies: Independent Director of Security Bank Corporation, Robinsons Retail Holdings, Inc., The Keepers Holdings, Inc., and DITO CME Holdings Inc.
- Non-listed companies: Vice Chairman of SB Capital Investment Corporation and Independent Director of Maxicare Healthcare Corporation, CIBI Information Inc., and MAXILIFE Insurance Corporation

Former Positions

Outside the Ayala Group

- 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; concurrently, Head of Corporate Finance overseeing debt origination, equity capital markets, advisory, and corporate/institutional sales activities, also established the Global Markets (GM) franchise in the Philippines when he joined Deutsche Bank in July 1995
- Senior Vice President at Citytrust Banking Corporation (CTBC), where

he worked from 1979 as an Executive Development Program Trainee until he was named Head of Centralized Operations Department, also headed the Treasury Sales and Trading Group of CTBC in 1989 until his move to Deutsche Bank

Professional Memberships and Recognitions

- Director of the Bankers Association of the Philippines (BAP) from 2003-2007, 2011-2015, and 2017-2019
- Former President of the Money Market Association of the Philippines
- Named a Distinguished Alumnus by the UP College of Business Administration in 2008 and a Distinguished Alumnus Awardee by the UP School of Economics Alumni Association in 2015

Education

- Bachelor of Science in Business Economics from the University of the Philippines in 1977
- Master of Business Administration from the University of the Philippines in 1979



Sherisa P. Nuesa
Independent Director

Filipino, 69 years old

Tenure: Less than 1 year | Appointed April 26, 2023

Present Positions

In the Ayala Group

- Listed companies: Independent Director of AREIT, Inc., Manila Water Company, Inc. and Integrated Micro-electronics, Inc. (IMI)

Outside the Ayala Group

- Listed companies: Non-executive Director of Far Eastern University and Metro Retail Stores Group Inc.
- Non-listed companies: Director of FEU subsidiary FERN Realty Corporation and concurrently a Senior Adviser to the Board of Vicsal Development Corporation. Member of the Board of Trustees and Vice President of NextGen Organization of Women Corporate Directors (NOWCD), Member of the Board of Trustees of Justice Reform Initiative (JRI)

Former Positions

In the Ayala Group

- Director of Ayala Land Inc. and ACEN Corporation from 2020 until April 2023

Outside the Ayala Group

- Director and President of the ALFM Mutual Funds Group, Director of Blackhorse Emerging Enterprises Fund – Singapore, Director of Philippine Reclamation Authority, Chairman and Co-Founder of Justice Reform Initiative, Vice -Chairman and Trustee of the Institute of Corporate Directors (ICD), Director of FINEX Institute/ FINEX Foundation, Advisor to the Board of Integrity Initiative Inc.

Recognitions

- ING-FINEX CFO of the Year for 2008
- Outstanding Alumni Far Eastern University

Education

- Bachelor of Science in Commerce (Summa Cum Laude) from the Far Eastern University in 1974
- Master of Business Administration (MBA) from the Ateneo Graduate School of Business in Manila in 2010
- Attended post-graduate courses at both Harvard Business School and Stanford University



1

2

3

Management Team

1
Solomon M. Hermosura
Corporate Secretary

2
Michael Anthony D. Garcia
Investor Relations Officer

3
Rowena P. Libunao
Chief Audit Executive



4
Carol T. Mills
President and CEO

5
Ma. Teresa R. Famy
CFO and Treasurer

6
Maphilindo S. Tandoc
Chief Risk Officer

7
**Ma. Florence Therese
dG. Martinez-Cruz**
Assistant Corporate Secretary and
Chief Compliance Officer



AREIT Fund Management and Property Management Company Officers

1

Ma. Florence Therese dG. Martinez-Cruz
Corporate Secretary,
AREIT Fund Managers, Inc.

2

Benjamin S. Borja III
President and CEO,
AREIT Property Managers, Inc.

3

Patricia Gail Y. Samaniego
President and CEO,
AREIT Fund Managers, Inc.



4

4
Ma. Luisa D. Chiong
Chairman, AREIT
Fund Managers, Inc.

5

5
Francisco Ma. D. Roxas
Chairman,
AREIT Property Managers, Inc.

6

6
Beverly S. Espina
Treasurer,
AREIT Property Managers, Inc.

7

7
Maria Paula G. Romero-Bautista
Corporate Secretary,
AREIT Property Managers, Inc.



Ayala Malls Vertis North
EDSA, Quezon City



Value Creation

“AREIT aims to maintain market leadership by enlarging its AUM to a size at par with major regional REITs, grow and diversify its portfolio, and achieve a **10-12% total shareholder return.**”

The AREIT Advantage

Elements that make AREIT a best-in-class REIT



Business Model

AREIT, Inc. holds the distinction of being the first and largest Real Estate Investment Trust (REIT) in the Philippines, a testament to its innovative spirit and commitment to shaping the real estate landscape. The company is the commercial REIT of Ayala Land, Inc. and specializes in cultivating a robust portfolio primarily consisting of income-generating commercial assets including office spaces, retail establishments, hotel properties, and industrial land across the nation. As a commercial REIT, AREIT is committed to expanding its portfolio in these key sectors while also exploring opportunities to diversify into other promising segments of the real estate market. This strategic approach aligns with AREIT's overarching goal of maximizing value for investors by remaining agile and adaptable in response to evolving market dynamics, ensuring sustained growth and profitability while fostering long-term resilience.

AREIT aims to provide its shareholders with an investment instrument delivering stable yield and distributing at least 90% of its income from high-quality properties with strong tenant demand within its diverse asset portfolio. To deliver on its commitment, AREIT's principal investment strategy is to invest in income-generating real estate properties that meet a select set of criteria:

1. The property should be located in a prime area or business district in Metro Manila or in key provinces in the Philippines.
2. It should be primarily (but not exclusively) a commercial property. Other property types available in the market may also be considered as long as it provides stable recurring income and attractive dividend yield.
3. The property must have stable occupancy, tenancy, and income from long-term leases with strong, high-credit grade tenant locators.

4. It should provide attractive dividend growth and be yield accretive.

Three-year Investment Strategy

In accordance with the Philippine REIT Law, AREIT Fund Managers, Inc. (AFMI), is mandated to manage and grow the portfolio of AREIT consistent with its investment criteria. AREIT and AFMI will seek to secure growing income that provides a competitive investment return to investors. To achieve this, AFMI will employ the following strategies:

- 1. Proactive asset management and enhancement strategy.** AFMI will actively manage AREIT's property portfolio to achieve growth in revenue and net operating income and maintain optimal occupancy levels. AFMI and AREIT Property Managers, Inc. (APMI) will help drive organic growth, build strong relationships with the tenants of the properties, and explore enhancement and growth opportunities within the existing properties.
- 2. Investment and acquisition strategy.** AFMI will acquire quality income-producing commercial properties situated in high-growth areas that fit the investment criteria to enhance returns for investors and increase potential opportunities for future income and capital growth.
- 3. Capital and risk management strategy.** AFMI will manage and source capital to maximize overall returns. This may include accessing the capital markets to source appropriately priced and structured debt and equity offerings, monitoring and implementing hedging arrangements, and assessing alternative forms of capital and other capital management strategies where appropriate. AFMI may use financial instruments such as interest rate swaps to hedge certain financial risk exposures.

Investment Objectives

Over the medium to long-term, AREIT aims to achieve three key objectives:

1. Maintain market leadership by enlarging AREIT's assets under management to a size at par with major regional REITs. In 2020, AREIT set a growth target to double its Assets Under Management (AUM) from P30 billion to P60 billion two years from its IPO. To date, the company has tripled its size with P87 billion in AUM with the recent infusion of sponsor office and mall assets via property for share swap on the third quarter of 2023. Beyond 2023, AREIT plans to continue to grow its portfolio of quality assets and increase its assets under management by approximately P15 billion to 20 billion annually.
2. Grow and diversify AREIT's asset portfolio in terms of sector, location, and income contribution, funded through leverage and/or equity. The company will continue to demonstrate yield accretive acquisitions and ensure borrowings are within the aggregate maximum leverage limit of 35% of deposited property value. It will continue to expand its portfolio of quality commercial assets but will also diversify into other asset classes that have stable recurring income and are yield accretive.
3. Achieve 10 to 12% total shareholder return through organic growth and new acquisitions. Targeted total shareholder returns of at least 10% will be achieved from annual rental escalations from operating assets and additional dividends generated from new assets to be acquired in the forward years.

POSITIVE FACTORS

5.6%

GDP Growth

Lower than government estimates but highest in the Southeast Asian region

73.1% of GDP

Household Consumption

5.6% higher year-on-year

US\$37.2B

Personal remittances up 4%

Despite a global economic slowdown

US\$35.4B

BPO revenues up 9%

1.7 million full-time employees

5.5 million

foreign tourist arrivals

Exceeded 4.8 million government target

828k sqm

Office Transactions up 37%

NEGATIVE FACTORS

6%

Average inflation

Above the BSP target range of 2-4% for 11 months

6.5%

Benchmark rate

100-bps total rate hike

US\$1:PHP55.63

Average USD/PHP rate

2.0% depreciation

19.3%

Office Vacancy

Higher than 18.8% in 2022

External Environment

How did we navigate 2023?

Global economic slowdown

The global economic environment remains challenging, with geopolitical tensions in Europe continuing to impact supply chains. These, in turn, have influenced commodity prices and driven inflationary pressures across countries. The IMF has estimated that global inflation reached 6.9%, prompting countries to keep tighter monetary policies. Amidst this environment, global GDP reached 3.2%, lower than 3.5% in 2022 and 80 bps less than the historical average of 3.8%. Moreover, the US Fed continued to raise interest rates, hiking the benchmark index by 100 bps to 5.50%.

Lingering headwinds

Domestically, a high inflation environment also persisted in the Philippines, averaging 6.0% in 2023 – the second straight year that this has breached the 2-4% target band of the government. Moving in step with the US Fed, the Bangko Sentral ng Pilipinas (BSP) raised interest rates by 100 bps to a 16-year high of 6.50%. Moreover, the peso depreciation stabilized at 2.07%, and the USD-to-peso exchange remains unfavorable at US\$:1 to P55.630.

Specific to the property sector, office vacancies remained elevated, reaching 19.3%. Total office transactions were up 37% to 828,000 square meters (sqm) with demand coming from traditional locators and 3rd party outsourcing tenants. While gross take-up has been healthy, overall net take-up stood at 280,000 sqm (about the area of The Vatican), due to new office supply in the market.

Core domestic drivers remain intact

Notwithstanding higher inflation and interest rates, the Philippines posted a GDP growth of 5.6%. This growth rate may have missed the BSP's aspiration of 6-7%, but it still outpaced regional peers, including China, Indonesia, Thailand, and Vietnam. Household consumption was notably resilient,

accounting for 73.1% of GDP and growing by 5.6% from the prior year. Secular drivers have been supportive of economic growth and the property sector. Personal remittances from overseas Filipinos increased by 4% to US\$37.2 billion, adding to spending power. BPO revenues were also estimated to have reached US\$35.4 billion, 9% more than in 2022; but more importantly, it provided 1.7 million Filipinos with employment and remains a driver of office space demand in the country. The tourism industry has also steadily recovered, with 5.5 million international tourists visiting the country – exceeding the government's target of 4.8 million.

Safeguarding against headwinds

Ensured stable operations and high occupancy of properties

Despite the high vacancies in the office sector and work-from-home arrangements, AREIT maintained an occupancy rate of 97%. This achievement was supported by long-term contracts from leading BPO and corporate tenants who retained their leased spaces even with an average building utilization of 70-80%, in the National Capital Region and provincial locations, due to the hybrid work setup. Additionally, 38% of leases expiring in 2024 have been renewed, with ongoing renewal negotiations for 52%.

Maintained a low gearing level and cost of debt

Amidst the ongoing high-interest rate environment, AREIT carried a net debt of only P3 billion, which translates to a net debt-to-equity ratio of 0.04:1. The average cost of debt was maintained at a healthy 3.12%, also below the prevailing borrowing rates.

Expanded the portfolio and further diversified by geography, asset class and tenant mix

Since its IPO in 2020, AREIT has consistently executed growth initiatives to expand its gross leasable area (GLA), geographic footprint, asset class and

tenant mix. In 2023 we completed AREIT's third asset-for-share swap with its sponsor, Ayala Land, involving flagship offices and malls in Makati City, along with a regional mall in Pampanga, collectively valued at P22.5 billion. This transaction enlarged AREIT's portfolio bringing the total number of properties to 25 as of end-2023, encompassing a GLA of 918k sqm. With assets under management totaling P87.2 billion, and a presence in ten (10) cities nationwide, AREIT has a diversified portfolio spanning offices, retail, hotel, and industrial land, supported by a balanced mix of locators.

Capturing Opportunities

Delivered consistent shareholder returns since the IPO

AREIT has demonstrated its commitment to delivering strong returns to its shareholders through its consistent dividend-per-share (DPS) growth. In 2023, the company declared annual dividends per share of P2.15, an 8.6% increase from the previous year's P1.98 per share.

Notably, AREIT has delivered sustained value through DPS growth and price appreciation since its IPO. As of February 19, 2024, AREIT has delivered a total shareholder return of 53% and is the only Philippine REIT trading at a premium to its IPO price.



Ayala Triangle Gardens Tower Two

Outlook

Notwithstanding headwinds such as a high-interest rate environment and elevated vacancies in the office leasing space, we maintain confidence that underlying secular drivers that support the growth of the commercial real estate industry. Local consumption has proven resilient, accounting for over 70% of the country's GDP, and is forecasted to grow by more than 5.5% to 6% this year. Additionally, overseas remittances reached another record high of US\$37.2 billion in 2023, with sustained 3% annual growth expected into 2024.

Despite concerns about Artificial Intelligence (AI) replacing outsourced services, the business process outsourcing (BPO) sector remains poised for expansion, targeting the employment of 1.1 million new employees over the next six years. Favorable demographics from a growing middle income (expected to increase by 37.5 million in 2030) along with a young working-class and urbanization will further boost growth prospects.

With 25 properties, assets under management totaling P87 billion, and a diversified portfolio spanning offices, malls, hotels and industrial land, AREIT has demonstrated its ability and commitment to deliver shareholder value through stable operations and infusions from its Sponsor, Ayala Land. AREIT remains steadfast in attaining its vision of being the leading and most diversified Philippine REIT.

2024 Growth Plans

Looking ahead to 2024, AREIT is poised to continue its growth trajectory with the announcement of its largest asset acquisitions to date, valued at P30 billion. These acquisitions consist of carefully selected prime commercial assets, ensuring sustainable returns and long-term value, further solidifying AREIT's position as the largest and best-performing REIT in the country.

First, through an asset-for-share swap, Ayala Land will infuse crown jewel assets into AREIT, including Ayala Triangle Gardens Tower 2 (the Sponsor's most prestigious office tower), luxury mall phases covering Greenbelt 3 and 5, and hospitality assets Holiday Inn and Suites Makati and Seda Ayala Center Cebu. Additionally, AREIT concluded its cash acquisition of Seda Lio in El Nido Palawan on January 17, 2024. Furthermore, AREIT will acquire a 276-hectare industrial land in Zambales from a wholly owned subsidiary of ACEN Corporation.

These acquisitions will boost AREIT's AUM to P117 billion and further diversify its portfolio by asset class and geography, thereby reducing concentration risk. Moreover, the acquisitions are yield accretive with an estimated accretion of 4%.

Over the next three years, AREIT aims to deliver a total shareholder return of 10-12% by expanding its asset base by P15-20 billion annually.

With 25 properties, assets under management totaling P87 billion, and a diversified portfolio spanning offices, malls, hotels and industrial land, AREIT has demonstrated its ability and commitment to deliver shareholder value through stable operations and infusions from its Sponsor, Ayala Land. AREIT remains steadfast in attaining its vision of being the leading and most diversified Philippine REIT.

