



28TH FLOOR, TOWER ONE & EXCHANGE PLAZA
AYALA TRIANGLE, AYALA AVENUE, MAKATI CITY, PHILIPPINES 1226
TELEPHONE NUMBER (+632) 7908 3804

Up to ₱15.0 Billion Debt Securities Program

First Tranche: Up to ₱3.0 Billion Fixed-Rate Bonds

To be listed and traded through the Philippine Dealing & Exchange Corp.

Joint Lead Underwriters and Bookrunners



Trustee

China Banking Corporation – Trust and Asset Management Group

The date of this Preliminary Prospectus is 8 November 2021.

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE SECURITIES CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OR COMMITMENT OF ANY KIND AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE GIVEN AFTER THE EFFECTIVE DATE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY.

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE.

ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.

AREIT, INC.
28/F, TOWER ONE AND EXCHANGE PLAZA, AYALA TRIANGLE, AYALA AVENUE
MAKATI CITY, PHILIPPINES 1226
TELEPHONE NUMBER: (+632) 7908 3804
WEBSITE: www.areit.com.ph

AREIT, Inc. ("AREIT", the "Issuer" or the "Company") filed an application for a total of up to ₱15,000,000,000 in aggregate principal amount of debt securities (the "Debt Securities") to be issued in one or more tranches (each a "Tranche") under the rules and regulations of the Securities and Exchange Commission ("the SEC") (the "Shelf Registration") as authorized by resolutions of the Board of Directors of the Company dated October 22, 2020 (the "Debt Securities Program"). The first Tranche to be issued under the Debt Securities Program are Bonds with a principal amount of up to ₱3,000,000,000 (the "Bonds", the "Offer" or the "Issue"), under this Prospectus. The succeeding issuances are proposed to be issued under the Debt Securities Program within three (3) years from the date of effectivity of the registration statement covering the Shelf Registration, under offering supplements to this Prospectus.

The Bonds shall be issued on [December 16], 2021 or such other date as may be agreed by the Issuer and the Joint Lead Underwriters and Bookrunners.

After their issuance, the Issue shall have a term ending two (2) years from the Issue Date, or on [December 16, 2023], with a fixed interest rate of [●] % per annum (See "Determination of Offer Price"). Interest on the Bonds shall be payable quarterly in arrear on [March 16, June 16, September 16, and December 16] of each year while the Bonds are outstanding, or the immediately succeeding Business Day without adjustment to the amount due if such Interest Payment Date is not a Business Day. The last Interest Payment Date shall fall on the relevant Maturity Date while the Bonds are outstanding, or the immediately succeeding Business Day if such date is not a Business Day, without any adjustment to the amount due (see "Description of the Bonds" – "Interest"). Interest on the Bonds shall be calculated on a European 30/360-day count basis. Other securities shall be issued as provided by applicable SEC rules and regulations effective at the time of issuance.

The Bonds shall constitute the direct, unconditional, unsubordinated, and unsecured obligations of AREIT and shall at all times rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsecured obligations of AREIT, except for any statutory preference or priority established under Philippine law. The Bonds shall effectively be subordinated in right of payment to, among others, all of AREIT's secured debts to the extent of the value of the assets securing such debt and all of its debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines without a waiver of preference or priority.

Each Tranche under the Debt Securities Program, including the Bonds, will be rated by Philippine Rating Services Corporation ("PhilRatings"), as may be applicable. Such ratings are not recommendations to buy, sell, or hold the Debt Securities, and may be subject to revision, suspension, or withdrawal at any time by PhilRatings. The Bonds have been rated PRS Aaa by PhilRatings. Obligations rated PRS Aaa are of the highest quality with minimal credit risk. The obligor's capacity to meet its financial commitment on the obligation is extremely strong. PRS Aaa is the highest rating assigned by PhilRatings. Stable Outlook is assigned when a rating is likely to be maintained or to remain unchanged in the next 12 months. The rating is not a recommendation to buy, sell, or hold securities, and may be subject to revision, suspension, or withdrawal at any time by the rating agency concerned.

The Bonds shall be offered to the public at face value through BDO Capital & Investment Corporation and BPI Capital Corporation (collectively, the "Joint Lead Underwriters and Bookrunners"), with the Philippine Depository & Trust Corp. ("PDTC") as the Registrar of the Bonds. It is intended that upon issuance, the Bonds shall be issued in scripless form, with PDTC maintaining the scripless Register of Bondholders, and listed in the Philippine Dealing & Exchange Corp. ("PDEX"). A listing application was filed with PDEX on November 4, 2021. The Bonds shall be issued in denominations of ₱50,000.00 each, as a minimum, and in multiples of ₱10,000.00 thereafter, and traded in denominations of ₱10,000.00 in the secondary market.

AREIT expects to raise gross proceeds of up to ₱3,000,000,000.00 from the Offer. Net proceeds are estimated to be ₱2,957,296,875.00, after deducting fees, commissions and expenses relating to the Bonds. Proceeds of the Offer are intended for the refinancing of a Philippine peso-denominated short-term loan used to partially finance the acquisition of The 30th drawn from an external counterparty bank not related to any of the Joint Lead

Underwriters and Bookrunners and their related parties. The Joint Lead Underwriters and Bookrunners shall receive a fee of up to 0.375 % of the Issue Size. See “Use of Proceeds” and “Plan of Distribution”.

After the close of the Offer and within three (3) years following the effectiveness of the registration statement covering the Debt Securities Program, the Company may, at its sole discretion, offer any or all of the remaining balance of the aggregate principal amount of the Debt Securities covered by such registration statement, in one or more subsequent tranches under Rule 8.1.2 of the Implementing Rules and Regulations of the Securities Regulation Code. Such a shelf registration provides the Company with the ability to take advantage of opportunities in a volatile debt capital market, as these occur.

However, there can be no assurance in respect of: (i) whether AREIT will issue such securities at all; (ii) the size or timing of any individual issuance or the total issuance of such securities; or (iii) the specific terms and conditions of any such issuance. Any decision by AREIT to offer securities will depend on a number of factors at the relevant time, many of which are not within AREIT’s control, including but not limited to: prevailing interest rates, the financing requirements of AREIT’s business and prospects, market liquidity and the state of the domestic capital market, and the Philippine, regional and global economies in general.

The Offer is being conducted exclusively in the Philippines and pursuant to requirements under Philippine laws, rules and regulations that may be different from those of other countries and jurisdictions. No action has been or will be taken by the Issuer or any person on behalf of the Issuer to permit an offering of the Bonds in any jurisdiction other than the Philippines, where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, nor may any offering material relating to the Bonds be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable laws, rules and regulations of any such country or jurisdiction.

No dealer, salesman or other person has been authorized by AREIT and the Joint Lead Underwriters and Bookrunners to give any information or to make any representation concerning the Bonds other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorized by AREIT or the Joint Lead Underwriters and Bookrunners.

Unless otherwise stated, the information contained in this Prospectus has been supplied by the Company. To the best of its knowledge and belief, the Company (which has taken all reasonable care to ensure that such is the case) confirms that the information contained in this Prospectus is correct, and that there is no material statement or omission of fact which would make any statement in this Prospectus misleading in any material respect. The Company hereby accepts full and sole responsibility for the accuracy of the information contained in this Prospectus. The Joint Lead Underwriters and Bookrunners have exercised the diligence required by regulations in ascertaining that all material representations contained in the Prospectus are true and that no material information was omitted, which was necessary in order to make the statements contained in said documents not misleading.

The Company confirms that this Prospectus contains all information relating to the Company, which are, in the context of the issue and offering of the Bonds, material (including all information required by the applicable laws of the Republic of the Philippines). There are no other facts that the omission of which would make any statement in this Prospectus misleading in any material respect. The Company confirms that it has made all reasonable inquiries in respect of the information, data and analysis provided to it by its advisors and consultants or which is otherwise publicly available for inclusion into this Prospectus. The Company, however, has not independently “verified” any such publicly available information, data or analysis.

Unless otherwise indicated, all information in this Prospectus is as of June 30, 2021. Neither the delivery of this Prospectus nor any sale made pursuant to this Prospectus shall, under any circumstances, create any implication that the information contained herein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Company and its subsidiaries since such date. Market data and certain industry forecasts used throughout this Prospectus were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Company and the Joint Lead Underwriters and Bookrunners make any representation as to the accuracy of such information. Each person contemplating an investment in the Bonds should make his own investigation and analysis of the creditworthiness of AREIT and his own determination of the suitability of any such investment. The risk

disclosure herein does not purport to disclose all the risks and other significant aspects of investing in the Bonds. A person contemplating an investment in the Bonds should seek professional advice if he or she is uncertain of, or has not understood any aspect of the securities to invest in or the nature of risks involved in trading of securities, especially those high-risk securities. For a discussion of certain factors to be considered in respect of an investment in the Bonds, see the section entitled "*Risk Factors and Other Considerations*". The financial information included in this Prospectus has been derived from the financial statements of the Company. Unless otherwise indicated, financial information in this Prospectus has been prepared in accordance with Philippine Financial Reporting Standards ("PFRS").

In this Prospectus, references to "Pesos" or "₱" are to the lawful currency of the Philippines. Figures in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown for the same item of information may vary and figures which are totals may not be an arithmetic aggregate of their components.

This Prospectus includes forward-looking statements. The Company has based these forward-looking statements largely on its current expectations and projections about future events and financial trends affecting its business. The words "believes," "may," "will," "estimates," "continues," "anticipates," "intends," "expects" and similar words are intended to identify forward-looking statements. In light of these risks and uncertainties associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances discussed in this Prospectus might not occur. The Company's actual results could differ substantially from those anticipated in the Company's forward-looking statements.

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ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN ARE TRUE AND CURRENT.

AREIT, INC.

By:

CAROL T. MILLS

Director, President and Chief Executive Officer

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

Before me, a notary public in and for the city named above, personally appeared:

Name	Competent Evidence of Identity	Date/Place of Issue
AREIT, Inc. <i>represented by:</i>		
CAROL T. MILLS	[•]	[•]

who were identified by me through competent evidence of identity to be the same persons who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal this ____ day of _____ 2021 at Makati City.

Doc No. _____:

Book No. _____:

Page No. _____:

Series of 2021.

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FORWARD-LOOKING STATEMENTS AND PRESENTATION OF FINANCIAL INFORMATION

Forward-Looking Statements

This Prospectus contains certain “forward-looking statements”. These forward-looking statements generally can be identified by use of statements that include words or phrases such as “believes”, “expects”, “anticipates”, “seeks”, “endeavors”, “intends”, “plans”, “foresees”, or other words or phrases of similar import. Similarly, statements that describe AREIT’s objectives, plans or goals are also forward-looking statements. All such forward-looking statements are subject to certain risks and uncertainties that the forward-looking events and circumstances discussed in this Prospectus might not occur. Actual results could differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the expectations of AREIT include, among others:

- General economic and business conditions in the Philippines;
- Holding company structure;
- Intensive capital requirements of AREIT in the course of business;
- Increasing competition in the industries in which AREIT operates;
- Industry risk in the areas in which AREIT operates;
- Changes in laws and regulations that apply to the segments or industries in which AREIT, operates;
- Changes in political conditions in the Philippines;
- Changes in foreign exchange control regulations in the Philippines; and
- Changes in the value of the Philippine Peso.

For further discussion of such risks, uncertainties and assumptions, see the “*Risk Factors*” section of this Prospectus. Prospective purchasers of the Bonds are urged to consider these factors carefully in evaluating the forward-looking statements. The forward-looking statements included herein are made only as of the date of this Prospectus, and AREIT undertakes no obligation to update such forward-looking statements publicly to reflect subsequent events or circumstances.

Presentation of Financial Information

Amounts presented throughout this Prospectus have been subject to rounding adjustments to facilitate their presentation. Accordingly, numbers shown for the same item of information may vary and may not precisely reflect the absolute figures or the arithmetic aggregate of their components due to rounding adjustments.

DEFINITION OF TERMS

As used in this Prospectus, the following terms shall have the meanings ascribed to them:

“Affiliate” shall mean any corporation, directly or indirectly controlled by the Issuer, whether by way of ownership of at least twenty percent (20%) of the total issued and outstanding capital stock of such corporation, or the right to elect at least twenty percent (20%) of the number of directors in such corporation, or the right to control the operation and management of such corporation by reason of contract or authority granted by said corporation to the Issuer.

“Aggregate Leverage Limit” shall mean the total borrowings and deferred payments of a REIT should not exceed thirty-five percent (35%) of its Deposited Property; provided, however, that the total borrowings and deferred payments of a REIT that has a publicly disclosed investment grade credit rating by a duly accredited or internationally recognized rating agency may exceed thirty-five percent (35%) but not more than seventy percent (70%) of its Deposited Property.

“Anchor Locators” shall mean the tenants accounting for a significant proportion of Gross Leasable Area for a particular Property.

“APRC” shall refer to ALO Prime Realty Corporation. APRC is a wholly-owned Subsidiary of the Sponsor, Ayala Land, Inc.

“Applicant” shall mean a person, whether natural or juridical, who seeks to purchase the Bonds.

“Application to Purchase” shall mean the document to be executed by any Person or entity qualified to become a Bondholder for the Fixed-Rate Bonds.

“Ayala Corporation” or **“AC”** shall refer to Ayala Corporation, which owns 46.39% of Ayala Land, Inc.

“Ayala Group” shall refer to Ayala Corporation and its subsidiaries and affiliates (or entities which are under common control or where Ayala Corporation has a significant shareholding).

“AREIT” or the **“Company”** or the **“Issuer”** shall refer to AREIT, Inc.

“Ayala Land” or **“ALI”** shall refer to Ayala Land, Inc.

“AyalaLand Offices” or **“ALOI”** shall refer to AyalaLand Offices, Inc., a wholly-owned Subsidiary of Ayala Land.

“Ayala North Exchange” shall refer to one of the Properties of the Company which is a Grade A, mixed-use development located at 6796 Ayala Avenue corner Salcedo Street, Legaspi Village, Makati City, Philippines. It was previously known as project City Gate and was fully completed in 2019. It has a GFA of 120,154 sq.m. and a GLA of 95,300 sq.m. consisting of two (2) towers situated on top of a 7,542 sq.m. GLA, 3-storey retail podium.

“Ayala Land Group” or **“ALI Group”** or **“Group”** shall refer to Ayala Land, Inc. and its Subsidiaries and affiliates (or entities which are under common control or where Ayala Corporation has a significant shareholding).

“Banking Day” or **“Business Day”** shall be used interchangeably to refer to a day, except Saturday and Sunday, on which commercial banks are not required or authorized to close in Makati City and Pasig City, Metro Manila, Laguna and Cebu, and to complete the clearing and settlement of transactions within the Philippine banking system on such day.

“BDO Capital” shall refer to BDO Capital & Investment Corporation, a corporation duly licensed and authorized to operate in the Philippines, with address at the 33rd Floor BDO Towers Valero 8741 Paseo de Roxas, Salcedo Village, Makati City, 1226.

“Beneficial Owner” shall mean any person (and **“Beneficial Ownership”** shall mean ownership by any person) who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise,

has shares or voting power, which includes the power to vote or to direct the voting of such security; and/or investment returns or power in respect of any security, which includes the power to dispose of, or to direct the disposition of, such security; provided, however, that, a person shall be deemed to have an indirect beneficial ownership interest in any security which is:

- (1) held by members of his immediate family sharing the same household;
- (2) held by a partnership in which he is a general partner;
- (3) held by a corporation of which he is a controlling shareholder; or
- (4) subject to any contract, arrangement or understanding which gives him voting power or investment power with respect to such securities; provided, however, that, the following persons or institutions shall not be deemed to be beneficial owners of securities held by them for the benefit of third parties or in customer or fiduciary accounts in the ordinary course of business, so long as such securities were acquired by such persons or institutions without the purpose or effect of changing or influencing control of the issuer:
 - i. A broker dealer;
 - ii. An investment house registered under the Investment Houses Law;
 - iii. A bank authorized to operate as such by the BSP;
 - iv. An insurance company subject to the supervision of the Office of the Insurance Commission;
 - v. An investment company registered under the Investment Company Act;
 - vi. A pension plan subject to regulation and supervision by the BIR and/or the Office of the Insurance Commission or relevant authority; and
 - vii. A group in which all of the members are persons specified above.