2024 Plans

**in line with latest infusion*

- **Enlarge AREIT Assets Under Management (AUM) to USD 2 billion.**
- **Diversify mix of offices, malls, hotels, industrials to reduce sector risks**
- **Capitalize on flagship commercial assets from ALI as our sponsor**
- **Dividend Accretion in all asset acquisitions**

How AREIT Creates Value

AREIT'S SIX CAPITALS

1 NATURAL

Ayala Land's extensive pipeline of leasing assets for potential infusion

2 INTELLECTUAL

A 3-year track record in fund and property management, and increasing shareholder value
(See page XX)

3 MANUFACTURED

Solid portfolio of grade-A commercial leasing properties
(See page XX)

4 HUMAN

An experienced, committed, and professional management team seconded from Ayala Land
(See page XX)

5 SOCIAL

Sound corporate governance practices strengthen the relationship with tenants and investors (See page XX)

6 FINANCIAL

The solid balance sheet supports the ability to deliver steady dividends and growth plans
(See page XX)

AREIT'S 3-YEAR INVESTMENT STRATEGY

Achieve a total shareholder return of 10-12% per annum by growing and diversifying AREIT's portfolio at an average of 100K sqm of GLA and AUM by P10-15 billion annually



PROACTIVE ASSET MANAGEMENT AND ENHANCEMENT

AREIT Fund Managers actively manage the portfolio to achieve revenue and net income growth and maintain optimal occupancy levels. Together with AREIT Property Managers, they drive organic growth, build strong relationships with the tenants, and explore the enhancement of growth opportunities within the existing properties, following sustainability focus areas of resource efficiency and contribution to local economic development



INVESTMENT AND ACQUISITION

AREIT Fund Managers seek and acquire quality income-producing commercial properties situated in high-growth areas that fit the investment criteria to enhance returns for investors and increase potential opportunities for future income and capital growth

OUTPUTS AND OUTCOMES

NATURAL

- 34 Malls; 2.1M sqm GLA
 - 65 BPOs, 6 HQs; 1.36M sqm GLA
 - 2 Branded Hotels and 3 Resorts
- A diversified leasing portfolio that generates stable returns for investors
(See pages 6-9)

INTELLECTUAL

- FY23 dividends of P2.15/share
 - 96.5% DPS Growth since the IPO
 - 97% Occupancy
 - WALE of 10.1 years
(See page 22)
- Enhanced shareholder value and supported the growth of the Philippine equity capital market

MANUFACTURED

- 25 assets with a total AUM of P87.2B, 3x growth from the IPO
(See pages 6-9)
- Reduced and offset net GHG emissions by 35,286 t-CO₂e and 899 t-CO₂e, respectively
(See pages 51-55)

HUMAN

- Synergy and teamwork between AREIT, AREIT Fund Managers, Property Managers and service providers resulted in strong asset performance
(See pages 36-37)
- Provided employment to 68,772 tenant employees and 1,006 service providers
(See pages 57-59)

SOCIAL

- 198 tenants
 - 33,668 investors
(See pages 56-58)
- 95% tenant satisfaction rating
 - Recognized as top performing PLC based on the 2022 ASEAN Corporate Governance Scorecard
(See pages 56-58)

FINANCIAL

- P4.93B Net income
 - 0.04 Net D/E ratio
 - 3.12% ave. cost of debt
(See pages 22-23)
- Total Shareholder Return of 50%
(See pages 22-23)



CAPITAL AND RISK MANAGEMENT

AREIT Fund Managers identify and manage capital to maximize overall returns. This process may include accessing the capital markets to source appropriately priced and structured debt and equity offerings, monitoring and implementing hedging arrangements and assessing alternative forms of capital and other capital management strategies where appropriate





EV CHA

NO PARKING ANYTIME

ELECTRIC VEHICLE FAST CHARGER

Vertis North EV Charging Hub



CHARGING HUB

Sustainability

ESG Approach

Aligned with its Sponsor’s commitment to monitoring key issues such as the economic, environmental, and social impacts of its developments, AREIT adopts Ayala Land’s ESG approach, operationalizing sustainability through four focus areas, and measuring and reporting its sustainability performance against global goals and standards.



One Ayala Transport Terminal

Materiality Review and Sustainability Four Focus Areas

AREIT has embraced Ayala Land’s sustainability four focus areas—site resilience, pedestrian mobility and transit connectivity, resource efficiency, and local economic development—reflecting the Sponsor’s practice of monitoring the economic, environmental, and social impacts of its developments.

Site resilience aims to reduce community vulnerability to the effects of climate change and natural disasters. Pedestrian mobility and transit connectivity initiatives enhance urban mobility. Resource efficiency initiatives address the ongoing depletion of natural resources. Local economic development efforts aim to mitigate socio-economic imbalances.

Originally identified in a 2014 materiality assessment, these four focus areas remain relevant today, alongside issues emerging from the pandemic. They serve as fundamental frameworks for sustainability efforts within the Ayala Land Group, AREIT included, guiding organizational operations, mitigating sustainability risks, and delivering value to the business, environment, and society.

AREIT focuses on resource efficiency and local economic development. While the construction, development, and master planning of AREIT properties are executed by its Sponsor, upon turnover of the properties –whether through acquisition or infusion--AREIT and its property management arm, AREIT Property Managers, Inc. (APMI), assume responsibility for the properties’ operations and maintenance, ensuring alignment with Ayala Land’s sustainability initiatives and targets. APMI, in turn, engages Ayala Property Management Corporation (APMC) for the management of the properties’ physical buildings, equipment, and common area services.

Ayala Land’s Four Focus Areas and the UN Sustainable Development Goals

With the establishment of the United Nations Sustainable Development Goals (SDGs) in 2015, Ayala Land aligned each of the focus areas with the relevant SDGs.



Site Resilience

Extreme weather events, rising sea levels, and other hazards associated with climate change can undermine AREIT’s properties and operations. Sponsor Ayala Land strengthens the corresponding sites to enable them to quickly recover from environmental stress, by undertaking technical due diligence to screen for geohazards, providing space for refuge and rainwater absorption, and using native trees to enhance biodiversity and ecosystems.



Pedestrian Mobility & Transit Connectivity

AREIT properties are located within the master-planned Ayala Land estates, ensuring mobility and connectivity. In these estates, people are provided with alternatives to using motor vehicles and abundant opportunities for walking and commuting. There are also numerous walkways, pedestrian-only areas, and convenient access to transit stops and transportation terminals in these places.



Resource Efficiency

AREIT is committed to support its Sponsor’s goal of reaching carbon neutrality and Net Zero targets by 2050 for all commercial properties. Ayala Land’s operations and developments are planned so that natural resources and construction materials, such as steel and cement, are used judiciously and efficiently, reducing overall consumption and GHG emissions. Energy and water conservation programs and waste management schemes with a circular economy approach in mind are also in place and are regularly audited for further improvement.



Local Economic Development

AREIT’s properties cater to various office and retail tenants that generate employment and business opportunities in their corresponding localities. By providing spaces to these tenants, AREIT contributes to nation building and creates value for the community.

AREIT's Material Topics and Global Reporting Frameworks

AREIT uses key sustainability reporting frameworks including the UN Sustainable Development Goals (SDGs), six capitals of the Integrated Reporting Framework, Global Reporting Initiative (GRI) Indicators, Sustainability Accounting Standards Board (SASB) Material Topics, and Task Force on Climate-Related Financial Disclosures (TCFD) Recommendation to measure and report its own performance and impact on local and global development.

The table below shows the relevant UN SDGs and GRI, SASB, and TCFD topics that correspond to the Sponsor's four focus areas. Other material topics pertain to corporate governance, risk management, labor practices, and decent employment.

	Sustainability Four Focus Areas				Other Material Topics	
	Site Resilience	Pedestrian Mobility and Transit Connectivity	Resource Efficiency	Local Economic Development	Corporate Governance and Risk Management	Labor Practices and Decent Employment
GRI	303: Water and Effluents 307: Environmental Compliance	203: Indirect Economic Impacts 416: Customer Health and Safety	204: Procurement Practices 301: Materials 302: Energy 303: Water and Effluents 305: Emissions 306: Waste 308: Supplier Environmental Assessment	202: Market Presence 203: Indirect Economic Impacts	201: Economic Performance 205: Anti-Corruption 206: Anti-Competitive Behavior	403: Occupational Health and Safety
SASB	IF-RE-450: Climate Change Adaptation		IF-RE-130: Energy Management IF-RE-140: Water Management IF-RE-410: Management of Tenant Sustainability Impacts IF-RE-450: Climate Change Adaptation		IF-RE-450: Climate Change Adaptation	
TCFD	Strategy Metrics and Targets		Strategy Metrics and Targets		Governance Strategy	
UN SDGs	13: Climate Action 15: Life on Land	3: Good Health and Well-Being 9: Industry, Innovation, Infrastructure	6: Clean Water and Sanitation 12: Responsible Consumption and Production	1: No Poverty 8: Decent Work and Economic Growth 10: Reduced Inequalities		8: Decent Work and Economic Growth

Stakeholder Engagement

AREIT engages with its stakeholders through various modes to understand and address issues and concerns, and build and maintain strong relationships for long-term shared value creation.

Stakeholder	Issues and Concerns of Stakeholders	Mode of Engagement
Tenants, Tenant Employees, Hotel Guests, and Shoppers	<ul style="list-style-type: none"> • Customer health, welfare, and safety • Customer service and experience • Delivery of best-in-class products and services • Facilities management • Green building certifications • Management of environmental and social impacts 	<ul style="list-style-type: none"> • Digital platforms • Customer satisfaction surveys • Loyalty and appreciation programs • E-newsletters • AREIT website and social media platforms
Employees and Workers Note: AREIT's entire workforce, including its officers, are seconded from Sponsor Ayala Land and its subsidiaries.	<ul style="list-style-type: none"> • Occupational health, welfare and safety • Training and career development • Compensation and rewards • Labor practices and human rights 	<ul style="list-style-type: none"> • Access to healthcare services • Townhalls, monthly or quarterly updates • Organizational climate surveys • Grievance mechanisms and channels • Performance reviews • Training and learning sessions; blended learning modalities
Business Partners Suppliers and Service Providers	<ul style="list-style-type: none"> • Compliance with all laws, regulations, codes and standards • Productivity and timely delivery of products and services • Occupational and customer health, welfare and safety • Labor practices and human rights • Procurement practices • Management of environmental and social impacts 	<ul style="list-style-type: none"> • Training and webinar sessions • One-on-one meetings • Policies and memos • Vendor's Code of Ethics
Creditors	<ul style="list-style-type: none"> • Financial and Operating Performance • Debt servicing capacity 	<ul style="list-style-type: none"> • Financial Sustainability and Capital Management Strategies • Regular engagement with partner banks and investors
Shareholders and Analysts	<ul style="list-style-type: none"> • Financial and Operating Performance • Debt servicing capacity • Recovery and growth plans 	<ul style="list-style-type: none"> • Financial Sustainability, Capital Management Strategies, and Recovery and Growth Initiatives • Regular engagement with investors through one-on-one meetings, investor conferences and roadshows, and quarterly briefings
National and Local Government Units	<ul style="list-style-type: none"> • Compliance with all laws, regulations, codes and standards • Economic development • Management of environmental and social impacts 	<ul style="list-style-type: none"> • Conferences and meetings • Participation in government consultations • Partnerships in national and local projects, programs and initiatives • Dialogues and meetings with stakeholders, including leaders at the barangay, local government and national agency levels
Media	<ul style="list-style-type: none"> • Timely and accurate news • Transparency • ESG (environmental, social and governance) performance 	<ul style="list-style-type: none"> • Media conferences and briefings • News releases and fact sheets • Social gatherings • One-on-one meetings • Through third-party consultants • Annual reports • AREIT website and social media platforms

Environmental Stewardship

AREIT properties aim to reduce their carbon emissions to achieve carbon neutrality and Net Zero 2050 targets aligned with the programs of Ayala Land. Moreover, AREIT has fully aligned itself with its Sponsor's sustainability principles implemented through Four Focus Areas.



Ayala North Exchange
Makati CBD

Pedestrian Mobility and Transit Connectivity

Most of AREIT's properties are strategically located in the mixed-use, integrated, and sustainable estates of Ayala Land enabling accessibility to commuters and pedestrians.

In the Makati CBD, Ayala North Exchange and Solaris One are seamlessly connected to the estate's elevated walkway and underpass network, providing direct access to the main transport hubs in Ayala Center. These buildings are also conveniently situated near bus and jeepney stops along Ayala Avenue.

The McKinley Exchange Center, strategically located at the intersection of Ayala Avenue and EDSA (Epifanio delos Santos Avenue), serves as a key location linking the northern and southern sections of Metro Manila. Located on the northbound side of EDSA, it features a terminal for public utility vehicles going into Bonifacio Global City (BGC) in Taguig, serving as a main entry point into BGC. Additionally, McKinley Exchange Center is connected to the new One Ayala Center through an elevated covered walkway.

The One Ayala Terminal, which started operations in 2022, significantly improved the commuter experience going in and out of the Makati CBD. This terminal serves north/south-bound buses, AUVs, jeepneys, and offers a direct connection to MRT Ayala station. Situated at the strategic corner of EDSA and Ayala Avenue, the Terminal facilitates seamless connectivity for thousands of commuters daily.

Teleperformance Cebu is located within the 27-hectare Cebu I.T. Park, strategically positioned near the Ayala Land's Central Bloc mixed-use development, which currently hosts a mall, a Seda hotel, and two office towers.

Resource Efficiency

AREIT properties adhere to Ayala Land's principle of resource efficiency. Measures are in place to promote the conscientious use of energy and water and the management of waste in these properties.

Energy Management

Due to the new acquisitions in 2021 and 2022, and the return to normal operations of the malls and offices, the total energy consumption within the organization further rose to 45.8 million kWh, versus 28.5 million kWh in previous reporting year. Similarly, energy consumption of leased areas increased by 2.76x to 122.6 million kWh from 44.4 million kWh in 2022.

Energy Consumption (in kWh)	2019	2020	2021	2022	2023
Within the Organization					
Electricity	12,832,288	10,403,113	13,185,164	28,460,217	45,773,404
Fuel	351,277	296,957	658,851	993,182	179,311
Outside the Organization					
Electricity	14,650,248	13,282,268	41,659,610	44,434,916	122,551,737
Total Energy Consumption (kWh)	27,833,813	23,982,338	55,503,626	73,888,315	168,504,452

To compare energy efficiency over time, electricity intensity in both common areas and tenant areas are measured in terms of kWh consumption per sq. meter of occupied floor area. Conforming to the overall increase in energy consumption, the energy intensity in 2023 also increased by 9% for common areas at 160.34, and 20% for tenant areas at 155.36.

Electricity Intensity	Unit*	2019	2020	2021	2022	2023
Whole Building	kWh/sqm GFA	157.47	125.48	107.96	140.46	165.14
Common Area	kWh/sqm GCA	245.17	188.93	125.29	147.55	160.34
Leased Area	kWh/sqm GLA	119.90	99.35	103.33	129.98	155.36

Legend: GFA – Gross Floor Area; GCA – Gross Common Area; GLA – Gross Leasable Area; OCC – Occupancy Rate

* To take into account significant changes in the occupancy rate during the pandemic, intensity was measured as kWh consumption per sq. meter of relevant area multiplied by occupancy rate.

¹ Energy consumption includes electrical consumption and the kilowatt hour equivalent of fuel consumption.

Water Management

Water consumption of properties also saw a significant growth consistent with the increase in the number of properties managed. The rebound of mall operations and return to office mandate on employees of tenants also contributed to these significant increases. Total water consumption of 1.8 million cubic meters more than tripled compared to the previous year. In terms of water intensity, measured as cubic meter consumption per sq. meter of occupied floor area, common area intensity at 4.99 and leased area intensity at 0.50, increased by 61% and 14% from 2022 levels, respectively.

Water Consumption (m ³)	2019	2020	2021	2022	2023
Within the Organization (Common Area)	209,753	191,705	278,755	429,024	1,424,758
Outside the Organization (Leased Area)	94,640	92,883	144,302	151,528	398,341
Total	304,393	284,588	423,057	580,552	1,823,099

Note: Breakdown of consumption between common area (within the organization) and leased area (outside the organization) started in 2019. For 2018, water consumption of the whole building was classified as within the organization.

Water Intensity	Unit*	2019	2020	2021	2022	2023
Whole Building	m ³ /sqm GFA	1.74	1.51	0.83	1.21	1.79
Common Area	m ³ /sqm GCA	4.01	3.48	2.65	3.10	4.99
Leased Area	m ³ /sqm GLA	0.77	0.69	0.37	0.44	0.50

Legend: GFA – Gross Floor Area; GCA – Gross Common Area; GLA – Gross Leasable Area; OCC – Occupancy Rate

* To take into account significant changes in occupancy rate in light of the pandemic, intensity has been measured as cubic meter consumption per sq. meter of relevant area multiplied by occupancy rate. 2019 and 2020 figures restated.

Green Buildings

To verify the resource efficiency performance of the properties, AREIT shall pursue green certifications for its properties. As of end-2023, 31% of its expanded office buildings portfolio in terms of GLA are LEED-certified.