“**BIR**” shall mean Bureau of Internal Revenue.

“**BPO**” shall mean Business Process Outsourcing.

“**Bond Documents**” shall mean, collectively, the Trust Indenture, the Terms and Conditions, the Master Certificate of Indebtedness, the Registry and Paying Agency Agreement, the Underwriting Agreement, and any other document, certificate or writing contemplated thereby.

“**Bondholders**” shall mean the holders of the Bonds.

“**Bonds**” or “**Fixed-Rate Bonds**” or “shall refer to the fixed-rate bonds in the aggregate principal amount of ₱3,000,000,000.00, which forms the first tranche of the Debt Securities Program to be issued by AREIT on the Issue Date, maturing on [December 16, 2023].

“**BPI Capital**” shall refer to BPI Capital Corporation¹, a corporation duly licensed and authorized to operate in the Philippines, with address at the 11th Floor, Ayala North Exchange (Tower 1), 6796 Ayala Avenue cor. Salcedo St., Makati City.

“**BSP**” shall mean Bangko Sentral ng Pilipinas.

¹BPI Capital Corporation and AREIT, Inc. are affiliates which are ultimately owned by Ayala Corporation. BPI Capital is 100% owned by the Bank of the Philippine Islands, which is 22.19% owned by Ayala Corporation. On the other hand, as of June 30, 2021, Ayala Land's effective ownership in AREIT is 50.14%, with ALI directly owning 40.75% and 9.39% owned by AyalaLand Offices, Inc. with the remainder owned by the public. Ayala Land is 45.9% owned by Ayala Corporation with the remainder owned by the public.

“CBC Trust” shall mean China Banking Corporation – Trust and Asset Management Group, the Trustee to the Bondholders for this issuance.

“CBD” shall mean Central Business District.

“Committed Leases” shall mean all leases in respect of the Properties covered by executed lease agreements or for which lease offer letters have been signed by the relevant lessor and lessee.

“Control” shall refer to the power of a corporation to direct or govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. Control is presumed to exist when the parent owns, directly or indirectly, through Subsidiaries, more than one-half (1/2) of the voting power of an enterprise, unless, in exceptional circumstances, it can clearly be demonstrated that such ownership does not constitute Control. Control also exists even when the parent corporation owns one-half (1/2) or less of the voting power of an enterprise when there is power:

- i. over more than one-half (1/2) of the voting rights by virtue of an agreement with investors;
- ii. to direct or govern the financial and operating policies of the enterprise under a statute or an agreement;
- iii. to appoint or remove the majority of the members of the board of directors or equivalent governing body; or
- iv. to cast the majority votes at meetings of the board of directors or equivalent governing body.

“COVID-19” shall refer to the Coronavirus disease 2019, the illness caused by the novel coronavirus strain called severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2, formerly called 2019-nCoV).

“Competitive Investment Return” means good or better return than other investment instruments available in the market relative to the associated risks. For this purpose, investment return refers to total return. Income streams and/or capital appreciation includes lease rental income, future escalations in rent, and price appreciation in stock.

“Debt Securities” shall mean the debt and other securities as provided by applicable SEC rules and regulations effective at the time of issuance up to an aggregate principal amount of up to ₱15,000,000,000.00, to be issued in one or more Tranches.

“Debt Securities Program” or the **“Program”** shall refer to the Debt Securities of up to an aggregate amount of ₱15,000,000,000.00 to be issued under the shelf registration statement filed by AREIT with and rendered effective by the SEC.

“Deposited Property” shall mean the total value of AREIT’s assets, reflecting the fair market value of the total assets held by AREIT. For purposes of this Prospectus, the Deposited Property includes the fair market value of assets in investment properties and the finance lease receivable. As at June 30, 2021, the Deposited Property of the Company is ₱37 billion².

“Distributable Income” refers to net income as adjusted for unrealized gains and losses/expenses and impairment losses, and other items in accordance with internationally accepted accounting standards (excluding proceeds from the sale of a REIT’s assets that are reinvested by the REIT within one year from the date of sale).

“Dues” refer to net recoveries from tenants for usage of common area services, and utilities.

“EBIT Margin” refers to Earnings Before Interest, Taxes Margin and is computed as:

²The ₱37 billion Deposited Property value was calculated based on the appraised values of the Properties per the appraisal reports dated June 30, 2021, except for McKinley Exchange which was valued based on the Right of Use of asset plus movement in the appraised value. Breakdown is as follows: (i) Solaris One at ₱12,170,310,000.00; (ii) Ayala North Exchange BPO at ₱7,647,750,000.00; (iii) Ayala North Exchange HQ ₱5,305,750,000.00; (iv) Ayala North Exchange Retail at ₱702,690,000.00; (v) ₱Ayala North Exchange Seda at ₱2,313,970,000.00; (vi) McKinley Exchange at ₱744,700,966.23; (vii) Teleperformance Cebu at ₱2,509,880,000.00; (viii) The 30th at ₱4,643,110,000.00; and (ix) Laguna Technopark Lots at ₱1,087,126,000.00.

EBIT Margin = *Earnings Before Interest, Taxes / Revenues*

where: EBIT = *Net income before income tax*
+ *Interest expense and other financing charges and other expenses*
- *Interest and investment income*

Revenue = *Rental Income*
+ *Dues*
+ *Interest income from Finance lease*

“EBITDA” refers to Earnings Before Interest, Taxes, Depreciation and Amortization and is computed as:

EBITDA = *Net income before income tax*
+ *Interest expense and other financing charges and other expenses*
- *Interest and investment income*
- *Net change in fair value in investment properties*
- *Gain under finance lease*

“Fund Management Agreement” refers to the agreement dated July 22, 2020, between the Company and the Fund Manager.

“Fund Manager” refers to AREIT Fund Managers, Inc. (formerly named AyalaLand Commercial REIT, Inc.), a corporation organized and existing under the law of the Philippines. The Fund Manager is a wholly-owned Subsidiary of ALI.

“GFA” shall refer to gross floor area.

“GLA” or “Gross Leasable Area” shall refer to the areas in the Properties that are leasable to tenants, which primarily comprise commercial space but exclude spaces for common area, mezzanine, parking areas, temporary carts and kiosks, and outdoor seating, unless otherwise specified in this Prospectus.

“GDI” refers to Glensworth Development, Inc., a wholly-owned Subsidiary of AyalaLand Offices.

“Grade A” means the rating for a building that generally qualifies under certain criteria including, but not limited to, total floor area of above 40,000 sq.m., with GLA efficiency of over 70%, located within a CBD, with a single owner, and with above average rental and capital value.

“Gross Revenue” refers to the gross revenue of the Company, consisting of Rental Income and Dues, before expenses, in any financial year ending on December 31 in each year or other specified period.

“IMI” shall refer to Integrated Micro-Electronics, Inc. IMI is 52.03% owned by AC Industrial Technology Holdings, Inc., a wholly-owned subsidiary of Ayala Corporation.

“Interest Payment Date” shall mean [December 16], 2022 for the first Interest Payment Date and [March 16, June 16, September 16, and December 16] of each year for each subsequent Interest Payment Date at which the Fixed-Rate Bonds are outstanding; and in the event that any of such Interest Payment Date are not Business Days, such Interest Payment Dates shall be the immediately succeeding Business Day without any adjustment to the amount due. The last Interest Payment Date shall fall on the Maturity Date, or the immediately succeeding Business Day if such date is not a Business Day, without any adjustment to the amount due.

“IPO” shall refer to Initial Public Offering.

“Issue Date” shall mean [November 26], 2021 or the immediately succeeding Business Day if such Issue Date is not a Business Day, or such other date as may be agreed upon between the Issuer and the Joint Lead Underwriters and Bookrunners with advice to PDTC and PDEx. In the event that the original Issue Date is moved to the succeeding Business Day, the interest accruing for the first Interest Period shall accrue from (and including) such adjusted Issue Date, without adjustment to the Interest Payment Date.

“Joint Lead Underwriters and Bookrunners” or “JLUBs” shall refer to BDO Capital and BPI Capital, being the Joint Lead Underwriters and Bookrunners appointed by the Issuer under the Underwriting Agreement.

“Laguna Technopark Lots” shall refer to one of the Properties of the Company, which is composed of four (4) parcels of land located in Laguna Technopark, Binan, Laguna and has a GLA of 98,179 sq.m.

“Manual” shall refer to the Corporate Governance Manual of the Company prepared to ensure its compliance with the leading practices on good corporate governance, the REIT Law, and related SEC rules and regulations. The Manual was approved and adopted by the Board on March 25, 2019.

“Majority Bondholders” shall mean Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Bonds.

“Master Certificate of Indebtedness” shall mean the certificate to be issued by AREIT to the Trustee evidencing and covering such amount corresponding to the Bonds.

“Maturity Date” shall mean [December 16, 2023], or two (2) years after Issue Date; provided that, in the event that a Maturity Date falls on a day that is not a Business Day, such Maturity Date shall be the immediately succeeding Business Day, without adjustment to the amount of interest and principal to be paid.

“McKinley Exchange” shall refer to one of the Properties of the Company, which is the 5-storey Grade A, PEZA-accredited mixed-use development located along McKinley Road corner EDSA in Makati and began operations in 2015. It has a GFA of 14,598 sq.m. and a GLA of 10,687 sq.m., of which, 9,633 sq.m. is designated for commercial office leasing.

“NECC” shall refer to North Eastern Commercial Corp, a wholly-owned subsidiary of ALI under the Ayala Malls brand.

“Net Operating Income” shall mean Gross Revenue less direct operating expenses of the Properties and any other property our Company may acquire.

“Offer” shall mean the offering of Debt Securities by the Issuer under the Conditions as herein contained.

“Offer Period” shall refer to the period commencing at 9:00 a.m. on [December 2, 2021] and ending at 5:00 p.m. on [December 9, 2021] or on such other dates as the Issuer and the Joint Lead Underwriters and Bookrunners may agree upon.

“PAS” shall mean Philippine Accounting Standards.

“PDEX” shall refer to the Philippine Dealing & Exchange Corp.

“PEZA” shall refer to the Philippine Economic Zone Authority.

“PDTC” shall refer to the Philippine Depository & Trust Corp.

“Person” shall mean an individual, firm, partnership, limited liability company, joint venture, association, trust, corporation, government, committee, department, authority, or any body, incorporated or unincorporated, whether having a distinct legal personality or not.

“Pesos,” “P,” “PHP,” and “Philippine currency” shall mean the legal currency of the Republic of the Philippines.

“PFRS” shall mean Philippine Financial Reporting Standards.

“POGOs” shall mean Philippine Offshore Gaming Operators.

“Properties” or “the Properties” (each a **“Property”**) shall refer to the six commercial properties, namely: Solaris One, Ayala North Exchange, Teleperformance Cebu, The 30th, and Laguna Technopark Lots via freehold (i.e., which are owned by the Company), and McKinley Exchange, via leasehold (i.e., which is leased by the Company). As of the date of this Prospectus, the Company’s property portfolio consists of these six commercial properties in Metro Manila, Laguna and Cebu, which meet the Company’s investment criteria. The land on which

these respective buildings are built do not form part of the Company's asset portfolio and is not owned by the Company.

"Property Management Agreement" shall refer to the agreement dated July 22, 2020, between our Company and our Property Manager.

"Property Manager" shall refer to AREIT Property Managers, Inc. (formerly named Next Urban Alliance Development Corp.), a corporation organized and existing under the laws of the Philippines. The Property Manager is a wholly-owned Subsidiary of ALI.

"Property-for-Share-Swap Transaction" shall refer the subscription of ALI and its subsidiaries WCV and GDI of 483,254,375 primary common shares of AREIT in exchange for identified key commercial properties valued at ₱15,464,140,000.00 under a property-for-share swap transaction at a transaction price of ₱32.00 per share, as validated by a third-party fairness opinion. The transaction with ALI and its subsidiaries, WCV and GDI will increase AREIT's leasing portfolio from 344,000 sq.m. to 549,000 sq.m. and Deposited Property value from ₱37 billion to ₱52 billion.

"Philippines" shall mean the Republic of the Philippines.

"PSE" shall refer to The Philippine Stock Exchange, Inc.

"Record Date" shall refer to the cut-off date in determining Bondholders entitled to receive interest or principal amount due.

"Register of Bondholders" shall mean the electronic records of the Registrar bearing the official information on the names and addresses of the Bondholders and the number of Fixed-Rate Bonds they respectively hold, including all transfers of the Fixed-Rate Bonds and the names of subsequent transferee Bondholders, maintained pursuant to and under the Registry and Paying Agency Agreement.

"Registry and Paying Agency Agreement" shall mean the Registry and Paying Agency Agreement dated [●], between the Company, the Registrar and Paying Agent.

"Registrar" shall mean the Philippine Depository & Trust Corp.

"REIT" shall refer to a stock corporation established in accordance with the Philippine Corporation Code and the rules and regulations promulgated by the SEC principally for the purpose of owning income-generating real estate assets. For purposes of clarity, a REIT, although designated as a "trust", does not have the same technical meaning as "trust" under existing laws and regulations but is used herein for the sole purpose of adopting the internationally accepted description of the company in accordance with global best practices.

"REIT Act" or **"REIT Law"** shall mean Republic Act No. 9856, or the Real Estate Investment Trust Act of 2009 and its implementing rules and regulations, as they may be amended from time to time.

"Rental Income" shall refer to the amounts payable by all tenants and earned by the Company on its Properties, and any other property the Company may acquire, as reflected in the audited financial statements of the Company. Rental Income is recognized using the straight-line method over the lease term, and adjusted for tenant incentives amortized over the applicable lease period.

For the avoidance of doubt, Rental Income does not include income from finance leases (including income from rent of the serviced apartments at Ayala North Exchange, where the long-term building lease agreement with Makati North Hotel Ventures, Inc. has been classified as a finance lease).

"SEC" means the Philippine Securities and Exchange Commission or its successor agency/ies.

"SEC Permit" shall mean the Permit to Sell issued by the SEC in connection with the Offer.

"Security" shall mean any mortgage, pledge, lien or encumbrance constituted on any of the Issuer's properties for the purpose of securing its obligations.

"Security Holder" means the holder of the Debt Securities under the Debt Securities Program.

“Shareholder” refers to each of the shareholders of the Company, following the completion of the REIT IPO.

“Solaris One” refers to one of the Properties of the Company, which is the 24-storey Grade A, PEZA-accredited commercial building located at 130 Dela Rosa Street, Legaspi Village, Makati City, Philippines. It was previously named E-Services 3 Dela Rosa Building and was completed in 2008. It has a GFA of 73,322 sq.m. and a GLA of 46,767.95 sq.m.

“SME” shall refer to small and medium-sized enterprises.

“Sponsor” shall refer to Ayala Land, Inc. acting directly, or indirectly through its wholly-owned Subsidiary, AyalaLand Offices.

“sq.m.” refers to square meters.

“SRC” shall mean the Securities Regulation Code of the Philippines (Republic Act No. 8799) and its implementing rules and regulations, as they may be amended from time to time.

“Subsidiary” refers to a corporation which is controlled, directly or indirectly, by another corporation which thereby becomes its Parent.

“Swap Properties” shall refer to the six commercial properties valued at ₱15,464,140,000.00, which are to be acquired by the Company through the Property-for-Share-Swap Transaction with ALI, GDI and WCVVC, namely Vertis North Corporate Center, BPI-Philam Life Makati, BPI-Philam Life Alabang, Bacolod Capitol Corporate Center, Ayala Northpoint Technohub, and One Evotech and Two Evotech. The inclusion of the Swap Properties will increase AREIT’s leasing portfolio from 344,000 sq.m to 549,000 sq.m. and Deposited Property value from ₱37 billion to ₱52 billion.

“Tax Code” shall mean the National Internal Revenue Code, as amended, and its implementing rules and regulations.

“Taxes” shall mean any present or future taxes including, but not limited to, documentary stamp tax, levies, imposts, filing and other fees or charges imposed by the Republic of the Philippines or any political subdivision or taxing authority thereof including surcharges, penalties and interests on said taxes, but excluding final withholding tax, gross receipts tax, and taxes on the overall income of the Joint Lead Underwriters and Bookrunners or of the Bondholders.