LEED-Certified Building	LEED Certification
One Evotech	Silver
Vertis Corporate Center 1	Certified
Vertis Corporate Center 2	Certified
Vertis Corporate Center 3	Certified
Teleperformance Cebu	Gold
Ayala North Exchange Tower 1	Certified
Ayala North Exchange Tower 2	Certified

AREIT aims to increase the share of green buildings in its portfolio by 2026. In September 2023, AREIT signed an agreement with International Finance Corporation (IFC) to signify its commitment to pursue IFC's EDGE Zero Carbon Certification for 1.5 million square meters of AREITs commercial office buildings. EDGE provides a pathway to net zero through EDGE Zero Carbon, the highest level, by measurement and verification of efficient use of resources such energy, water and materials.

As of January 2024, 8 office buildings with total gross leasable area of 354,000 square meters have been issued with EDGE Zero Carbon Certification making AREIT's offices the largest EDGE Zero Carbon certified portfolio in the Philippines.

The eight AREIT buildings awarded with EDGE Zero Carbon Certification were Glorietta 1 and 2 Corporate Center, Solaris One, McKinley Exchange Corporate Center in Makati, Vertis North Corporate Centers 1, 2, and 3 in Quezon City, and The 30th Corporate Center in Pasig on account of a 45.33% improvement in energy efficiency, 49.07% in water, and 61.88% in embodied carbon material reduction.

Carbon Neutrality and Net Zero

AREIT supports its Sponsor's goal to achieve Net Zero targets by 2050 across all its commercial properties. It continues to look for opportunities to shift a greater proportion of its properties to renewable energy (RE) sources.

Renewable Energy

As of end-2023, 93% of AREIT's buildings as measured in GLA are purchasing electricity from renewable sources. The proportion of building sourcing from RE has increased from 87% last year despite the increase in the assets in the portfolio. As a result, the share of renewable energy in the energy mix rose to 97% from 80% in 2022, with the increase in consumption from offices and facilities sourcing from RE.

Energy Mix 1	2019	2020	2021	2022	2023
Electricity (Renewable)	34%	35%	71%	80%	97%
Electricity (Non-Renewable)	63%	63%	24%	16%	2.9%
Fuel	3%	3%	5%	3%	0.1%

Note: Energy consumption includes electrical consumption and the kilowatt hour equivalent of fuel consumption. Total energy consumption in 2023 is at 168,504 MWh

Emissions

Aligned with its Sponsor's carbon neutrality and Net Zero targets, AREIT has achieved carbon neutrality status in 2021, one year ahead of its goal and verified by third-party. Gross emissions in 2023 totaled 36,175 tCO₂e. This Through the Sponsor's two main carbon neutrality strategies of renewable energy sourcing and restoring carbon sinks or carbon forests, AREIT has reduced and offset its emissions by 35,286 t-CO₂e and 889 t-CO₂e, respectively, resulting in net-zero scope 1 and 2 emissions from fuel and electricity use.

Emissions intensity of 4.19, measured in terms of scopes 1 to 3 operational emissions per sq. meter of occupied floor area, also decreased by 75% largely due to the reduction of emissions from renewable energy use.

Year-on-Year Carbon Neutrality Progress (in t-CO₂e)¹

Carbon Neutrality Performance	2019	2020	2021	2022	2023
Gross Emissions ²	3,857	8,037	15,899	22,440	36,175
Less: Renewable energy use ³	316	3,931	10,461	18,486	35,286
Less: Carbon forest offset ⁴	-	-	5,438	3,954	889
Net Emissions	3,541	4,106	-	-	-
% Reduction	8%	49%	100%	100%	100%

1. Emissions are market-based and calculated using the GHG Protocol Corporate Accounting and Reporting Standard.

2. Emissions if properties had not shifted to renewable energy sources (business-as-usual scenario).

3. Reductions from using renewable energy which are backed up by iRECs (International REC Standard) certification.

4. Reductions from carbon sinks are due to the estimated carbon stock of Ayala Land-owned forests, as calculated and verified by a third-party.

Emissions Intensity	2019	2020	2021	2022	2023
Whole Building (kg-CO ₂ e/sqm GFA)*	48.33	49.52	21.23	17.09	4.19
Common Area (kg-CO ₂ e/sqm GCA)*	63.72	72.70	48.71	30.29	14.96
Leased Area (kg-CO ₂ e/sqm GLA)*	41.73	39.97	13.90	12.03	5.41

* To take into account significant changes in occupancy rate in light of the pandemic, intensity has been measured as kg-CO₂e of Scope 2 and 3 emissions per sq. meter of gross floor area (GFA) multiplied by occupancy rate (OCC).

Circular Economy

Solid Waste

AREIT has embarked on the adoption of a circular approach to waste management, in line with its Sponsor's practice. With the help of Ayala Property Management Corporation, waste generated by AREIT's properties are sent either to recyclers or to the landfill.

As of end-2023, efforts of waste diversion has increased resulting to an amount of 1,146 tonnes of waste diverted from the landfill and sent to recyclers, ecohubs or composted. Total waste generated increased by 3.6x the 2022 levels to 4.39 million kg due to the higher number of properties included in the reporting scope as well as increased on-premises commercial activities.

Waste Generation and Diversion (kg)	2019	2020	2021	2022	2023
Total Waste Generation	478,491	365,350	1,048,674	1,210,588	4,394,276
Sent to Landfill	461,765	357,658	1,015,007	1,022,832	3,247,380
Food	235,132	173,915	306,168	454,652	1,005,031
Residual	219,298	173,815	344,190	361,494	1,760,602
Compostable	7,335	9,928	364,648	206,686	363,620
Other Landfilled Waste					118,127
Diverted from Landfill	16,726	7,692	33,667	187,756	1,146,896
Sent to Recyclers	16,726	7,692	33,667	187,756	329,172
Composted Waste					809,076
Plastics sent to Ecohub					8,648

Hazardous Waste

AREIT, through APMC, complies with the requirements of proper hazardous waste management in accordance with Republic Act 6969 (Toxic Substances and Hazardous and Nuclear Waste Act of 1990) and Department of Environment and Natural Resources (DENR) Administrative Order 2013-22 (Revised Procedures and Standards for the Management of Hazardous Wastes).

AREIT's properties have designated hazardous wastes storage rooms and DENR-controlled Hazardous Wastes Generators' ID Numbers. All hazardous waste generated from these properties are transported and treated by DENR-accredited vendors.

Under the Bantay Kalikasan program of the ABS-CBN Lingkod Kapamilya Foundation, Inc. (ALKFI), used lead acid batteries, industrial oil, and waste electronic and electrical equipment are recycled, with proceeds from the sale of these materials donated to ALKFI for their reforestation programs. Other hazardous wastes are transported and treated by DENR-accredited transporters and disposal facilities. For every treated waste, a Certificate of Treatment is provided by haulers as proof of proper disposal and is reported by APMC to DENR.

All types of hazardous waste generation increased significantly in 2023 due to the increase in the number of properties coupled with increased commercial activities in the malls and tenant employees going back to the offices. Operations and maintenance activities also ramped up in 2023 with the normalized operating hours and increase of foot traffic.

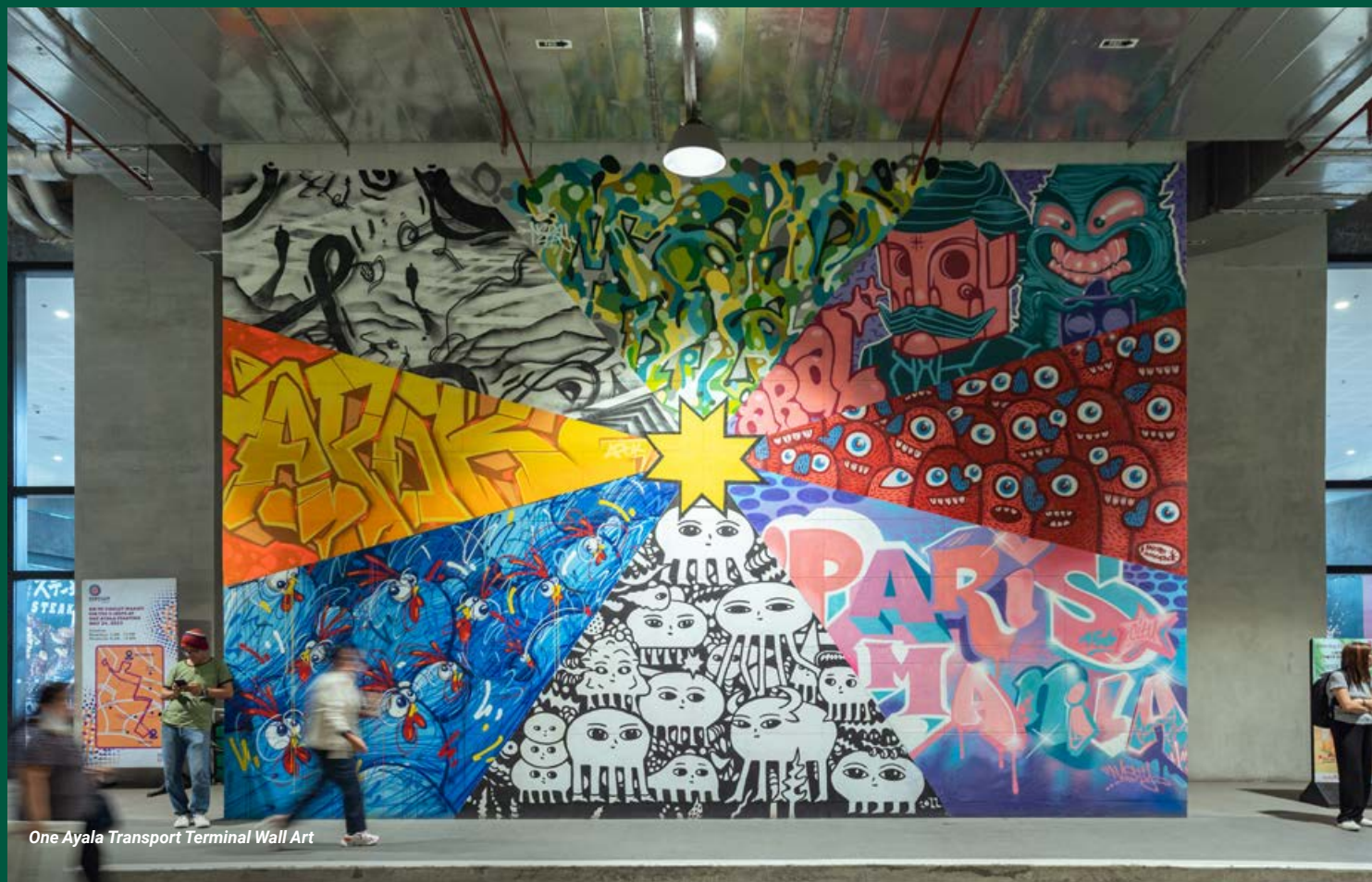
Hazardous Waste Generation (metric tonnes)	2020	2021	2022	2023
D406 ULAB	0.34	2.30	2.67	23.55
D407 CFL	0.26	2.29	0.41	1.46
I101 Engine oil	900	12.25	10.01	32.46
J201 Containers	3.11	3.31	0.04	11.63
M506 WEEE	0.22	1.41	0.26	2.66
H802 Grease Wastes	-	-	0.52	133.77
F601 Solvent-based Wastes	-	-	0.01	0.07

Legend:

ULAB–Used lead acid batteries • CFL–Compact fluorescent lightbulbs • WEEE–Waste electrical and electronic equipment

Social Engagement

AREIT actively engages its various stakeholders to deliver on its investment strategy of creating sustainable long-term value.



One Ayala Transport Terminal Wall Art

Tenants, Tenant Employees, Hotel Guests, and Shoppers

Property managers serve as account managers who closely collaborate with the tenants' designated facilities managers. Regular meetings are held with tenants, with anchor tenants receiving weekly meetings and all other tenants receiving monthly meetings on average.

Office leasing officers regularly engage with key executives such as Country Heads, VP for Operations, and Regional or Global Real Estate Heads to discuss operational issues and expansion plans. Retail tenants also benefit from regular coordination meetings with the property managers to address their concerns and ensure smooth business operations.

To keep tenants informed about key developments affecting the property, property managers maintain a central messaging group and post notices in common areas and lobbies. Regular customer satisfaction surveys are conducted to gauge tenant satisfaction. In 2023, AREIT properties achieved an average score of 95%.

Employees and Workers

AREIT's entire workforce, including its officers, are seconded from Sponsor Ayala Land and its subsidiaries.

Ayala Land prioritizes employee well-being through programs that build on their capabilities, support high performance levels, and promote their health and safety at all times.

Contribution to Local Economic Development

AREIT contributes to local employment through its tenants and service providers. As of end-2023, its properties provided employment opportunities to 68,772 tenant employees and 1006 service providers.

Year	Tenant Employees	Service Providers
2022	45,457	917
2023	68,772	1006

Health and Safety

As of end-2023, no major incident was recorded in the properties.

Compensation and Rewards

All employees of AREIT, Inc. are seconded from Ayala Land and receive no compensation, salary or per diem from AREIT.

The Sponsor provides compensation and benefits to the seconded employees following practices as mandated by national labor laws and its own performance incentives program. The company rejects any form of forced and compulsory labor. All regular employees receive life insurance, in-patient and out-patient health coverage, disability and invalidity coverage, retirement benefits, and medical allowances. Project employees are provided with health insurance coverage and are entitled to service incentive leaves and overtime pay.

The Sponsor also provides variable pay such as performance-based incentives directly linked to an individual's key deliverables established at the start of the year.

Ethical Behavior

AREIT upholds high standards of accountability and ethics in line with the Sponsor's code of ethics. The company regards its personnel with the utmost respect and professionalism. Any individual or entity may report suspected irregularities or misconduct involving AREIT employees, business partners, suppliers, and service providers through the Ayala Land Group's business integrity channels. These reports may be sent to the Sponsor's whistleblower officer at myreport@ayalaland.com.ph, through SMS at +63 917 3118510, face-to-face meetings, and the website of Ayala Land's auditor, <https://proactivehotline.grantthorntonsolutions.ph/home/selectcategory/2c0bd053-851d-4ec3-a971-bf193acef275>

Business Partners, Suppliers, and Service Providers

<GRI 204, 205, 308>

AREIT recognizes the rights of all business partners, suppliers, and service providers, and is committed to fostering long-term mutually beneficial relationships through impartial dealings and adherence to strict moral and ethical conduct.

The company ensures that vendors and trade partners have equal opportunities and promotes fair and open competition by encouraging the highest level of productivity, efficiency, quality, and cost-competitiveness.

Suppliers of AREIT are accredited based upon their full compliance with the Sponsor's standards and requirements, with a preference for those who practice environmental responsibility. AREIT actively supports the Sponsor's "greening the supply chain" campaign, requiring suppliers to accomplish a "Green Metrics" form to confirm their environmental and social practices, including initiatives on managing environmental impacts and sustainability reporting. Whenever feasible, materials and supplies are sourced locally.

To enforce compliance with policies to prevent fraudulent activities, AREIT's Internal Audit Division conducts vendor audits with its business partners, suppliers, and service providers in accordance with the provisions of the Sponsor's Vendor's Code of Ethics. This code undergoes regular updates to enhance its provisions and align with ISO guidelines for Sustainable Procurement 20400:2017. Interested parties may access the code at <https://www.ayalaland.com.ph/vendor-qualification/>.

In 2023, no audits were conducted on vendors of AREIT's properties based on the company's risk assessment during the year.

At AREIT, there is zero tolerance for child labor and modern slavery. Vendors, service providers, and suppliers undergo thorough audits to ensure that they do not employ underage or illegally deployed workers in their operations. No aspect of our operations has been identified as susceptible to child, forced, or any other form of illegal labor.

Creditors

AREIT acknowledges the rights of its creditors and is committed to honoring its contracted financial obligations and covenants. Creditors have access to readily available information about AREIT for them to adequately assess the company's credit standing. As of the end of 2023, AREIT has outstanding debt of P3.0 billion with a net gearing of 0.04:1, 8.06% of its deposited property value, well within the 35% average aggregate limit for Philippine REITs. AREIT has an investment-grade credit rating of PRS Aaa.

Shareholders and Analysts

Shareholder' rights to participate in decisions concerning fundamental corporate changes

Shareholders have the right to participate in decisions concerning fundamental corporate changes, including amendments to AREIT's articles of incorporation and by laws, issuances of additional shares, transfer of all or a substantial portion of the company's assets, approval of remuneration-related matters, nomination of candidates for the board, and election of directors through voting.

Shareholders' voting rights

Each common share of AREIT grants the shareholder, registered in the corporation's books, one voting right.