“Teleperformance Cebu” shall refer to one of the Properties of the Company, which is a 12-storey Grade A office development located at Inez Villa Street, Cebu I.T. Park (formerly Asiatown I.T. Park), Brgy. Apas, Cebu City completed in 2010. It has a gross floor area of 24,229 sq.m. and a GLA of 18,093 sq.m.

“Terms and Conditions” shall mean the terms and conditions of the Bonds as herein contained.

“The 30th” refers to one of the Properties of the Company, which is a 19-storey Grade A, PEZA-accredited commercial development located along Meralco Avenue in Pasig completed in 2017. It has a gross floor area of 104,543 sq.m., and a total GLA of 75,912 sq.m comprised of an office building and a retail podium supported by three (3) levels basement parking.

“TLI” shall refer to Technopark Land, Inc., a Subsidiary of Ayala Corporation, the latter owning 78.77% of TLI.

“Tranche” shall mean a tranche of Debt Securities issued under the Debt Securities Program.

“Trust Indenture” means the Trust Indenture dated [●], between the Company and the Trustee.

“Trustee” shall, wherever the context permits, include all other persons or companies for the time being acting as trustee or trustees under the Trust Indenture.

“Underwriting Agreement” means the Underwriting Agreement dated [●] among the Company and the Joint Lead Underwriters and Bookrunners.

“VAT” shall refer to Value-Added Tax.

“WALE” shall refer to weighted average lease expiry.

“WCVC” shall refer to Westview Commercial Ventures Corp., a wholly-owned Subsidiary of Ayala Land.

EXECUTIVE SUMMARY

The following summary is qualified in its entirety by the more detailed information and financial statements and notes thereto appearing elsewhere in this Prospectus. Because it is a summary, it does not contain all of the information that a prospective purchaser should consider before investing. Prospective investors should read the entire Prospectus carefully, including the section entitled "Risk Factors" and the financial statements and the related notes to those statements included in this Prospectus.

COMPANY OVERVIEW

AREIT, Inc. is a real estate company established in the Philippines. Previously known as One Dela Rosa Property Development, Inc., the Company changed its name to AyalaLand REIT, Inc. on April 12, 2019. On June 28, 2019, the Company changed its name from AyalaLand REIT, Inc. to AREIT, Inc. Upon compliance with the requirements of the REIT Law, the Company now operates as a REIT.

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

As of June 30, 2021, the Company's portfolio consists of six (6) commercial properties that successfully met its investment criteria:

- **Solaris One**, a 24-storey Grade A, PEZA-accredited commercial building owned by the Company and previously known as E-Services 3 Dela Rosa Building, which was completed in 2008, contains 46,767.95 sq.m. of GLA, 73,322 sq.m. of GFA, and located at 130 Dela Rosa Street, Legaspi Village, Makati City, Philippines. The 3,612 sq.m. land on which Solaris One stands is owned by Ayala Land, and is currently being leased by the Company from the Sponsor under a 33-year land lease.
- **Ayala North Exchange**, a Grade A, mixed-use development owned by the Company, previously known as project City Gate, which consists of two (2) office towers situated on top of a 3-storey retail podium as well as a collection of serviced apartments branded as Seda Residences Makati. The first tower is a 30-storey building consisting of a 12-storey headquarter-type office ("HQ Office"), with the remaining 18-storeys housing Seda Residences Makati composed of 293 serviced apartments, other amenities and the back-of-house area. The second tower is a 20-storey, PEZA-accredited BPO Office designed for 24/7 operations. There are six levels of basement parking. Both office towers are PEZA-accredited. The HQ Office space was completed in late-2018, while the BPO Office and serviced apartments were completed in the first and third quarters of 2019, respectively. The GLA of Ayala North Exchange is 95,300.35 sq.m. and its GFA is 12,154 sq.m. It is located at 6796 Ayala Avenue corner Salcedo Street, Legaspi Village, Makati City, Philippines. The 7,657 sq.m. land on which Ayala North Exchange stands is owned by HLC Development Corp., a wholly-owned subsidiary of the Sponsor, and is being leased by the Company under a 44-year land lease.
- **McKinley Exchange**, a 5-storey Grade A, PEZA-accredited mixed-use development owned by Ayala Land, which began operations in 2015, with GLA of 10,687.50 sq.m., 9,633 sq.m. of which is designated for commercial office leasing, with a GFA of 14,598.40 sq.m., on a plot of land with an area of 4,513 sq.m. located along McKinley Road corner EDSA, Makati City. The building also incorporates two basement levels for car parking, offering a total of 120 parking slots. On January 31, 2020, AREIT entered into a 34-year lease with Ayala Land for the office and retail space commencing on February 1, 2020 and ending on December 31, 2054 with an initial monthly rent of ₱2,733,078, subject to an annual escalation rate of 5%. Ownership of the land on which McKinley Exchange stands remains with Ayala Land.
- **Teleperformance Cebu**, formerly known as Aegis Towers 1 and 2, Teleperformance Cebu is a 12-storey, Grade A, mixed-use development composed of two (2) PEZA-accredited BPO offices completed in 2010

with a combined GLA of 18,093 sq.m., currently hosting a single tenant in its office space, TPPH – FHCS, Inc., more commonly known as Teleperformance, a pioneer in the BPO industry, located at Inez Villa Street, Cebu I.T. Park (formerly Asiatown I.T. Park). The office development is under a 42-year lease on a 3,621 sq.m. land which is owned by the Sponsor, Ayala Land, Inc.

- **The 30th**, is a Grade A mixed-use commercial development located along Meralco Avenue in Pasig City, completed in 2017. It has a GFA of 104,543 sq.m., and a total GLA of 74,704 sq.m comprised of a PEZA-accredited office building and a retail podium supported by three (3) levels of basement parking. The office portion has a GLA of 47,871 sq.m. while the retail podium has a GLA of 26,833 sq.m. Majority of the office tenants come from the BPO sector. The development is under a 36-year land lease agreement between AREIT and the land owner, MBS Development Corp. The retail podium is leased and operated by North Eastern Commercial Corp., NECC pays a monthly guaranteed building lease to AREIT, with a lease a period of 36 years, in line with the land lease term of the property.
- **Laguna Technopark Lots** located in Laguna Technopark, Binan, Laguna is composed of four (4) parcels of land and has a GLA of 98,179 sq.m. The land is currently under a long-term lease with Integrated Micro-Electronics, Inc., ("IMI"), a subsidiary of Ayala Corporation and a leading player in global technology and manufacturing solutions.

AREIT's Structure

The Company is a domestic corporation, established to invest in income-generating real estate. The Company is supported and managed by a number of parties.

The Sponsor, Ayala Land, Inc., is a public corporation organized under the laws of the Philippines. The Sponsor is one of the leading and most diversified real estate conglomerates in the Philippines, and is engaged in the planning and development of large-scale estates, residential lots and buildings, office buildings, and commercial and industrial lots. In addition to being a leading player in the Philippines' commercial leasing industry with significant commercial and office spaces in its portfolio, the Sponsor is also engaged in property management, construction, and other real-estate adjacent businesses like retail. As such, the Company benefits from the Sponsor's brand, well-established reputation, relationships with key players in the Philippine real estate industry, understanding of the Philippine real estate market, and deep experience in developing and managing properties very similar to the Properties.

The Fund Manager, AREIT Fund Managers, Inc., is a corporation, organized under the laws of the Philippines. Formerly named AyalaLand Commercial REIT, Inc., the Fund Manager changed its name to AREIT Fund Managers, Inc. on February 27, 2020. Its registered office is at 32nd Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City, Philippines. The Fund Manager is a wholly-owned Subsidiary of the Sponsor. The Fund Manager has general power of management over the assets of the Company, pursuant to the Fund Management Agreement dated July 22, 2020, and the Company's investment strategies. The Fund Manager's main responsibilities are to implement the Company's investment strategies and manage the Company's assets and liabilities. The Fund Manager manages the assets of the Company with a focus on generating steady Rental Income and, if appropriate, increasing the Company's assets over time so as to enhance the returns from the investments of the Company.

The Property Manager, AREIT Property Managers, Inc. is a corporation, organized under the laws of the Philippines. Formerly named Next Urban Alliance Development Corp., the Property Manager changed its name on April 16, 2019. Its registered office is at 31st Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City, Philippines. The Property Manager is a wholly-owned Subsidiary of the Sponsor. The Property Manager performs the day-to-day property management functions of the Properties pursuant to the Property Management Agreement. These functions include managing the execution of new leases and renewing or replacing expiring leases as well as the marketing and promotion of the Properties. In addition, The Property Manager oversees the overall management of, maintenance and repair of the structure and utilities of the Properties; formulation and implementation of policies and programs in respect of building management; maintenance and improvement; secure and administer routine management services, including security control, fire precautions, communication systems and emergency management; and oversee building management operations.

The Company has an authorized capital stock of ₱11,740,000,000.00 divided into 1,174,000,000 common

shares with a par value of ₱10.00 per share, of which 1,025,656,435 shares are issued and outstanding, as of June 30, 2021.

AREIT became a publicly listed corporation on August 13, 2020 in the Philippines Stock Exchange, Inc. As of June 30, 2021, AREIT had a market capitalization of ₱37.33 billion based on its closing price of ₱36.40 per share.

Business Strategy

The Company's principal investment strategy is to invest in income-generating real estate that meet a select set of criteria. Please see the section entitled "Description of Business". Through the performance of services by the Fund Manager, following the requirements of the REIT Law, the Company and the Fund Manager will seek to procure and secure growing income that provides Competitive Investment Return to investors. Further to this, by performing its functions, the Fund Manager intends to maximize the investment returns by growing the Gross Revenue as well as the Net Operating Income from the existing Properties over time through active management of the Properties. Both the Fund Manager and the Property Manager have significant experience with the extensive property business of the ALI Group and will work together to ensure that the Company fulfills the objectives of its investment strategy.

The Fund Manager plans to achieve its key objectives for the Company through the following strategies:

- *Pro-active asset management and asset enhancement strategy.* The Fund Manager will actively manage AREIT's property portfolio to achieve growth in revenue and Net Operating Income and maintain optimal occupancy levels. The Fund Manager and the Property Manager will help drive organic growth, build strong relationships with the customers of the Properties, and seek enhancement and growth opportunities within the existing Properties.
- *Investments and acquisition growth strategy.* The Fund Manager will achieve portfolio growth through the acquisition of quality income-producing commercial properties that fit within AREIT's investment strategy to enhance total return for Shareholders and increase potential opportunities for future income and capital growth. In executing this strategy, AREIT will endeavor to acquire properties situated in high-growth areas, whether from the Sponsor or third parties, to cater to economic growth.
- *Capital and risk management strategy.* The Fund Manager will seek to manage and source capital so as to maximize overall returns for Shareholders. This may include accessing various capital markets to source appropriately priced and structured debt and equity, monitoring and implementing hedging arrangements as well as assessing alternative forms of capital and other capital management strategies where appropriate. The Fund Manager may use financial instruments such as interest rate swaps to hedge certain financial risk exposures.

Recent Developments

On January 5, 2021, AREIT purchased from Technopark Land, Inc. ("TLI"), a subsidiary of Ayala Corporation, the latter owning 78.77% of TLI, 9.8 hectares of land in Laguna Technopark through a deed of sale for ₱987.98 million, VAT-exclusive. Purchase price was paid in two (2) installments; the initial payment of ₱197.60 million was paid upon execution of the deed of sale, and the balance of ₱790.38 million was paid of January 29, 2021. Comprised of four parcels, the land is being leased by IMI for the next seven (7) years. The valuation of the property is aligned with the appraisal report issued by Asian Appraisal Company, Inc. ("Asian Appraisal"). Asian Appraisal used the Market Approach to estimate the value of the property based on the land prices of comparable actual market transactions and listings at the time of the acquisition. The acquisition of this land has contributed to AREIT's income effective January 2021, adding to the earnings generated by the Company's existing buildings. This increased the Distributable Income to its shareholders, demonstrating AREIT's ability to deliver stable and regular dividends, and strengthening its potential for capital appreciation.

On January 15, 2021, AREIT entered into a Deed of Sale with ALI for the acquisition of The 30th for ₱4.56 billion VAT-exclusive. Purchase price was paid in two (2) installments, with the initial payment of ₱912.87 million being paid upon execution of the deed, and the balance of ₱3.65 billion being paid on January 29, 2021. Located along Meralco Avenue in Pasig City, the development has a total GLA of 75,000 sq.m. composed of an office tower and a retail podium. The valuation of the Property is aligned with the appraisal report issued by Asian Appraisal. Asian Appraisal used the Discounted Cashflows ("DCF") Approach or Income Approach as the

primary method to estimate the fair value of the building. Under the DCF approach, the asset was valued using the future cashflows of the property, discounted based on a weighted average cost of capital (WACC) using the Capital Asset Pricing Model. The 30th in Pasig contributed to AREIT's revenues starting January 2021, which resulted in higher Distributable Income for its shareholders. Together with the acquisition of the 98,000 sq.m. leased land in Laguna Technopark, AREIT's recurring income portfolio reached 344,000 sq.m, double its 2020 size of 171,000 sq.m, only five (5) months from its initial public offering (IPO). This likewise brings AREIT's total Deposited Property value to ₱37 billion.

On March 16, 2021, the Board of Directors of AREIT approved the following items at its special meeting:

1. The increase in the Company's authorized capital stock from ₱11,740,000,000.00 divided into 1,174,000,000 common shares to ₱29,500,000,000.00 divided into 2,950,000,000 common shares, and the corresponding amendment of the Seventh Article of the Company's Articles of Incorporation;
2. The subscription of ALI and its subsidiaries, Westview Commercial Ventures Corp. ("WCVC") and Glensworth Development, Inc. ("GDI") of 483,254,375 primary common shares of AREIT in exchange for identified key commercial properties valued at ₱15,464,140,000.00 under a property-for-share swap transaction at a transaction price of ₱32.00 per share ("Property-for-Share Swap Transaction"), as validated by a third-party fairness opinion. The transaction with ALI and its subsidiaries, WCVC and GDI will increase AREIT's leasing portfolio from 344,000 to 549,000 sq.m. and Deposited Property value from ₱37 billion to ₱52 billion pesos.

Similarly, on April 23, 2021 during the Annual Stockholders' Meeting of AREIT, stockholders holding at least majority of the Company's outstanding capital stock approved, among others, the following:

1. The issuance of 483,254,375 primary common shares of stock in AREIT to ALI and its subsidiaries, WCVC, and GDI out of the increase in capital stock of the Company to ₱29.5 billion, at an issue price of ₱32.00 per share in exchange for identified properties valued at ₱15,464,140,000.00; and
2. The registration under the Securities Regulation Code with the SEC and listing with the PSE of the 483,254,375 primary common shares of stock in AREIT.

On June 8, 2021, AREIT, ALI, WCVC, and GDI executed the Deed of Exchange in implementation of the Property-For-Share Swap Transaction. On October 8, 2021, the SEC approved (i) the amendment of AREIT's Articles of Incorporation specifically the increase in its authorized capital stock from ₱11,740,000,000.00 divided into 1,174,000,000 common shares to ₱29,500,000,000.00 divided into 2,950,000,000 common shares; and (ii) the issuance of 483,254,375 primary common shares of stock in AREIT to ALI and its subsidiaries, WCVC, and GDI. Following the approval by the SEC, AREIT, ALI, WCVC, and GDI executed an Amendment to Section 4.2 of the Deed of Exchange so that the recognition of income from the Swap Properties will accrue to AREIT beginning 01 October 2021, instead of 01 November 2021, enabling shareholders to fully benefit from the contribution of the Swap Properties starting in the fourth quarter of 2021. AREIT will apply for the issuance of the Certificate Authorizing Registration for the Swap Properties from the Bureau of Internal Revenue and the listing of the shares in favor of ALI and the Subsidiaries within the year.

On June 14, 2021, AREIT disclosed to the PSE that it will change its accounting method used in valuing investment properties from cost method to fair value method, to reflect the market value of its properties and align with financial reporting practices of REITs. This is pursuant to the approval of the Bureau of Internal Revenue ("BIR") effective January 1, 2021, through a letter dated April 29, 2021.