Shareholders' rights to participate effectively and vote in General Shareholder Meetings

Each shareholder is entitled to as many votes as the shares registered under the shareholder's name.

Shareholders are given the right to approve remuneration-related matters of the company's non-executive and independent directors during general meetings, whether regular or special.

Non-controlling or minority shareholders have the right to nominate candidates to the Board of Directors.

Analyst briefings, investor meetings, roadshows and conferences

AREIT conducts semi-annual briefings for both equity and credit analysts and communicates directly with institutional and individual investors through one-on-one meetings, video conference calls, and written communications such as e-mail.

During its first two years as a listed REIT, the company participated as panelist in several REIT education briefings and conferences including those hosted by The Philippine Stock Exchange (PSE), Securities and Exchange Commission (SEC), Urban Land Institute (ULI), and Asia Pacific Real Estate Association (APREA) and the 2020 Asia Pacific REIT Conference.

The President and CEO, Chief Finance Officer, together with the Head of Investor Relations, periodically join investor conferences and non-deal roadshows organized by stockbrokers, virtually while the pandemic continues, to ensure regular discussions with institutional shareholders.

In 2023 AREIT hosted two virtual analyst briefings on February 28 and August 15, to discuss the FY 2022 and 1H 2023 results, respectively. A special briefing was also held on November 30 to discuss the P30 billion asset infusion, which was supplemented by four broker calls to connect with institutional and retail investors.

AREIT also held meetings with two foreign funds and facilitated three investor property tours at Vertis North, Ayala North Exchange and One Ayala to provide a better appreciation of its assets and operations.

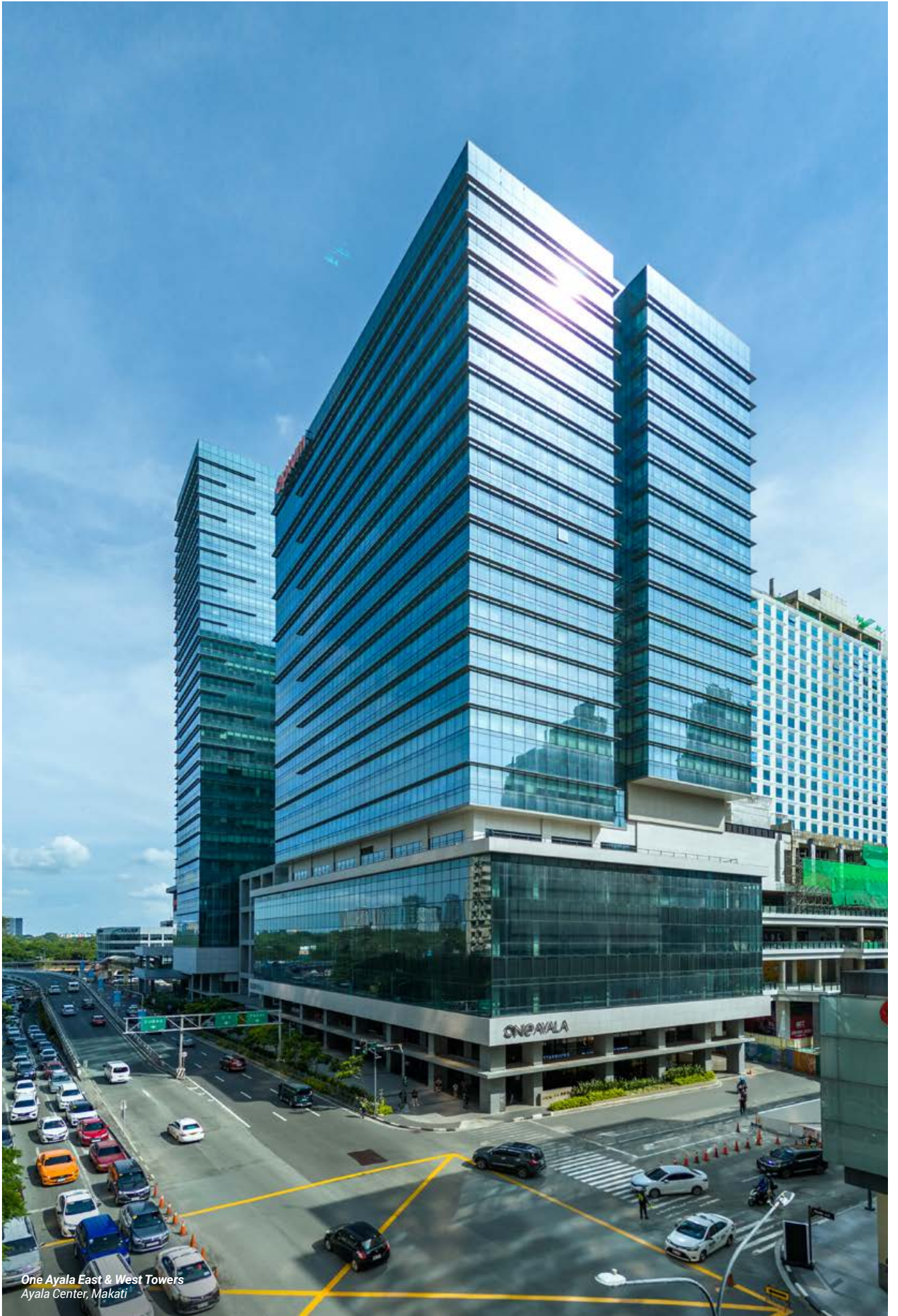
National and Local Government

AREIT supports the initiatives of both the national and local governments, especially on the implementation of safety protocols in its properties. It regularly coordinates with the Bureau of Fire Protection and the Office of the Building Official. Its properties participate in the nationwide earthquake and fire drills organized by the National Disaster Risk Reduction Management Council. Its property management teams also participate in the Safety Competition led by the Safety Organization of the Philippines.

Media

AREIT regularly engages the media through briefings and news releases. It is focused on accessibility, making sure that media inquiries and concerns are addressed quickly, via phone, e-mail, and other means of communication.

AREIT aims to establish an honest and transparent relationship with media representatives through appropriate communication and regular coordination. AREIT's media engagement is always guided by the company's commitment to good corporate governance and high ethical standards.



One Ayala East & West Towers
Ayala Center, Makati

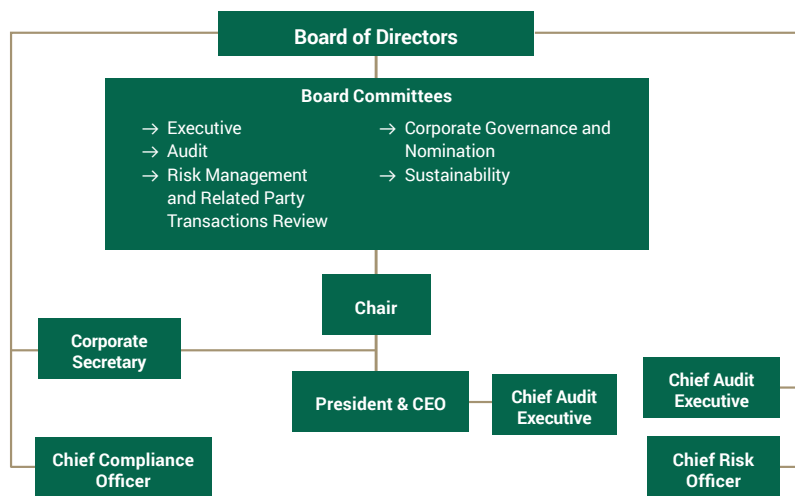
Corporate Governance

AREIT is committed to upholding elevated standards of governance aligned with those of the Ayala Group, as well as Philippine and regional standards. The company consistently enhances and implements governance policies and practices to this effect.



AREIT, Inc. Annual Stockholders' Meeting
April 26, 2023

AREIT's Corporate Governance Structure



In recognition of its commitment to upholding high standards of corporate governance, AREIT received Two Golden Arrow accolades by the Institute of Corporate Directors, in accordance with the Asean Corporate Governance Scorecard.

In line with its aspiration to be a premier REIT, AREIT continues to practice good corporate governance. It ensures compliance with the Real Estate Investment Trust Act of 2009, its Implementing Rules and Regulations (REIT Law), and the pertinent regulations stipulated by the Securities and Exchange Commission (SEC).

Board of Directors

The Board of Directors serves as the authority in matters of governance and managing the business of AREIT. Within their chartered authority, the directors, collectively as a board, have the fullest powers to govern the company's affairs judiciously. It is the board's responsibility to promote and adhere to the principles and best practices of corporate governance, to foster the long-term success of the company, and to secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the company, its shareholders, and other stakeholders.

Board Committees

The board is assisted by five committees with functions delegated in accordance with AREIT's charter documents: the Board Charter and Corporate Governance Manual. These are the Executive, Audit, Risk Management and Related Party Transactions Review, Corporate Governance and Nomination, and Sustainability committees.

Each committee's responsibilities are discussed in pages 66 - 69, "Board Committees," of this report. In addition, the Proxy Validation Committee assists in validating proxies and tabulating votes during stockholders' meetings.

The Chair and President and CEO

The Chair of the Board shall be separate from the Chief Executive Officer, ensuring an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making.

The Chair presides over all Board and stockholders' meetings while providing advice and counsel to the President.

Ms. Anna Ma. Margarita B. Dy assumed office the role of Chair of the Board on April 26, 2023.

The President and Chief Executive Officer

bears accountability for the Corporation's organizational and procedural controls. Further, it is the President's responsibility to determine the strategic direction and to formulate and implement the Corporation's strategic plan under the guidance of the Board of Directors.

Carol T. Mills has served as the President and Chief Executive Officer of the Corporation since 2014. During the annual meeting, the Chief Executive Officer delivers a comprehensive report on the Corporation's operations to the Board and stockholders from the preceding year.

Corporate Secretary

The Corporate Secretary ensures that the Board of Directors receives adequate and timely information before meetings and serves as a legal adviser to the directors on their responsibilities and obligations. Mr. Solomon M. Hermosura assumed the post of AREIT's Corporate Secretary in 2019.

CFO and Treasurer

The Treasurer shall be a resident of the Philippines and shall have charge of the funds, securities, receipts and disbursements of the Corporation. The Treasurer shall also be the Controller and may also be the Chief Finance Officer who shall be appointed by the Board of Directors. Ms. Ma. Teresa R. Famy has served as the Treasurer and Chief Finance Officer of the Corporation since August 2021.

Chief Compliance Officer

The Chief Compliance Officer ensures compliance by the Corporation, its directors and officers with applicable laws, rules and regulations, and governance issuance of regulatory agencies, proper onboarding of new directors, identification and appropriate resolution of compliance issues, and the integrity and accuracy of all documentary submissions to

regulators, and perform all other duties which may be assigned to him by the Board of Directors. Ms. Ma. Florence Therese dG. Martirez-Cruz has served as the Chief Compliance Officer of the Corporation since April 2023.

Chief Audit Executive

The Chief Audit Executive (CAE), reporting to the Audit Committee, leads the Internal Audit group in ensuring compliance with internal control procedures and assists the committee in supporting the corporate governance process through the provision of checks and balances. The Internal Audit group assists the committee and the board in the discharge of their duties and responsibilities as provided in the Code of Corporate Governance for Publicly Listed Companies.

Ms. Rowena P. Libunao, has served as AREIT's CAE, since February 24, 2021AE.

Chief Risk Officer

The Chief Risk Officer reporting to the Risk Management and Related Party Transactions Review Committee leads the Risk Team in identifying, evaluating, managing risks of the Corporation, as well as provide support in the Board's oversight responsibilities in relation to risk management through continuous input, evaluation, and feedback on the effectiveness of the Corporation's risk management process and internal controls system.

Mr. Maphilindo S. Tandoc has served as AREIT's Chief Risk Officer since August 12, 2021.

AREIT has established policies and practices, which are posted on its website, <https://areit.com.ph>. They are also available in this Integrated Report, Annual Corporate Governance Report, and the Corporate Governance Manual. AREIT is governed by its Corporate Governance Manual and complies with all listing and disclosure rules of the PSE, and the SEC.

Board Matters

Board Composition

The board comprises eight members, more than half of whom are independent and non-executive directors. Directors hold office for one year or so until their successors are elected and qualified. The Board is currently composed of 50% women directors.

Skills, Competency, and Diversity

Careful attention is given to ensure that there is independence and diversity, subject to the possession of the necessary knowledge, abilities, and experience determined by the board as necessary for it to properly perform its functions. Collectively, the board possesses the required knowledge, skills and competencies, and experience in general business, real estate, industry, law, and finance to properly perform its duties.

Half of the AREIT board is composed of women, including both the Chairman and the President and CEO, strengthening its commitment to gender diversity.

The board regularly reviews its composition considering the evolving requirements of the company and best practices in corporate governance, taking into consideration the benefits of a diverse and balanced board. To ensure that optimal decision-making is achieved, the Board gives careful attention to reviewing its composition. The Board strives and shall be composed of at least two (2) female directors. Further, to ensure diversity, nominees to the Board shall be selected based on merit, and consider business experience, age, gender, ethnicity, culture, skills, competence, and knowledge. Four (4) out of the six (6) non-executive and independent directors have prior working experience in real estate and investments, finance, or business management, areas where the Company operates in. The

board members' diverse professional backgrounds and expertise facilitate the effective execution and oversight of corporate governance in AREIT.

Independent Directors

Independent directors, who may serve for not more than nine years, are not to hold any interest or relationship with AREIT that may hinder, compromise, or interfere with their independent judgment and exercise of responsibilities as director.

Following the REIT Law which requires at least 33% of the board of directors to be independent, AREIT has three independent directors out of its eight-member board, or 37.5%.

Following the Code of Corporate Governance for Publicly Listed Companies, as well as the REIT Act, on April 26, 2023, AREIT appointed Mr. Omar T. Cruz as lead independent director, serving as an intermediary between the Chairman and the other directors whenever necessary, among other responsibilities.

BOARD OF DIRECTOR	DESIGNATION	YEAR APPOINTED (NO. OF YEARS IN THE BOARD)	EXPERTISE
Anna Maria Margarita Bautista Dy	Non-Executive, Chairman	April 26, 2023 (less than 1 year)	Real estate, economics, business management
Carol T. Mills	Executive, President and CEO	February 10, 2014 (9)	Real estate, office and mall leasing, business management
Bernard Vincent O. Dy	Non-executive	April 4, 2019 (4)	Real estate, accounting and finance, business management
Augusto D. Bengzon	Non-executive	April 4, 2019 (4)	Finance and treasury, real estate, business management
Omar T. Cruz	Non-executive, Lead Independent	April 12, 2019 (4)	Insurance, economics, finance, investments, management engineering
Enrico S. Cruz	Non-executive, Independent	February 5, 2020 (32)	Finance and capital markets, business economics, business management
Mariana Zobel de Ayala	Executive	October 2021 (2)	Real estate, commercial leasing and hospitality, banking, social studies, business administration
Sherisa P. Nuesa	Non-executive, Independent	April 26, 2023 (less than 1 year)	Commerce, real estate, finance, business administration

Fund Manager

As required by the REIT Law, AREIT engaged the services of AREIT Fund Managers, Inc. (AFMI) on February 5, 2020. AFMI is duly licensed by the SEC to act as a REIT Fund Manager and possesses all the qualifications and none of the disqualifications imposed by relevant laws, rules, and regulations. The majority of the members of the Fund Manager are independent directors, all of whom have a working knowledge of the real estate industry, fund management, corporate finance, and other relevant finance-related functions. The Fund Manager is a wholly owned subsidiary of Ayala Land, Inc.

The Fund Manager has general power of management over the assets of the company, pursuant to the Fund Management Agreement (a five-year, renewable agreement defining the relationship between AREIT and the Fund Manager). The Fund Manager's main responsibility is to manage the company's assets and liabilities for the benefit of the company's shareholders. The Fund Manager manages the assets of the company with a focus on generating rental income and, if appropriate, increasing the company's assets over time to enhance the returns from the investments of the company and, ultimately, the distributions to the company's shareholders.

The Board of Directors of the Fund Manager is entrusted with the responsibility for the overall management of the Fund Manager. It is composed of highly qualified individuals with track records in real estate, fund management, corporate finance, and other relevant finance-

AFMI Board of Directors	DESIGNATION	YEAR APPOINTED	EXPERTISE
Ma. Luisa D. Chiong	Non-Executive, Chairman	March 15, 2021	Finance, accounting, and real estate
Patricia Gail Y. Samaniego	Executive, President and CEO	December 27, 2019	Office and mall leasing, and business development
Ma. Angela E. Ignacio	Non-executive, Independent	January 29, 2020	Economics, banking, and finance
Eduardo F. Saguil	Non-executive, Independent	January 29, 2020	Real estate, finance, and capital markets
Simeon S. Cua	Non-executive, Independent	December 3, 2021	Business management, real estate, and law

Property Manager

Pursuant to the REIT Law, AREIT engaged the services of AREIT Property Managers, Inc. (APMI) on February 5, 2020. APMI is an independent corporate entity, duly qualified to perform the responsibilities of a REIT Property Manager. To ensure its autonomy, most members of the Property Manager are independent directors, all of whom have working knowledge of the real estate industry and property portfolio management. The Property Manager is a wholly owned subsidiary of Ayala Land.