Future Plans and Prospects

Consistent with its principal investment strategy, the Company shall continue to invest in income-generating real estate properties that meet a select set of criteria. To meet the Company's investment criteria, a potential new property should (1) be located in a prime location in either Metro Manila or other key provinces in the Philippines; (2) be primarily (but not exclusively) focused on commercial properties, but may be other types of real estate properties available in the market; and (3) have stable occupancy, tenancy, and income operations. Through the performance of services by the Fund Manager, following the requirements of the REIT Law, the Company and the Fund Manager will seek to procure and secure growing income that provides a Competitive Investment Return to investors. Further to this, by performing its functions, the Fund Manager shall continue to maximize the investment returns by growing the Gross Revenue as well as the Net Operating Income from the

Properties over time through active management. Both the Fund Manager and the Property Manager have significant experience with the extensive property business of the ALI Group and will continue to work together to ensure that the Company fulfills the objective of its investment strategy. Please see sections entitled “Business and Properties – Business Strategies” and “Business and Properties – Investment Policy.”

Review of 1H2021 Operations vs. 1H2020 Operations

AREIT's net income after tax increased by 29% from ₱1,017.32 million in 2020 to ₱1,314.91 million in 2021. The increase was primarily driven by the operations of The 30th and Laguna Technopark Lots, which were acquired by the Company last January 2021.

Total revenues increased by 50% from ₱910.86 million in 2020 to ₱1,364.70 million in 2021. This was mainly driven by higher rental income and net dues.

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

Direct operating expenses increased by 94% from ₱147.12 million in 2020 to ₱285.95 million in 2021. The increase was primarily attributable to an increase in management fee of ₱97.92 million, an increase in land lease of ₱21.11 million and an increase in taxes and licenses of ₱18.53 million. These increases were related to the operations of The 30th, McKinley Exchange Corporate Center and Teleperformance Cebu.

General and administrative expenses increased by 177%, from ₱8.33 million to ₱23.04 million mainly due to documentary stamp tax paid for loans.

The Company obtained short-term loans from various local banks during the period. The outstanding short-term loans amounting to ₱4,422.50 million as of June 30, 2021 pertains to unsecured and interest bearing 30-day loans with average interest rate of 2%. The remaining interest payable amounted to ₱1.78 million as of June 30, 2021.

AREIT's Principal Shareholder

As of June 30, 2021, Ayala Land's effective ownership in AREIT is 50.14%, with ALI directly owning 40.75% and 9.39% owned by AyalaLand Offices, Inc. The remaining interest equivalent to 49.86% is owned by the public. Ayala Land is 45.9% owned by Ayala Corporation with the remainder owned by the public.

AREIT's Principal Executive Offices

AREIT's executive offices are located at the 28th Floor, Tower One & Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City. The telephone number at this address is (632) 7908 3804.

Risk of Investing

Prospective investors should consider carefully all of the information set forth in this Prospectus and, in particular, prospective purchasers should evaluate the specific factors set forth under the section “*Risk Factors and Other Considerations*” of this Prospectus for risks involved in the purchase of the Bonds. These factors may be summarized as follows:

- Risks relating to the Company's business;
- Risks relating to REIT companies;
- Risks relating to the Philippines;
- Risks relating to the Properties;
- Risks relating to the Bonds; and
- Risks relating to the presentation of information.

As a REIT company, AREIT competes with other REIT companies, developers and developments to attract retail and office tenants, and clientele for the retail outlets, restaurants and hotels in its commercial centers in terms of reputation, reliability, price, and the quality and location of the community in which the relevant project is located. AREIT's successful financial and operating performance as a REIT company will impact its ability to

refinance or repay its debt, including the Bonds. Moreover, the offering of the Bonds should be evaluated in terms of its impact on the consolidated indebtedness of AREIT and the operating risks inherent in a further increase in its debt.

AREIT is further subject to certain debt covenants for the AREIT Bonds issuance. The Company is likewise subject to the relevant regulations on Aggregate Leverage Limit of REIT companies under the REIT Law. The Issuer's failure to comply with these covenants could cause a default, which if not waived, could result in the debt becoming immediately due and payable. If any amount outstanding were to be accelerated, it could potentially trigger a cross-default under substantially all of the Issuer's debt, in which case AREIT may not be able to perform its payment obligations under the Fixed-Rate Bonds. In such case, the Bonds, being unsecured debt, will be effectively subordinated in right of payment to all secured debt of the Issuer to the extent of the value of the assets securing such debt and all debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines without a waiver of preference or priority.

External factors affecting AREIT's businesses include the impact of current and future Philippine laws and regulations on certain aspects of real estate development, such as environment, health and safety, the effect of natural catastrophes, and political or economic instability in the country, including foreign exchange rate fluctuations which could impact the acquisition cost of certain properties necessary for the Issuer's business.

SUMMARY OF FINANCIAL INFORMATION

The following tables present the summary of financial information on AREIT. Prospective purchasers of the Bonds should read the summary financial information below in conjunction with the independent auditor's report and our financial statements, including the notes thereto, presented as an Annex and the "Management's Discussion and Analysis of Financial Condition and Results of Operation" section of this Prospectus.

The summary historical statements of financial position as of December 31, 2020, 2019, 2018, 2017 and summary historical statement of comprehensive income for the years ended December 31, 2020, 2019, 2018 and 2017 under columns "Audited" are derived from and should be read in conjunction with AREIT's audited financial statements and, including the notes thereto, included elsewhere in this Prospectus. SyCip Gorres Velayo & Co. ("SGV & Co.") has audited the financial statements in accordance with Philippine Standards on Auditing.

The summary historical statements of financial position as of June 30, 2021 and December 31, 2020 and summary historical statement of comprehensive income for the periods ended June 30, 2021 and 2020 under columns "Unaudited" are derived from and should be read in conjunction with AREIT's unaudited interim condensed financial statements as at June 30, 2021 and, including the notes thereto, included elsewhere in this Prospectus.

The following table summarizes the financial highlights of AREIT's financial position and results of operation as of and for the years ended December 31, 2020, 2019, 2018, 2017 and for the six months ended June 30, 2021 and 2020.

STATEMENTS OF COMPREHENSIVE INCOME

	Six Months Ended June 30		Year Ended December 31			
	(Unaudited) ¹	(Unaudited) (Restated) ³	(Audited)	(Audited)	(Audited)	(Audited)
	2021	2020	2020	2019	2018	2017
<i>(Amounts in ₱ Thousands Except Earnings per Share)</i>						
REVENUE						
Rental Income	1,076,037	707,663	1,495,724	1,323,923	696,018	551,966
Dues	199,682	128,200	305,087	192,321	169,314	146,235
Interest income from finance lease receivables	88,978	74,995	150,814	46,838	-	-
	1,364,697	910,858	1,951,625	1,563,082	865,332	698,201
NET FAIR VALUE CHANGE IN INVESTMENT PROPERTIES	307,873	475,825	-	-	-	-
COSTS AND EXPENSES						
Direct operating costs	285,947	147,119	585,302	436,017	181,014	145,442
General and administrative	23,044	8,331	49,474	14,182	4,174	5,714
	308,991	155,450	634,776	450,199	185,188	151,156
OTHER						

³ In 2021, the Company voluntarily changed its accounting policy for its investment properties from cost model to fair value model of accounting which was applied retrospectively. Amounts presented in the unaudited statement of financial position as of December 31, 2020 and unaudited statement of comprehensive income for the six months ended June 30, 2020 in the unaudited interim condensed financial statements as at June 30, 2021 were restated as if the change in accounting policy had always been applied. Please refer to Note 2 of the Company's unaudited interim condensed financial statements as at June 30, 2021, which are included in this Prospectus, for the effect of the change in accounting policy.