The Property Manager's executive officers are primarily responsible for the day-to-day management of AREIT properties, pursuant to the Property Management Agreement (a five-year, renewable agreement between the company and the Property Manager). For other services, such as janitorial, technical, and security services, the Property Manager may engage third-party companies. The Property Manager manages the execution of new leases and the renewal or replacement of expiring leases as well as the marketing and promotion of the properties.

In addition, the Property Manager oversees the overall management, maintenance, and repair of the structure and utilities of the company's properties; formulation and implementation of policies and programs with respect to building management; maintenance and improvement; securing and administration of routine management services, including security control, fire precautions, communication systems and emergency management; and building management operations.

The Board of Directors of the Property Manager is entrusted with its overall management. It is composed of highly qualified individuals with track records in real estate and property portfolio management.

APMI Board of Directors	DESIGNATION	YEAR APPOINTED	EXPERTISE
Francisco Ma. D. Roxas	Executive, Chairman	May 7, 2019	Office leasing and operations and business management
Benjamin S. Borja, III	Executive, President and CEO	January 30, 2020	Property management and architecture
Alfonso Victorio G. Reyno, III	Non-executive, Independent	January 30, 2020	Business management and law
Abelardo M. Tolentino, Jr	Non-executive, Independent	May 7, 2019	Architecture and urban and regional planning
Joselito N. Luna	Non-executive, Independent	January 30, 2020	Architecture and urban and regional planning

Guidance on Directorships

A director may with due discretion accept and hold directorships outside AREIT, provided that such directorships do not, in the director's opinion, detract him from diligently performing his duties as AREIT director. Independent directors and non-executive directors shall hold no more than five board seats in any group of publicly listed companies while executive directors shall hold no more than two board seats in listed companies outside the Ayala Group.

Meetings and Attendance

Regular meetings of the Board of Directors are held at least six times annually, the schedule of which is set at the start of the year. Directors attend and actively participate in all meetings in person or through remote communication, such as videoconferencing, teleconferencing, or other alternative modes of communication allowed under the Company's By-Laws and relevant regulations of the Securities and Exchange Commission.

In 2023, the board held six regular and two special meetings. The overall attendance rate was 100%. As established in the board charter and the Corporation's Corporate Governance Manual, two-thirds (2/3) of the number of Directors as fixed in the Articles of Incorporation shall constitute a quorum for transaction of corporate business. Further, a minimum attendance of 75% is required for each member to be eligible for re-election.

Non-executive directors held meetings on August 14 and November 16, 2023, without the presence of any executive director to discuss the conduct and improvements in board governance, investor relations,

2023 Board Meeting Attendance

Directors	Full Board		Non-Executive Directors Meeting	
	Meetings Attended/ Held ¹	% Present	Meetings Attended/ Held ¹	% Present
Jose Emmanuel H. Jalandoni ² (Chairman, Executive)	2/2	100%	-	-
Anna Ma. Margarita B. Dy ³ (Chairman, Executive) ⁴	6/6	100%	1/1	100%
Bernard Vincent O. Dy (Non-Executive)	8/8	100%	2/2	100%
Carol T. Mills (Executive)	8/8	100%	-	-
Augusto D. Bengzon (Non-Executive)	8/8	100%	2/2	100%
Mariana Zobel de Ayala (Executive) ⁵	8/8	100%	1/1	100%
Omar T. Cruz (Non-Executive, Lead Independent)	8/8	100%	2/2	100%
Enrico S. Cruz (Non-Executive, Independent)	8/8	100%	2/2	100%
Jessie D. Cabaluna ⁶ (Non-Executive, Independent)	2/2	100%	-	-
Sherisa P. Nuesa ⁷ (Non-Executive, Independent)	6/6	100%	2/2	100%

¹ In 2023 and during the incumbency of the director.

² Served as a Non-Executive Director until April 26, 2023.

³ Elected as a Non-Executive Director on April 26, 2023.

⁴ End of term as Non-Executive Director on 01 October 2023.

⁵ End of term as Non-Executive Director on 01 October 2023.

⁶ Served as an Independent Director until April 26, 2023.

⁷ Elected as an Independent Director on April 26, 2023.

Remuneration

Each AREIT independent director is entitled to receive a reasonable per diem allowance for attendance at each meeting of the Board of Directors. Any additional compensation, other than per diems, shall be subject to stockholders' approval.

Pursuant to the REIT Act, the total annual compensation of all directors and officers of the company shall not exceed 10% of the net income before regular corporate income tax of the company during the immediately preceding taxable year and shall be disclosed in accordance with the relevant rules and regulations.

Each independent director receives a fixed per diem of P40,000 for every board meeting attended, and a fixed per diem of P20,000 for every committee meeting attended. This remuneration was approved during the 2019 Annual Stockholders' Meeting.

No director, in his or her personal capacity, was contracted and compensated by the company for services other than those of a director. Any additional compensation, other than per diems to be given to members of the Board of Directors shall be subject to stockholders' approval. AREIT has no other arrangement regarding the remuneration of its directors and officers aside from those stated in this section.

APMI Board of Directors	DESIGNATION
Omar T. Cruz	500,000.00
Enrico S. Cruz	480,000.00
Sherisa P. Nuesa	280,000.00
Jessie D. Cabaluna*	120,000.00

* Served as Director until April 26, 2023

AREIT officers and executive directors are seconded from Ayala Land and thus do not receive any compensation, salary or per diem from AREIT. The compensation of these officers, long-time employees of Ayala Land, are paid by Ayala Land.

The total compensation of the CEO and the four most highly compensated officers is disclosed in the Definitive Information Statement (DIS) sent to all shareholders. The total annual compensation reported are paid by Ayala Land. Said amounts include the basic salary and variable pay, such as performance-based cash bonuses.

Disclosure of Conflict of Interest

Each independent director submits to the Corporate Secretary a confirmation letter stating that at the time of his election, appointment, or re-appointment as director, he holds no interests affiliated with the company, or in the management of its controlling shareholder. A director with any material conflict of interest determined to be permanent in nature shall be disqualified from the board.

If an actual or potential conflict of interest should arise on the part of the directors, whether involving a related party transaction or not, a director is required to abstain from participating in the discussion and voting on the approval of the proposed transaction and any action to be taken to address the conflict. The board may follow any additional process to preclude such conflict. No person shall qualify or be eligible for nomination or election to the board if he is engaged in any business that competes with or is antagonistic to the interest of the company.

All officers of AREIT shall avoid conflict of interest. Every January of each year, all directors and officers are required to file a written disclosure on conflict of interest. In 2023, AREIT adopted its Conflict-of-Interest Policy as part of its Business Integrity Program.

Annual Self-Assessment

AREIT's commitment to good governance and to ensure continued improvement in performing its governance functions, the Board conducts an annual self-assessment of its performance, including the performance of the Chairman, individual members, and committees. The exercise evaluates the Board's performance and identifies areas for improvement. Each director is expected to assess themselves and the Board and its committees, through a questionnaire that covers a broad range of topics from governance, management, composition, role, compensation, management performance, overall perception, and individual performance.

The Chief Compliance Officer (CCO) conducts the tally and sends the results to the Corporate Secretary for presentation and action. The CCO likewise regularly reviews the questionnaire and ensures its relevance. The Board and Committee self-assessments are vital for improving corporate governance practices and ensures that the Board remains effective and accountable.

To strengthen the objectivity of the assessment, the Board engages an external facilitator to conduct the process every three years. The external facilitator can be an independent party such as, but not limited to, a consulting firm, an academic institution, or a professional organization.

A summary of the annual board self-assessment scores is available on the Company website.

Training and Continuous Education

AREIT requires all board members to participate in continuing professional education. Moreover, new directors undergo an orientation program to ensure they have all the information they need to fulfil their duties and responsibilities. The orientation program typically consists of a presentation of AREIT's operations, business performance, and financial results, as well as a discussion of disclosure obligations of directors, conflict-of-interest situations, relevant governance issues, and an optional tour of the company's properties.

On October 03, 2023, all of AREIT's directors and officers attended the training program, "The Board's Agenda 2023: Accelerating Ambition through Action: Charting the Transition to Net Zero" organized by the Institute of Corporate Directors.

Further, AREIT's officers participate in various training programs provided by the Ayala Land Group including trainings on corporate governance, business management, and further professional development. These programs and officers and directors' participation ensures that directors

and officers are updated on latest business trends, issues, and most recent information that would guide them in making informed decisions in the best interest of the Company and its stakeholders.

Board Committees

In accordance with its bylaws, the board may create committees deemed advantageous or necessary to run the company and promote good governance. Each committee shall have a board-approved charter outlining their powers, duties, and responsibilities. Among other provisions, the charter states the members' qualifications; the committee's composition, powers, duties, and responsibilities; and rules governing the exercise of such powers, duties, and responsibilities. The board may delegate some of its powers, duties, and responsibilities to any of the board committees.

Executive Committee

The Executive Committee consists of at least three directors, one-third of whom shall be independent directors. A majority of the members of this committee shall be members of the Board of Directors.

The current members of the Executive Committee are: Ms. Anna Ma. Margarita Bautista-Dy, Chairman of the board; Ms. Carol T. Mills, President and CEO; and Mr. Omar T. Cruz, non-executive, and lead independent director, all citizens of the Republic of the Philippines.

The Executive Committee shall, under the company's bylaws, exercise any of the powers and attributes of the Board of Directors, to the extent allowed by law, during the intervening period between meetings of the Board of Directors. The committee shall report on all resolutions it has adopted to the board at the meeting of the Board of Directors immediately succeeding the meeting of the Executive Committee during which such resolutions were approved.

The Executive Committee's power and authority do not cover the following: approval of any action for which

shareholders' approval is also required; filling of vacancies on the board or the Executive Committee; amendment or repeal of bylaws or the adoption of new bylaws; amendment or repeal of any resolution of the Board of Directors which by its express terms may not be amended or repealed; distribution of cash dividends; and exercise of powers delegated by the board exclusively to other committees, if any.

In 2023, the Executive Committee deliberated on and approved the revised terms of sale for three out of the six BPI-Philam Alabang office units.

Audit Committee

The Audit Committee consists of three members, all of whom are independent or non-executive directors. The committee is chaired by an independent, non-executive director, Mr. Enrico S. Cruz. The two other members of the Audit Committee are: Mr. Omar T. Cruz, non-executive and lead independent director; and Mr. Augusto D. Bengzon, non-executive director.

Mr. Enrico S. Cruz has significant auditing experience and accounting expertise, previously serving as the Chief Country Officer and Global Markets Head of Deutsche Bank AG Manila Branch, and Senior Vice President of CityTrust Banking Corporation. Mr. Omar T. Cruz has extensive experience in banking and finance. He has previously served as the Treasurer of the Republic of the Philippines. Mr. Bengzon is currently serving as the Treasurer and Chief Finance Officer of Ayala Land, Inc., and has significant experience and expertise in the company's financial management systems and business operations.

The Audit Committee assists the board in fulfilling its responsibility for oversight of the company's corporate governance process through the establishment and maintenance of an adequate, effective, and efficient internal control framework. It ensures that systems and processes are designed to provide assurance in a number of areas including internal audit, financial reporting, independent

audit, and monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets. It has the primary responsibility to conduct and assess the independence, professional qualifications, and competence of the independent auditor, and thereafter recommend the latter's appointment and remuneration to the board. The committee may also recommend the removal of the independent auditor and ensures rotation of key engagement partners.

The Committee supports the corporate governance process through the provision of checks and balances.

The Audit Committee performed the following duties and responsibilities in 2023:

1. Assisted the board in the fulfillment of its oversight responsibility relating to the accuracy of the company's financial statements, soundness of its financial reporting process, robustness of internal control, internal audit activities, annual independent audit of the financial statements, and compliance with legal and regulatory requirements;
2. Reviewed, approved and endorsed the 2023 audit results as presented by the PricewaterhouseCoopers (PwC) Philippines – Isla Lipana & Co. (Isla Lipana);
3. Reviewed, approved, and endorsed the fully year 2023 financial and operational results;
4. Reviewed, approved, and endorsed the 2023 Audited Financial Statements of the company as audited by its external auditor, Isla Lipana;
5. Reviewed and approved the contents of the Management Representation Letter;
6. Recommended the re-appointment of Isla Lipana as the company's external auditor for 2024 and the corresponding audit fee structure;

7. Reviewed and approved the overall scope and respective audit plans of Isla Lipana and internal auditors and discussed the results of their audits and assessments of AREIT's internal controls and overall quality of the financial reporting process;
8. Reviewed and discussed the status of audit recommendations;
9. Approved the 2024 Audit Committee meeting schedule;
10. Reviewed the fourth quarter 2023 internal audit reports, status of agreed management actions and reinvestment plan.
11. Reviewed, approved and endorsed the first quarter 2023 financial operating results
12. Reviewed, approved and endorsed the 2023 external audit plan and second quarter financial and operating results; and
13. Reviewed, approved and endorsed the nine (9)-month 2023 financial and operating results, 2023 and 2024 internal audit plan, and schedule of 2024 Audit Committee meetings.

AREIT's Internal Audit

The Internal Audit Group provides AREIT with independent and objective assurance and advisory services aimed at adding value and improving the organization's operations. It implements an effective system of internal control that ensures the integrity of the financial reports and protection of the assets of the company for the benefit of all shareholders and other stakeholders.

It provides the board, management, and the stockholders and other stakeholders with reasonable assurance that the company's key organizational and procedural controls are effective, appropriate, and complied with. It also reviews, audits, and reports on, among others, the effectiveness of the system of organizational controls, considering the nature and complexity of the business and the business

culture; volume, size and complexity of transactions; degree of risk; degree of centralization and delegation of authority; extent and effectiveness of information technology; and extent of regulatory compliance.

The company continues to improve the internal audit function by benchmarking against best practices.

On February 24, 2021, AREIT appointed Ms. Rowena P. Libunao as its Chief Audit Executive.

External Audit, Audit and Audit-related Fees

The principal accountant and external auditor of AREIT is the accounting firm PricewaterhouseCoopers (PwC) Philippines – Isla Lipana & Co. (Isla Lipana), with Ms. Ruth F. Blasco as the partner-in-charge for the 2023 audit year.

AREIT paid its external auditor Isla Lipana for the audit year 2023 and SGV & Co. for the audit year 2022 the following fees in the last two years.

Year	AUDIT AND AUDIT - RELATED FEES (PHP)	OTHER FEES (PHP)
2023	940,800.00	66,000.00
2022	940,800.00	60,480.00

Audit and Audit-related Fees pertain to the audit of the financial statements of the Company as of and for the years December 31, 2022 and 2023, inclusive of VAT and out-of-pocket expenses.

For 2023, the Company engaged Isla Lipana for tax consulting services and professional assistance (non-audit services) in connection with the application for Certificates Authorizing Registration (eCAR) for the infusion of assets implemented in 2023.

Under the AREIT Audit Committee Charter, the Audit Committee approves the audit services rendered by the external auditor to ensure that these do not impair the external auditor's independence. The approval of the audit-related and non-audit services of the external auditor is delegated to management, subject to the Company's Policy on Non-Audit Services.

For 2023 and 2022, other fees were paid to SGV & Co. for services rendered during the annual stockholders' meeting in connection with the validation of votes.

Risk Management and Related Party Transactions Review Committee

The Risk Management and Related Party Transactions Review Committee is composed of three members

all of whom are non-executive, independent directors, and chaired by an independent director as well. All three members possess an adequate understanding of the assessment, management, and mitigation of risks to which the company is exposed. All three members are likewise independent directors and can independently assess related party transactions. The unanimous vote of the committee is required for related party transactions.

On 12 August 2021, AREIT appointed Mr. Maphilindo S. Tandoc as Chief Risk Officer.

The Risk Management and Related Party Transactions Review Committee assists the board in the performance of its oversight functions through evaluation and feedback on the effectiveness of the company's risk management process, ensures that an overall set of risk management policies and procedures exist for the company and oversees the implementation of the risk management plan. It likewise assesses and recommends for approval related party transactions ensuring that such transactions are arms-length and beneficial to the Company.

The Risk Management and Related Party Transactions Committee performed the following duties and responsibilities in 2023:

1. Reviewed, approved, and endorsed the report of the Chief Risk Officer highlighting the risks faced by the Corporation starting from regulatory risk from the significant to the least significant.
2. Assisted the Board of Directors in fulfilling its oversight responsibility relating to the effectiveness of the Company's risk management process by ensuring that risk management policies and procedures exist and by reviewing the risk management framework and processes.
3. Reviewed, approved, and endorsed to the Board of Directors the infusion of six (6) commercial assets via a tax-free exchange (TFE) by its Sponsor, Ayala Land, Inc., and its subsidiaries, Ayalaland Malls, Inc. and Northbeacon Commercial Corporation, namely: One Ayala East and West Towers, Glorietta BPI 1 and 2, Glorietta 1 and 2 Mall wings, and Marquee Mall, valued at Php22,479,697,060.00 in exchange for 607,559,380 primary common shares in AREIT.

4. Reviewed, approved, and endorsed to the Board of Directors the infusion of Ayala Land, Inc., Greenhaven Property Ventures, Inc., Cebu Insular Hotel Co., Inc., and Buendia Christiana Holdings Corp., of four (4) commercial buildings located in Ayala Center Makati and Ayala Center Cebu, and a 276-hectare parcel of industrial land located in Zambales, valued at Php28,602,820,008.00, in exchange for 841,259,412 AREIT primary common shares.
5. Reviewed, approved, and endorsed to the Board of Directors the cash acquisition of Seda Lio from Econorth Hotel Ventures, Inc. for Php1,192,000,000.00.
6. Approved the 2024 schedule of committee meetings.

No related party transaction of the company may be classified as financial assistance to any entity.

In the last three years, there was no case of noncompliance with the laws, rules, and regulations pertaining to significant or material related party transactions.

Corporate Governance and Nomination Committee

The Corporate Governance and Nomination Committee is composed of purely independent directors and is chaired by an independent director.

The committee oversees all matters related to corporate governance and nomination, and election of directors. On 09 September 2022, the Board of Directors approved the merger of the Corporate Governance and Nomination Committee and Personnel and Compensation Committee to streamline the duties and responsibilities of the Board Committees.

In 2023, the Corporate Governance and Nomination Committee accomplished the following:

1. Approved the engagement of Aon Solutions Singapore Pte. Ltd. to facilitate and conduct the 2023 Board self-assessment exercise.
2. Reviewed, approved, and endorsed the adoption of the Corporation's Business Integrity Program covering enhanced policies on anti-bribery and corruption, vendor audit program, employee investigation policy, and whistleblowing policy.

3. Approved the 2023 schedule of Committee meetings.
4. Implemented and maintained a process that ensures that all directors nominated for election at the 2023 annual stockholders meeting have all the qualifications and none of the disqualifications for directors as stated in the bylaws, the Corporate Governance Manual, and relevant rules and regulations, and approved pursuant to the authority delegated by the Board, the final list of nominees.
5. Reviewed, approved and endorsed the final lists key officers, chairpersons and members of board committees; and lead independent director of the company for 2023.

Sustainability Committee

The Sustainability Committee is composed of three members. The committee provides oversight and identifies and assesses significant social, ethical, and environmental interdependencies that might impact the long-term business objective of the company to be recognized as a responsible and sustainable corporation in the property sector.

EXECUTIVE	Post	Meetings Attended/Held	% PRESENT
Anna Ma. Margarita B. Dy	C	1/1	100%
Carol T. Mills	M	1/1	100%
Omar T. Cruz (Non-Executive, Lead Independent)	M	1/1	100%

AUDIT	Post	Meetings Attended/Held	% PRESENT
Enrico S. Cruz (Non-Executive, Independent)	C	4/4	100%
Omar T. Cruz (Non-Executive, Lead Independent)	M	4/4	100%
Augusto D. Bengzon (Non-Executive)	M	4/4	100%

RISK MANAGEMENT AND RELATED PARTY TRANSACTIONS REVIEW	Post	Meetings Attended/Held	% PRESENT
Omar T. Cruz (Non-Executive, Lead Independent)	C	3/3	100%
Enrico S. Cruz (Non-Executive, Independent)	M	3/3	100%
Sherisa P. Nuesa (Non-Executive, Independent) *elected as new member 26 April 2023	M	1/1	100%
Jessie D. Cabaluna (Non-Executive, Independent) *end of term 26 April 2023	M	2/2	100%

SUSTAINABILITY	Post	Meetings Attended/Held	% PRESENT
Jessie D. Cabaluna (Non-Executive, Independent) *end of term 26 April 2023	C	-	-
Sherisa P. Nuesa (Non-Executive, Independent) *elected as new member 26 April 2023	C	-	-
Carol T. Mills (Executive)	M	-	-
Anna Maria M. Gonzales	M	-	-

Process and Criteria for Nominations, Election, and Reappointments to the Board

Process and Criteria for Board Nominations

Pursuant to the Revised Corporation Code, all AREIT shareholders including minority shareholders have the right to nominate candidates to the board. The list of nominees' names, together with their written consent, shall be filed and submitted to the Corporate Governance and Nomination Committee through the Office of the Corporate Secretary at least 30 business days before the date of the annual stockholders meeting.

The Corporate Governance and Nomination Committee reviews and evaluates the qualifications of all nominees based on the following:

- Ownership of at least one share of the capital stock of the company;
- A college degree or its equivalent, or adequate competence and understanding of the fundamentals of doing business or sufficient competence and experience in managing a business in lieu of formal education;
- Membership in good standing in a relevant industry, and membership in business or professional organizations;
- Integrity, probity, diligence, and assiduousness in the performance of their functions;
- Directorships in other companies, taking into account the nature of the business of said companies, number of directorships in other companies, and age of the director.
- For independent directors, beneficial equity ownership in the company or in related companies, which must not exceed 2%, and term limits under applicable laws, rules, and regulations

The committee may consider and recommend to the board other qualifications that may be provided by relevant laws or any amendment thereto, including independence criteria or standards for independent directors.

The committee may also identify and recommend qualified individuals for nomination and election to the board, ensuring that the board's composition is diverse yet balanced. For this purpose, the committee may engage professional search firms and other external parties.

Election and Re-appointments to the Board

In accordance with the bylaws and rules of procedure of the annual stockholders' meeting, stockholders entitled to vote shall elect the company's directors.

Directors are elected by ballot, following the plurality electoral system. In electing the directors, stockholders may vote such number of shares they own for as many persons as many votes as the number of directors to be elected, or cumulate said shares as the number of directors to be elected multiplied by the number of the shares owned, or distribute them on the same principle among as many candidates as they may see fit, provided that the total number of votes cast shall not exceed the number of their shares multiplied by the total number of directors to be elected.

The Proxy Validation Committee shall validate proxies and tabulate votes, and the voting results are validated by an independent auditor. No candidate for the office of director may be a member of this committee.

Proxy Validation Committee

The Proxy Validation Committee is composed of three individuals empowered to validate proxies and tabulate votes. These individuals are not members of the board, and their term of office is fixed by the board. The board may appoint members to the committee in cases of vacancy.

This committee is chaired by Ms. Ma. Florence Therese dG. Martinez-Cruz, Assistant Corporate Secretary. The other members are Ms. Nimfa Ambrosia L. Perez-Paras, and Ms. Michelle Marie T. Valbuena.

Policies and Practices

Annual Stockholders Meeting Notice of the ASM

The Notice of the Annual Stockholders Meeting (ASM) and the Definitive Information Statement (DIS) are sent to stockholders at least 28 days before the meeting date.

The notice is in English, and contains the agenda, rationale, and explanation for each item that requires stockholders' approval. Each resolution taken up in the ASM deals with only one agenda item. The results of the preliminary tabulation of votes for each resolution are reported by the Corporate Secretary during the meeting and the results of the final tabulation of votes are reflected in the minutes of the meeting.

The DIS contains the profile and personal data of all the directors, including those up for election or re-election, and of the auditors recommended for election. In 2023, the principal accountant and external auditor of the company, Isla Lipana,

was recommended for re-election at the ASM.

The DIS also indicates and explains the dividend policy and the total amount payable.

Voting Procedure

The rules of conduct and voting procedures are set forth in the notice of the ASM sent by email to all stockholders who have provided the company with their e-mail addresses, posted on the company's website, and disclosed to the Philippine Stock Exchange. Each stockholder is entitled to one vote per share.

A stockholder may vote electronically in absentia using the Voting in Absentia & Shareholder System or by appointing the Chairman as proxy. A stockholder voting electronically in absentia shall be deemed present for purposes of quorum.

Proxies shall be in writing, signed and filed, by the stockholders, in the form provided in the DIS, and shall be received by the Corporate Secretary at corporate_secretary@areit.com.ph. For the 2023 ASM, the proxies may be e-mailed and received by the Corporate Secretary on or before April 12, 2024.

All votes shall be counted and tabulated by the Proxy Validation Committee, and the results shall be validated by an independent third party.

As the stockholders take up an item in the agenda, the Corporate Secretary reports on the preliminary votes received and tabulated. For each of the items, the final votes are reflected in the minutes of the ASM.

The minutes of the ASM are posted on the AREIT website, <https://areit.com.ph>, within five days of the ASM. The minutes include the comments and questions raised by stockholders in attendance and the respective answers provided by the board. The minutes also indicate the attendance of directors in the ASM.

Virtual ASM

AREIT's annual stockholders meeting in 2024 will be conducted virtually through <http://www.ayalagroupshareholders.com/>

Dividend Declaration

AREIT declared cash dividends on its common shares with the following record dates: May 31, 2023; August 30, 2023; December 1, 2023, and March 4, 2024. These translated to a total of Php4.45 billion or Php2.15 per outstanding common share, representing a 90.33% payout ratio on the distributable income attributable to shareholders in 2023.

The declaration of cash dividends is contingent on the earnings, cash flow, and financial condition of the company. Cash dividends are paid to all stockholders of common shares within 30 days from the date of the declaration.

The declaration of cash dividends is approved by the Board of Directors only. The approval by the stockholders is not required for the same.

The company intends to maintain an annual cash dividend payout ratio of at least 90% of Distributable Income of the preceding fiscal year, in 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 under Section 42 of the Revised Corporation Code, among others, the terms and conditions of its 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 unremedied 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 the 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.

Disclosure and Transparency

AREIT is committed to the highest standards of disclosure, transparency, and fairness in information dissemination. The public is provided with financial and operational information regularly through various structured and unstructured disclosures submitted to regulatory authorities such as the SEC and PSE. In addition, any material information about the company that has an impact on the latter's valuation, stock price, and trading volume is reported to the public.

Beyond stockholders' meetings and structured disclosures, the Company regularly releases unstructured disclosures and press releases to update the public of the Company's operational information. The Company likewise conducts bi-annual analyst briefings. In 2023, analyst briefings were conducted on February 28 and August 15, to discuss the FY 2022 and 1H 2023 results, respectively. A special briefing was also held on November 30 to discuss the P30 billion asset infusion, which was supplemented by four broker calls to connect with institutional and retail investors.

All disclosures are immediately posted on the company's website at <https://www.areit.com.ph/companydisclosures/disclosures/pse>.

Structured Disclosures in 2023

- Reinvestment Plan (205M share sale)
- AREIT 2Q 2023 Reinvestment Plan Progress Report

- AREIT 3Q 2023 Reinvestment Plan Progress Report

Unstructured Disclosures in 2023

- Notice of FY 2022 Analyst Briefing
- FY 2022 Results Press Release
- Change in External Auditor
- Notice of Conduct of the Annual Stockholders' Meeting
- Results of the Regular Board Meeting (March)
- AREIT FY 2022 AFS
- AREIT Board Approval on P23B Property-Share Swap with ALI
- AREIT Shareholders Approve P22.5B property-for-share swap with ALI Press Release
- Demise of an Officer
- Results of 2023 Annual Stockholders' Meeting
- Results of Organizational Meeting of the Board of Directors (May)
- AREIT 1Q 2023 Results Press Release
- Signing of AREIT-ALI Deed of Exchange
- Property-for-Share Swap between AREIT, Inc. ("AREIT") and Ayala Land, Inc. ("ALI"), Ayalaland Malls, Inc. ("ALMI"), and Northbeacon Commercial Corporation ("NBCC")
- Notice of 1H 2023 Analyst Briefing
- AREIT 1H 2023 Results Press Release
- Declaration of Regular Cash Dividend to all Outstanding Common Shares
- SEC Approval for Property-for-Share Swap Press Release
- AREIT 9M 2023 Results Press Release
- Results of the Regular Board Meeting (November)
- AREIT 9M 2023 Dividend Declaration Press Release
- AREIT Acquires Industrial Land Press Release
- Notice of 9M 2023 Analyst Briefing
- Results of the Special Board of Directors' Meeting Press Release
- Conduct of a Special Stockholders' Meeting
- Setting of the 2024 Annual Stockholders' Meeting

- AREIT, Inc. ("AREIT") acquisition of land from Buendia Christiana Holdings Corp. ("BCHC"), a wholly owned subsidiary of ACEN Corporation (PSE: "ACEN") via property-for-share swap.
- AREIT Press Release on ALI P23B Asset Infusion
- AREIT Three-year Investment Strategy

Ownership Structure

In accordance with SEC requirements, the list of beneficial owners of more than 5% of the company's total outstanding stock is disclosed on a quarterly basis. Direct and indirect shareholdings of directors and senior management and the respective changes in shareholdings are also disclosed accordingly.

Directors and key officers of AREIT shall submit their initial statement of ownership of AREIT shares through the SEC Form 23-A within ten days of their appointment. Afterward, any changes in ownership are reported through SEC Form 23-B within three business days of the transaction dates. These reports are submitted to the SEC and the PSE simultaneously and are likewise accessible in the Company's website.

The details of the parent or holding company, subsidiaries, associates, joint ventures, and special purpose enterprises or vehicles are also available in the AREIT website, <https://www.aret.com.ph/>; SEC 17-A and 17-Q reports; SEC 20-IS; and Integrated Report. No member of the board or management owns 2% or more of the outstanding capital stock of the company.

Fairness Evaluation in Cases of Mergers, Acquisitions, and Takeovers

In cases of mergers, acquisitions, and takeovers requiring shareholder approval, the board appoints an independent party to evaluate the fairness of the terms of the transaction.

For its property-for-share swap transaction with Ayala Land, Inc. and its subsidiaries and affiliates, AREIT obtained the services of PwC Isla Lipana & Co. to render the fairness opinion for the transaction.

Anti-Corruption Programs and Procedures

<GRI 205>

Trading Blackout Policy
AREIT has a trading blackout policy that prohibits covered persons from buying or selling AREIT shares during a prescribed period after they have become aware of undisclosed material information. Covered persons refer to members of the board, all members of the management team, consultants, advisers, AREIT employees, and immediate family members of the aforementioned parties.

The prescribed period covers five trading days before and two trading days after the date of disclosure of quarterly and annual financial results, and two trading days after the disclosure of any material information other than annual or quarterly financial results.

Within 10 days of their appointment, directors and identified key officers shall submit their initial statement of ownership of shares in AREIT through SEC Form 23-A. Thereafter, they are required to submit any change in their beneficial ownership of shares in AREIT through SEC Form 23-B within three business days of the transaction date. These forms are submitted to the PSE and SEC.

Related Party Transactions Policy
The company has a related party transactions policy to ensure that all RPTs of AREIT, its affiliates, and other related entities or persons are conducted at arm's length, fair, and inure to the best interest of the

company and its subsidiaries or affiliates and their shareholders.

The RPT policy defines related party relationships and transactions and the guidelines and categories that govern the review, approval, and ratification of said transactions by the board or shareholders to ensure that such relationships are disclosed according to the International Accounting Standards (IAS) 24 and other applicable disclosure requirements.

No RPT may be classified as financial assistance to any entity.

At its option, the board may require that an RPT it has approved be also submitted to the stockholders for consideration and ratification.

Whistleblower Policy

All employees, business partners, suppliers, and other stakeholders are encouraged and empowered to report any activity deemed illegal or unethical through AREIT's business integrity channels. These channels may be used by persons covered by this policy to freely, directly, and without fear of retaliation report suspected fraud, misconduct, and violations of laws, rules, and regulations within AREIT to people of authority.

The business integrity channels accept reports made anonymously. Whistleblowers may choose how they may be contacted without compromising their anonymity, including providing an e-mail address or mobile number. If a whistleblower chooses to identify himself, whoever receives the report should ask the former if he is willing to be identified during the investigation.

Whistleblowers may report, among others, conflicts of interest, misconduct or policy violations, theft, fraud, or misappropriation, falsification

of documents, financial reporting concerns, and any act of retaliation taken.

The public may also report any information relating to illegal or unethical activity or violation of stockholder rights to the whistleblower officer, Ms. Rowena P. Libunao, through the AREIT Business Integrity Channels. This may be done through email at myreport@ayaland.com.ph, through face-to-face meetings; auditor's website

<https://proactivehotline.grantthorntonsolutions.ph/report/aligroup> and text message/SMS at +63 917 3118510

AREIT's whistleblower policy was approved by the Board of Directors on February 24, 2023.

All information on corporate governance is available on the AREIT website, <https://www.aret.com.ph/>

Business Gifts Policy

AREIT recognizes the common practice of expressing gratitude by means of giving and receiving gifts. However, the company limits this practice and the actual value of gifts exchanged should be within the boundaries of proper and ethical behavior.

Risk Management

The Board of Directors has oversight responsibilities on risk management practices across the company and has appointed the Board Risk Oversight Committee (BROC) to provide continuous input, evaluation and feedback on the effectiveness of the company's risk management process and internal controls system.

Through AREIT management, the Committee ensured that an enterprise-wide risk management program was established employing a process that considers a holistic view of the Company's potential risk exposures and the strategies to manage the identified key risks. This is complemented by periodic performance reviews and constant communication across the organization.

The BROC agreed to prioritize seven key risk concerns that will be monitored. The seven key risks and mitigating measures are as follows:

EXECUTIVE	EXECUTIVE
<p>Market Oversupply in market to put pressure on lease renewal rates</p>	<p>AREIT's portfolio is composed of grade-A commercial properties in prime locations, ensuring stable tenancy.</p> <p>Lock in early renewals and incentivize space retention.</p>
<p>Competition Competition is getting better and more aggressive in terms of business expansion and product offerings; new players coming into the REIT business</p>	<p>A clear investment strategy & growth plan; yield accretive acquisitions of both sponsor-owned and third-party assets acquisitions, funded through equity & debt.</p> <p>Accelerating growth plans and tripling assets under management ahead of 3-year investment plan.</p> <p>Diversifying portfolio by sector, geography and asset class.</p>
<p>Regulatory Industry is subject to regulatory policies. Any changes to these policies or amendments and new laws will affect locator's financial assumptions and operations.</p>	<p>Through its Property Manager, AREIT ensures that its properties are fully compliant with PEZA and other regulatory requirements. We ensure continuous engagement with regulators, and we work with industry organizations on issues we need to address. We also maintain positive relations with LGUs wherein we operate.</p>
<p>Loss of locators or key tenants High occupancy costs and poor service may result in the loss of key locators or tenants. Single large account locators or customers leaving may adversely impact the business on non-renewal. Customer or tenant expectations not being met in service delivery.</p>	<p>The AREIT Property Manager takes an active lease management approach. Deliberate efforts were made to ensure tenant concentration risk is low, diversifying tenant base with AREIT's asset infusions in 2023.</p> <p>Continued facility upgrade programs for older buildings and maintaining and monitoring customer satisfaction levels are in place.</p>
<p>Financial Ensuring liquidity and a healthy balance sheet specially are needed to finance debt and support growth. Rising inflation rates put pressure on operating expenses.</p>	<p>The company takes a prudent approach to financial management and cost control, closely monitoring capital and cash positions and maintaining discipline in capital commitments. It also maintains ample short-term revolving credit facilities which are supplemented by its access to the local debt capital market, allowing AREIT to lock in interest rates longer term. Moreover, AREIT maintains a strong credit rating and invests only with counterparty banks of the highest credit standing.</p>
<p>Environmental Given the country's natural location in the Pacific Ring of Fire, natural perils, such as earthquakes and volcanic eruption hazards, can disrupt business operations and damage the company's properties. The incidence of typhoons and other extreme weather events has also increased due to the changing climate.</p>	<p>Technical due diligence in project development; compliance to applicable codes and standards; pro- active maintenance and implementation of best practices; establishment of crisis management and regular conduct of emergency readiness drills; necessary insurance program in place.</p>



One Ayala West Tower
Ayala Center, Makati

Financial Review

Management's Discussion and Analysis

Review of FY 2023 operations vs FY 2022

The Company's net income increased by 74% from ₱2,887.56 million in 2022 to ₱5,030.54 million in 2023. Net income before net fair value change in investment increased by 43% from ₱3,436.52 million in 2022 to ₱4,931.29 million in 2023. The increase was mainly due to income from additional properties acquired in 2022 and 2023.

Revenues

Total revenues increased by 41% from ₱5,072.85 million in 2022 to ₱7,140.34 million in 2023. This was contributed by higher rental income and net dues from the additional properties acquired in fourth quarter of 2022 and third quarter of 2023.

Rental income increased by 43% from ₱3,807.53 million in 2022 to ₱5,438.89 million in 2023. The increase was primarily attributable to the additional properties, namely, Ebloc Towers 1 to 4, ACC Tower, and Tech Tower, which the company acquired in the fourth quarter of 2022 and One Ayala West and East Towers, Glorietta 1 and 2 BPO, Glorietta 1&2 Mall, and Marquee Mall, acquired in the third quarter of 2023.

Dues increased by 20% from ₱1,042.99 million in 2022 to ₱1,250.61 million in 2023. The increase was driven by the operations of new assets acquired in 2022 and 2023.

Interest income from finance lease increased by 103% from ₱222.32 million in 2022 to ₱450.83 million in 2023. The increase was mainly due to the newly executed lease contracts between the Company and AyalaLand Malls, Inc. ("ALMI") for the building lease of Glorietta 1&2 mall and between the Company and Northbeacon Commercial Corp. ("NBCC") for the building lease of Marquee Mall, both of which commenced on July 1, 2023.

Cost and Expenses

Direct operating expenses increased by 45% from ₱1,359.80 million in 2022 to ₱1,978.49 million in 2023. The increase is in line with the increase in rental income due to additional properties acquired by the Company.

General and administrative expenses increased by 59% from ₱79.49 million in 2022 to ₱126.35 million in 2023, mainly due to additional provisions for doubtful accounts.

Other income (charges)

Interest Income increased by 290% from ₱34.33 million in 2022 to ₱133.83 million in 2023. The increase was mainly due to higher interest income from intercompany loans, which increased from ₱33.71 million in 2022 to ₱128.50 million in 2023.

Interest expense and other charges increased by 2% from ₱231.24 million in 2022 to ₱236.97 million in 2023. Interest expense on loans recognized amounted to ₱93.94 million and ₱100.25 in 2023 and 2022, respectively, interest expense from finance lease amounting to ₱84.13 million and ₱81.83 million in 2023 and 2022, respectively and accretion of security deposit amounting to ₱34.78 million in 2023 and ₱26.29 million in 2022.

Other charges amounted to ₱24.12 million in 2023 and ₱22.88 million in 2022. This mainly pertain to amortization of bond issue costs.

Net Fair Value Change in Investment Property

In 2023, the Company recognized an increase in fair value in investment properties of ₱99.25 million and a reduction of (₱548.95 million) in 2022.

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 ₱1.07 million and ₱0.12 million in 2023 and 2022, respectively.

Capital Expenditure

The Company has no material commitments for capital expenditures.

Summary of Real Estate Transactions for 2023

On September 20, 2023, the Company, received the approval of the Securities and Exchange Commission (SEC) of the property-for-share swap, specifically the subscription of ALI, ALMI and to 607,559,380 shares of AREIT in exchange for identified properties owned by ALI and the Subsidiaries, pursuant to the Deed of Exchange dated 02 June 2023.

In line with this, the parties have executed an Amendment to Section 4.2 of the Deed of Exchange on 20 September 2023 so that the recognition of income from the new assets will accrue to AREIT beginning 01 July 2023.

Financial Condition

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

As of December 31, 2023, the Company's total borrowings registered at ₱3.0 billion which translated to a debt-to-equity ratio of 0.04:1.

Return on equity was at 7% as of December 31, 2023.

KEY FINANCIAL RATIOS	2023	2022
Current Ratio (1)	0.90	0.43
Debt to Equity (2)	0.04	0.05
Profitability Ratios		
Return on Asset (3)	6%	5%
Return on Equity (4)	7%	5%
Asset to Equity Ratio (5)	1.12	1.13

- The Company's fixed-rate bond expired on December 28, 2023. This was refinanced through availment of a short-term bank loan. To manage liquidity risk, the Company has available credit lines with various banks amounting to P23.0 billion. The Company may also refinance its loan and manage the payment terms for its payables.
- There is no material commitment for capital expenditures other than those performed in the ordinary course of trade or business.
- No known trend, event, or uncertainty has had or is reasonably expected to materially impact the net sales, 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.
- No known events and uncertainties will trigger direct or contingent financial obligation 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 relationships of the Company with unconsolidated entities or other persons created during the reporting period.



Report of the Audit Committee to the Board of Directors

THE BOARD OF DIRECTORS

AREIT, INC.

The Audit Committee confirms the following matters in compliance with its Charter and the corporate governance practices of AREIT, Inc. ("AREIT or "Company"):

- An independent director chairs the Audit Committee, and two of the three members are independent directors, the other member is a non-executive director;
- The Audit Committee held four meetings in 2023, and all the members of the Committee were present during the meetings;
- The Audit Committee reviewed and approved the amendments to the Audit Committee Charter;
- The Committee recommended to the Board of Directors the appointment of PricewaterhouseCoopers (PwC) Philippines – Isla Lipana and Co., independent auditor for 2023, based on the review of their performance and qualifications and in consideration of Management's recommendation;
- The Audit Committee reviewed and discussed the quarterly and annual financial statements of AREIT, including Management's discussion and analysis of its financial condition and the results of its operations as of and for the year ended December 31, 2023, with the Company's Management, which has the primary responsibility for the financial statements, and with PwC, who is reporting the process for expressing an opinion on the conformity of the audited financial statements with Philippine Financial Reporting Standards;
- The Audit Committee reviewed and approved the management representation letter before submission to the Company's independent auditor;
- The Audit Committee discussed and approved the overall scope and the audit plans of the Company's Internal Auditors and PwC and discussed the results of the audits and their assessment of the Company's internal controls and the overall quality of the financial reporting process;
- The Audit Committee discussed with the independent auditor and internal auditors its independence from AREIT;
- The Audit Committee reviewed and approved all audit and permitted non-audit services provided by PwC and the related fees for such services to the Company;
- The Audit Committee reviewed the Internal Auditors' reports to ensure that Management takes appropriate corrective actions promptly, including addressing governance, risk management, internal controls system, and compliance issues. All the activities performed by Internal Audit conform with the International Standards for the Professional Practice of Internal Auditing; and
- Based on the Audit Committee's review of the Internal Auditors and Independent Auditor's reports, including Management's representations, the Committee confirmed that the Company's governance, risk management, and internal controls system are adequate and effective.

Based on the reviews and discussions undertaken, within the limits of the Audit Committee's scope and responsibilities aforementioned, the Audit Committee recommends to the Board of Directors the filing of the Company's financial statements for the year ended December 31, 2023, with the Securities and Exchange Commission, and for its inclusion in the Company's Annual Report to Stockholders.

Respectfully submitted.

February 13, 2024

ENRICO S. CRUZ
Committee Chair

OMAR T. CRUZ
Member

AUGUSTO CESAR D. BENGZON
Member



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 financial statements including the schedules attached therein for the years ended December 31, 2023, 2022 and 2021 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 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.

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

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

Isla Lipana & Co., the independent auditors appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards of Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


ANNA MA. MARGARITA B. DY
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 19 2024, at Makati City, affiants exhibited to me their passports as competent evidence of their identities, as follows:

Name
Anna Ma. Margarita B. Dy
Carol T. Mills
Ma. Teresa R. Famy

WITNESS MY HAND AND SEAL on the date and at the place first above written.

Doc. No. 368
Page No. 75
Book No. LV
Series of 2024.




ROBERTO T. ONGSIAKO
Notary Public – Makati City
Appt. No. M-056 until December 31, 2024
Roll of Attorneys No. 37041
Lifetime IBP No. 02163 – RSM Chapter
PTR No. 10075604 – 01/02/2024 - Makati City
MCLE Compliance No. VIII – 0000591 – 09/30/2022
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

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

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of AREIT, Inc. (the "Company") as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

What we have audited

The financial statements of the Company comprise:

- the statement of financial position as at December 31, 2023;
- the statement of total comprehensive income for the year ended December 31, 2023;
- the statement of changes in equity for the year ended December 31, 2023;
- the statement of cash flows for the year ended December 31, 2023; and
- the notes to the financial statements, including material accounting policy information.

Basis for Opinion

We conducted our audit 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 Code of Ethics.



Independent Auditor's Report
To the Board of Directors and Stockholders of
AREIT, Inc.
Page 2

Other Matter

The financial statements of the Company as at December 31, 2022 and for the years ended December 31, 2022 and 2021 were audited by another firm of auditors whose report, dated February 24, 2023, expressed an unmodified opinion on those statements.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

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.

The key audit matter identified in our audit pertains to the valuation of investment properties.



Independent Auditor's Report
To the Board of Directors and Stockholders of
AREIT, Inc.
Page 3

Key Audit Matter	How our Audit Addressed the Key Audit Matter
<p data-bbox="279 660 726 694">Valuation of investment properties</p> <p data-bbox="279 728 845 862">Refer to Notes 5 and 19.2 to the financial statements for the details of the investment properties and discussion on critical accounting estimates and assumptions.</p> <p data-bbox="279 884 845 1321">As at December 31, 2023, total investment properties, carried at fair value, amount to P78.26 billion, which accounts for approximately 84% of the total assets of the Company. The determination of fair values by the management and an external appraiser involves significant estimation using assumptions such as discount rates, growth rates, and free cash flows, which are influenced by the prevailing market rates and comparable information. A fair value assessment is performed regularly based on the requirements of PFRS 13, <i>Fair Value Measurement</i>, and Philippine Accounting Standard (PAS) 40, <i>Investment Property</i>.</p>	<p data-bbox="877 728 1489 907">We obtained the latest appraisal reports for investment properties as at December 31, 2023 and assessed the appropriateness of the valuation methodology and significant fair value inputs and assumptions used, which include discount rates, growth rates and free cash flows.</p> <p data-bbox="877 940 1489 1220">We tested the significant inputs and assumptions by establishing our independent estimates based on the current market and economic conditions as well as the Company's historical experience. Further, we assessed the reasonableness of the valuation of investment properties through benchmarking with comparable companies. In performing these procedures, we involved our internal valuation expert.</p> <p data-bbox="877 1243 1489 1366">We evaluated the competence and objectivity of the external appraiser engaged by the Company by reviewing their profile, licenses, and client portfolio.</p> <p data-bbox="877 1400 1489 1523">We also checked the appropriateness and sufficiency of the note disclosures on the valuation of investment properties in accordance with the requirements of PFRS 13 and PAS 40.</p>



Independent Auditor's Report
To the Board of Directors and Stockholders of
AREIT, Inc.
Page 4

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, 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 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 audit 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 audit, 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.



Independent Auditor's Report
To the Board of Directors and Stockholders of
AREIT, Inc.
Page 5

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 auditor's 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.
- 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.



Independent Auditor's Report
To the Board of Directors and Stockholders of
AREIT, Inc.
Page 6

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 on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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 Bureau of Internal Revenue Requirement

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 26 to the financial statements is presented for the purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary 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 Ruth F. Blasco.

Isla Lipana & Co.

Ruth F. Blasco
Partner
CPA Cert No. 112595
P.T.R. No. 0018519, issued on January 11, 2024, Makati City
TIN 235-725-236
BIR A.N. 08-000745-133-2023, issued on May 9, 2023; effective until May 8, 2026
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
February 19, 2024



Statements Required by Rule 68 Securities Regulation Code (SRC)

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

We have audited the financial statements of AREIT, Inc. as at and for the year ended December 31, 2023, on which we have rendered the attached report dated February 19, 2024. The supplementary information shown in the Reconciliation of Retained Earnings Available for Dividend Declaration and Map of the Group of Companies within which the Reporting Entity belongs, as additional components required by Part I, Section 5 of the Revised SRC Rule 68, and Schedules A, B, C, D, E, F and G, as required by Part II of the Revised SRC Rule 68, is presented for the purposes of filing with the Securities and Exchange Commission and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with the Revised SRC Rule 68.

Isla Lipana & Co.

Ruth F. Blasco
Partner
CPA Cert No. 112595
P.T.R. No. 0018519, issued on January 11, 2024, Makati City
TIN 235-725-236
BIR A.N. 08-000745-133-2023, issued on May 9, 2023; effective until May 8, 2026
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
February 19, 2024



Statements Required by Rule 68 Securities Regulation Code (SRC)

To the Board of Directors and Stockholders of
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 and for the year ended December 31, 2023, and have issued our report thereon dated February 19, 2024. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on 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 SRC 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 and for the year ended December 31, 2023 and no material exceptions were noted.

Isla Lipana & Co.

Ruth F. Blasco
Partner
CPA Cert No. 112595
P.T.R. No. 0018519, issued on January 11, 2024, Makati City
TIN 235-725-236
BIR A.N. 08-000745-133-2023, issued on May 9, 2023; effective until May 8, 2026
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
February 19, 2024

AREIT, Inc.

Statement of Financial Position
As at December 31, 2023
(With comparative figures as at December 31, 2022)
(All amounts in Philippine Peso)

	Notes	2023	2022
ASSETS			
Current assets			
Cash	2	41,758,546	62,753,382
Receivables	3	5,137,114,658	1,919,183,751
Other current assets	4	178,145,850	155,825,886
Total current assets		5,357,019,054	2,137,763,019
Non-current assets			
Receivables, net of current portion	3,16	8,055,590,803	2,986,455,069
Investment properties	5	78,255,747,008	60,871,459,005
Property and equipment, net	6	1,053,460	598,631
Other non-current assets	4	1,602,882,126	1,689,713,043
Total non-current assets		87,915,273,397	65,548,225,748
Total assets		93,272,292,451	67,685,988,767
LIABILITIES AND EQUITY			
Current liabilities			
Accounts and other payables	7	2,127,536,764	1,065,080,572
Short-term debt	8	3,000,000,000	300,000,000
Current portion of long-term debt	8	-	2,977,693,930
Current portion of deposits and other liabilities	9	649,210,862	527,675,373
Current portion of lease liabilities	16	54,204,832	50,290,868
Construction bonds	10	95,692,253	98,584,276
Total current liabilities		5,926,644,711	5,019,325,019
Non-current liabilities			
Deposits and other liabilities, net of current portion	9	2,773,205,028	1,457,484,429
Lease liabilities, net of current portion	16	1,162,605,903	1,136,289,490
Total non-current liabilities		3,935,810,931	2,593,773,919
Total liabilities		9,862,455,642	7,613,098,938
Equity			
	11		
Paid-up capital		24,359,365,430	18,283,771,630
Treasury shares		(673,299,700)	(673,299,700)
Additional paid-in capital		36,320,032,381	20,021,645,532
Retained earnings		23,403,738,698	22,440,772,367
Total equity		83,409,836,809	60,072,889,829
Total liabilities and equity		93,272,292,451	67,685,988,767

For a complete copy of AREIT's audited financial statements including its notes, visit areit.com.ph

AREIT, Inc.

Statement of Total Comprehensive Income For the year ended December 31, 2023 (With comparative figures for the years ended December 31, 2022 and 2021) (All amounts in Philippine Peso)

	Notes	2023	2022	2021
Revenue				
Rental income	5,12,16	5,438,890,870	3,807,533,243	2,506,910,928
Dues	5,13	1,250,613,030	1,042,991,455	621,005,658
Interest income from finance lease receivables	13	450,832,306	222,321,826	188,547,234
		7,140,336,206	5,072,846,524	3,316,463,820
Costs and expenses				
Direct operating expenses	5,15	1,978,492,974	1,359,803,642	815,866,427
General and administrative expenses	15	126,349,291	79,490,176	103,397,784
		2,104,842,265	1,439,293,818	919,264,211
Other charges, net				
Interest income	14	133,829,672	34,332,442	7,208,646
Interest expense and other charges	15	(236,970,210)	(231,243,666)	(185,459,737)
Gain under finance lease	16	-	-	49,763,675
Other income	14	2,678	-	101,034
		(103,137,860)	(196,911,224)	(128,386,382)
Net fair value change in investment properties				
	5	99,254,883	(548,953,984)	164,502,279
Income before income tax				
Provision for income tax	17	5,031,610,964	2,887,687,498	2,433,315,506
		1,066,925	124,462	48,466
Net income for the year				
Other comprehensive income		5,030,544,039	2,887,563,036	2,433,267,040
		-	-	-
Total comprehensive income for the year				
		5,030,544,039	2,887,563,036	2,433,267,040
Basic and diluted earnings per share				
	21	2.60	1.91	1.64

For a complete copy of AREIT's audited financial statements including its notes, visit areit.com.ph

AREIT, Inc.

Statement of Changes in Equity
For the year ended December 31, 2023
(With comparative figures for the years ended December 31, 2022 and 2021)
(All amounts in Philippine Peso)

	Paid-up capital (Note 11)	Treasury shares (Note 11)	Additional paid-in capital (Note 11)	Retained earnings (Note 11)	Total equity
At January 1, 2021	10,929,864,050	(673,299,700)	785,681,404	21,765,499,530	32,807,745,284
Comprehensive income					
Net income for the year	-	-	-	2,433,267,040	2,433,267,040
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	2,433,267,040	2,433,267,040
Transactions with stockholders					
Issuance of new shares	4,832,543,750	-	10,583,270,809	-	15,415,814,559
Share issuance costs	-	-	(35,877,520)	-	(35,877,520)
Cash dividends	-	-	-	(1,733,359,375)	(1,733,359,375)
Total transactions with stockholders	4,832,543,750	-	10,547,393,289	(1,733,359,375)	13,646,577,664
At December 31, 2021	15,762,407,800	(673,299,700)	11,333,074,693	22,465,407,195	48,887,589,988
Comprehensive income					
Net income for the year	-	-	-	2,887,563,036	2,887,563,036
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	2,887,563,036	2,887,563,036
Transactions with stockholders					
Issuance of new shares	2,521,363,830	-	8,736,525,671	-	11,257,889,501
Share issuance costs	-	-	(47,954,832)	-	(47,954,832)
Cash dividends	-	-	-	(2,912,197,864)	(2,912,197,864)
Total transactions with stockholders	2,521,363,830	-	8,688,570,839	(2,912,197,864)	8,297,736,805
At December 31, 2022	18,283,771,630	(673,299,700)	20,021,645,532	22,440,772,367	60,072,889,829
Comprehensive income					
Net income for the year	-	-	-	5,030,544,039	5,030,544,039
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	5,030,544,039	5,030,544,039
Transactions with stockholders					
Issuance of new shares	6,075,593,800	-	16,404,103,260	-	22,479,697,060
Share issuance costs	-	-	(105,716,411)	-	(105,716,411)
Cash dividends	-	-	-	(4,067,577,708)	(4,067,577,708)
Total transactions with stockholders	6,075,593,800	-	16,298,386,849	(4,067,577,708)	18,306,402,941
At December 31, 2023	24,359,365,430	(673,299,700)	36,320,032,381	23,403,738,698	83,409,836,809

For a complete copy of AREIT's audited financial statements including its notes, visit areit.com.ph

AREIT, Inc.

Statement of Cash Flows For the year ended December 31, 2023 (With comparative figures for the years ended December 31, 2022 and 2021) (All amounts in Philippine Peso)

	Notes	2023	2022	2021
Cash flows from operating activities				
Income before income tax		5,031,610,964	2,887,687,498	2,433,315,506
Adjustments for:				
Net fair value change in investment properties	5	(99,254,883)	548,953,984	(164,502,279)
Depreciation	6,15	222,922	90,634	42,043
Interest expense and other charges		235,222,482	208,368,633	169,820,104
Gain under finance lease	16	-	-	(49,763,675)
Interest income from finance lease receivables	13	(450,832,306)	(222,321,826)	(188,547,234)
Interest income from cash in banks and intercompany loans	14	(133,829,672)	(34,332,442)	(7,208,646)
Operating income before working capital changes		4,583,139,507	3,388,446,481	2,193,155,819
Changes in operating assets and liabilities:				
(Increase) decrease in:				
Receivables		(834,379,771)	(340,416,374)	(683,376,821)
Other assets		64,510,953	120,810,161	(717,596,933)
Increase (decrease) in:				
Deposits and other liabilities		1,402,477,986	(66,409,250)	1,148,320,226
Accounts and other payables		961,192,923	534,464,897	15,789,571
Construction bonds		(2,892,023)	40,004,636	58,579,640
Cash generated from operations		6,174,049,575	3,676,900,551	2,014,871,502
Interest received		364,810,118	256,654,268	195,755,880
Income tax paid		(1,066,925)	(124,462)	(48,466)
Net cash flows from operating activities		6,537,792,768	3,933,430,357	2,210,578,916
Cash flows from investing activities				
(Increase) decrease in due from related parties		(1,734,904,000)	(181,203,951)	881,900,000
Additions to:				
Investment properties	5	(201,172,225)	(81,462,725)	(5,019,127,301)
Property and equipment	6	(677,751)	(379,550)	(339,706)
Net cash flows used in investing activities		(1,936,753,976)	(263,046,226)	(4,137,567,007)
Cash flows from financing activities				
Payments of:				
Short-term debt	8	(3,300,000,000)	(890,000,000)	(33,489,500,000)
Cash dividends	11	(4,067,577,708)	(2,912,197,864)	(1,733,359,375)
Share issuance cost	11	(105,716,411)	(47,954,832)	(35,877,520)
Interest portion of lease liabilities	16	(53,896,170)	(49,232,653)	(37,177,503)
Interest on short-term and long-term debts	15	(94,843,339)	(100,256,144)	(81,036,681)
Proceeds from:				
Short-term debt	8	3,000,000,000	300,000,000	34,379,500,000
Long-term debt		-	-	2,957,472,367
Net cash flows (used in) from financing activities		(4,622,033,628)	(3,699,641,493)	1,960,021,288
Net (decrease) increase in cash		(20,994,836)	(29,257,362)	33,033,197
Cash				
At January 1		62,753,382	92,010,744	58,977,547
At December 31	2	41,758,546	62,753,382	92,010,744

Non-cash investing and financing activities 23

For a complete copy of AREIT's audited financial statements including its notes, visit areit.com.ph

Sustainability Reporting Index

This section maps the disclosures found in the report with the six capitals of the <IR> framework, Global Reporting Initiative (GRI) Standards indicators, Sustainability Accounting Standards Board (SASB) material topics, and Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

The Standards referred to in each section of the Integrated Report and the Sustainability Reporting Index pertain to the Topic Standard related to each topic discussed. The topic-specific indicators related to our disclosures are available in the data pack accompanying this Report. The data pack is an important part of the Integrated Report and should be read in conjunction with each other. Please refer to <https://www.aret.com.ph/investor-relations/annual-reports>

Dimension	Material Topic	<IR>	GRI Standards	SASB	TCFD	UN SDGs	Page Number(s)
Economic	Project Quality and Responsibility	Natural and Manufactured Capital	-	-	Strategy Risk Management	9, 11	15-19; 22-23; 36, 74
	Business Ethics	Corporate Governance	205 206	-	Governance	-	60-74
	Indirect Economic Impacts	Social and Relationship Capital	203	-	-	1, 3, 8, 9, 10, 11	11; 15-19; 42-44; 57-68
	Supply Chain Management	Social and Relationship Capital	204 308	-	-	9, 11, 12	57
Environmental	Resource Efficiency	Natural and Manufactured Capital	302 303 306	IF-RE-130 IF-RE-140 IF-RE-410	Metrics and Targets	9, 11, 12, 13, 14, 15	46-49; 50-55
	Environmental Compliance	Natural and Manufactured Capital	307	-	Risk Management	11, 12, 14, 15	46-49; 50-55
	Climate Action	Natural and Manufactured Capital	305	IF-RE-450	Strategy Metrics and Targets	13	46-49; 50-55
Social	Workforce Health and Safety	Human Capital	403	-	-	3, 8	57
	Customer Relationship	Social and Relationship Capital	-	-	-	11	57
	Customer Health and Safety	Human Capital	416	-	-	3	57



Statement of Management's Responsibility

AREIT'S 2023 INTEGRATED REPORT

The management of AREIT, Inc. applied their collective mind in the preparation of AREIT's 2023 Integrated Report in accordance with the International Integrated Reporting Council (IIRC) Integrated Reporting <IR> Framework.

This was supervised by the President and CEO, Ms. Carol T. Mills and the Treasurer and Chief Finance Officer, Ms. Ma. Teresa R. Famy, who are responsible for the integrity of this report.

This report contains certain forward-looking statements that may involve risks or uncertainties as they relate to future events and circumstances that may be beyond AREIT's control.

In addition, regulations of the Philippine Stock Exchange (PSE) prohibit making price sensitive forecasts without considerable independent review and process. The management therefore advise readers to use caution regarding interpreting any forward-looking statements in this report.

Carol T. Mills
President and CEO

Ma. Teresa R. Famy
Treasurer and CFO



SyCip Gorres Velayo & Co. Tel: (632) 8891 0307
6760 Ayala Avenue Fax: (632) 8819 0872
1226 Makati City ey.com/ph
Philippines

Independent Limited Assurance Report

The Stockholders and Board of Directors
AREIT, Inc.
28F Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City 1226, Philippines

Scope

We have been engaged by AREIT, Inc. (AREIT) to perform a 'limited assurance engagement,' as defined by Philippine Standard on Assurance Engagements 3000 (Revised) [PSAE 3000 (Revised)], *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, hereafter referred to as the engagement, to report on AREIT's sustainability information (the "Subject Matter") contained in the 2023 AREIT Integrated Report for the year ended December 31, 2023 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by AREIT

In preparing the Subject Matter, AREIT applied the Global Reporting Initiative (GRI) Standards, International Integrated Reporting <IR> Framework, Sustainability Accounting Standards Board (SASB) Standards for Real Estate and Task Force on Climate-related Financial Disclosures¹ (TCFD) (collectively, the "Criteria").

AREIT's responsibilities

AREIT's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

SGV's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the *Philippine Standard on Assurance Engagements 3000 (Revised)* [PSAE 3000 (Revised)], *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, and the terms of reference for this engagement as agreed with AREIT on 22 February 2024 and as amended on 22 April 2024.

¹ SGV reviewed the compliance of AREIT's climate-related disclosures with the eleven (11) TCFD recommendations.

Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be with reference to the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants in the Philippines and have the required competencies and experience to conduct this assurance engagement.

SGV also applies Philippine Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

1. Conducted interviews with management and relevant process owners to:
 - a. Understand the principal business operations and reporting process;
 - b. Understand the processes for collecting, collating and reporting the Subject Matter during the reporting period;



2. Checked that calculation criteria used have been correctly applied in accordance with the methodologies outlined in the Criteria;
3. Undertook analytical procedures of the data and made inquiries of management to obtain explanations for any significant differences we identified;
4. Identified and tested assumptions supporting calculations; and
5. Tested, on a sample basis, underlying source documentation/reports to check accuracy of information disclosed.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter for the year ended December 31, 2023, in order for it to be based on the Criteria.

SYCIP, GORRES, VELAYO & CO.

Katrina F. Francisco

KATRINA F. FRANCISCO

Partner

CPA Certificate No. 0106371

PTR No. MKT 10079939, Jan. 05, 2024

23 April 2024

PRODUCED BY

Investor Communications and Compliance

Brandon Ryan Q. Lim

Michael Blase V. Aquilizan

Michael Anthony L. Garcia

Sustainability

Alexis Joy D. Belarmino

Marian S. Reyes

Anna Maria M. Gonzales

Editorial Consultant

Ricardo F. Lacson, Jr.

Design and Layout

Matchbox

Concept

Sedgwick-Richardson

Contributors

Finance Group, Legal and Corporate Services

CORPORATE INFORMATION

AREIT, INC.

28F Tower One and Exchange Plaza

Ayala Triangle, Ayala Avenue

Makati City, 1226 Philippines

Tel +63(2) 7908-3296

www.aret.com.ph

STAKEHOLDER INQUIRIES

For inquiries or concerns from analysts, institutional investors, the financial community, customers, and the general public, please contact:

investor.relations@aret.com.ph

or corporate.secretary@aret.com.ph

SHAREHOLDER SERVICES AND ASSISTANCE

For inquiries regarding dividend payments, change of

address and account status, lost or damaged stock

certificates, please contact:

BPI Stock Transfer Agency

3F Buendia Center

372 Senator Gil Puyat Ave.

Makati City, Philippines

Tel (632) 8580 4693 to 95

Email: stocktransferoffice@bpi.com.ph



AREIT, Inc.

28F Tower One, Ayala Triangle

Ayala Avenue, Makati City, 1226 Philippines

Tel (632) 7908 3296 • Fax (632) 7750 6766

www.aret.com.ph