Executive Summary

INCOME (CHARGES)

Gain under finance lease	28,309	-	-	397,139	-	-
Interest income	3,926	35,133	78,671	58,262	17,173	10,056
Interest expense	(80,880)	(23,127)	(65,419)	(12,563)	(16,810)	(4,016)
Other income	-	3,609	3,661	138	358	577
	(48,645)	15,615	16,913	442,976	721	6,617

INCOME BEFORE INCOME TAX PROVISION FOR INCOME TAX

	1,314,934	1,246,848	1,333,762	1,555,859	680,865	553,662
	25	229,530	106,576	294,448	143,772	106,881
NET INCOME	1,314,909	1,017,318	1,227,186	1,261,411	537,093	446,781
BASIC/ DILUTED EPS	P1.28	P1.04	P1.23	P1.29	P3.16	P4.64

STATEMENTS OF FINANCIAL POSITION

	As of June 30		As of December 31			
	(Unaudited) ¹	(Unaudited) (Restated) ⁴	(Audited)	(Audited)	(Audited)	(Audited)
(Amounts in P Thousands)	2021	2020	2020	2019	2018	2017
ASSETS						
Current Assets						
Cash and cash equivalents	71,086	58,978	58,978	122,181	26,129	17,168
Receivables	528,397	2,373,621	2,384,189	1,994,500	2,010,998	447,647
Other current assets	400,701	281,313	281,313	157,603	118,498	73,314
Total Current Assets	1,000,184	2,713,912	2,724,480	2,274,284	2,155,625	538,129
Noncurrent Assets						
Noncurrent portion of receivables	2,614,247	2,194,794	2,600,727	2,556,979	209,418	86,774
Investment properties	34,811,317	29,189,675	8,303,802	6,192,374	8,188,049	1,155,750
Property, plant and equipment	231	12	12	20	51	116
Deferred tax asset – net	-	-	-	-	24,694	23,203
Other noncurrent assets	1,686,916	1,001,662	1,001,662	968,057	1,001,816	192,509
Total Noncurrent Assets	39,112,711	32,386,143	11,906,203	9,717,430	9,424,028	1,458,352
Total Assets	40,112,895	35,100,055	14,630,683	11,991,714	11,579,653	1,996,481
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current Liabilities						
Accounts and other payables	449,415	513,927	513,927	274,478	345,208	54,085

¹ In 2021, the Company voluntarily changed its accounting policy for its investment properties from cost model to fair value model of accounting which was applied retrospectively. Amounts presented in the unaudited statement of financial position as of December 31, 2020 and unaudited statement of comprehensive income for the six months ended June 30, 2020 in the unaudited interim condensed financial statements as at June 30, 2021 were restated as if the change in accounting policy had always been applied. Please refer to Note 2 of the Company's unaudited interim condensed financial statements as at June 30, 2021, which are included in this Prospectus, for the effect of the change in accounting policy.

Executive Summary

Short-term loans payable	4,422,500	-	-	-	-	-
Interest payable	1,783	-	-	-	-	-
Current portion of deposits and other liabilities	291,144	129,400	129,400	166,794	30,521	9,154
Income tax payable	54,444	54,444	54,444	71,242	58,588	21,351
Current portion of lease liabilities	36,015	34,300	34,300	-	-	-
Construction bonds	-	-	-	11,105	2,738	2,800
Total Current Liabilities	5,255,301	732,071	732,071	523,619	437,055	87,390
Noncurrent Liabilities						
Deposits and other liabilities - net of current portion	718,694	722,693	722,693	600,134	641,982	248,215
Lease liabilities - net of current portion	847,028	837,544	837,544	-	-	-
Deferred tax liabilities - net	-	-	-	67,232	-	-
Total Noncurrent Liabilities	1,565,722	1,560,237	1,560,237	667,366	641,982	248,215
Total Liabilities	6,821,023	2,292,308	2,292,308	1,190,985	1,079,037	335,605
Equity						
Paid-in Capital	10,929,864	10,929,864	10,929,864	10,451,224	10,451,224	1,636,224
Treasury Shares	(673,300)	(673,300)	(673,300)	(673,300)	(673,300)	(653,300)
Additional paid-in capital	785,681	785,681	785,681	-	-	-
Retained earnings	22,249,627	21,765,502	1,296,130	1,022,805	722,692	677,952
Total Equity	33,291,872	32,807,747	12,338,375	10,800,729	10,500,616	1,660,876
Total Liabilities and Equity	40,112,895	35,100,055	14,630,683	11,991,714	11,579,653	1,996,481

CAPITALIZATION

The following table sets forth the capitalization and indebtedness of the Company as of June 30, 2021. The table should be read in conjunction with the Company's unaudited interim financial statements, including the notes thereto, included in this Prospectus. Other than as described below, there has been no material change in Company's capitalization since June 30, 2021.

<i>(In ₱ thousands)</i>	As of June 30, 2021 (Unaudited)	Adjustments	As Adjusted for Offer Size of ₱3.00 billion (Upon issuance of the Offer Bonds) and the plan repayment of short-term loan	Adjustments after giving effect to the Property-for- Share-Swap Transaction⁴	As Adjusted for Offer Size of ₱3.00 billion (Upon issuance of the Offer Bonds) and after giving effect to the Property-For- Share Swap Transaction¹
Liabilities					
Total current liabilities	5,255,301	[(3,000,000)] ²	[2,255,301]	72,250	[2,327,551]
Total noncurrent liabilities	1,565,722	[3,000,000] ⁵	[4,565,722]	923,088	[5,488,810]
Total Liabilities	6,821,023	–	[6,821,023]	995,338	[7,816,361]
Equity					
Paid-up capital	10,929,864	–	10,929,864	4,832,544	15,762,408
Treasury shares	(673,300)	–	(673,300)		(673,300)
Additional paid-in capital	785,681	–	785,681	10,583,271 ³	11,368,952
Retained earnings	22,249,627	–	22,249,627	(203,135)	22,046,492
Total Equity	33,291,872	–	33,291,872	15,212,680	48,504,552
Total Capitalization	40,112,895	[–]	[40,112,895]	16,208,018	[56,320,913]

Notes:

- (1) Assuming the issuance of 483,254,375 primary common shares of AREIT in favor of ALI and its subsidiaries WCVC and GDI of, in consideration of identified key commercial properties valued at ₱15,464,140,000.00 under a property-for-share swap transaction at a transaction price of ₱32.00 per share as at June 30, 2021.
- (2) Pertains to the planned repayment of short-term loan. Please refer to the "Use of Proceeds" section.
- (3) APIC is net of DST on issuance of shares
- (4) Please refer to pro forma condensed financial information for the details of adjustments after giving effect to the Property-for-Share-Swap Transaction
- (5) Gross of debt issue costs. Please refer to the "Use of Proceeds" section.

OVERVIEW OF THE DEBT SECURITIES PROGRAM

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular tranche of the Debt Securities Program, the applicable terms and conditions.

AREIT has registered a Debt Securities Program comprised of debt securities (the “Debt Securities”) in the aggregate principal amount of up to Fifteen Billion Pesos (₱15,000,000,000.00) to be offered and issued in one or more tranches (each a “Tranche”) (the “Debt Securities Program” or the “Program”). The following section outlines the description of the Program followed by specific indicative terms and conditions applicable to a particular tranche. In case of conflict between the terms below and those contained in the offer supplement corresponding to a particular Tranche, the latter shall prevail.

The Debt Securities Program

Issuer	AREIT, Inc.
Facility	Up to Fifteen Billion Pesos (₱15,000,000,000.00) Debt Securities Program
Purpose	Proceeds from the Debt Securities Program will be disclosed in the relevant offer supplement for each Tranche.
Availability	The Debt Securities Program will be continuously available until the expiration of the shelf registration and the permit to offer securities for sale to be issued by the SEC for the Debt Securities Program.
Maturity	To be determined per issuance
Method of Issue	Each of the securities will be issued on a continuous basis in tranches (each a “Tranche”) on different issue dates. The specific terms of each Tranche (which, save in respect of the issue date, issue price, tenor/maturity, interest rate, interest commencement date, and principal amount of the tranche, will be identical to the terms of other tranches of the same securities) will be set forth in the corresponding offer supplement.
Redemption for Taxation Reasons	If payments under the Debt Securities become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the relevant issue date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the Debt Securities in whole, but not in part, (having given not more than sixty (60) nor less than fifteen (15) days' prior written notice to the Trustee) at par or 100% face value plus accrued interest.
Status of the Debt Securities:	The Debt Securities constitute direct, unconditional, unsubordinated, and unsecured Peso-denominated obligations of the Issuer and will rank <i>pari passu</i> and ratably without any preference or priority among themselves and at least <i>pari passu</i> with all other present and future unsecured obligations of the Issuer, except for any statutory preference or priority established under Philippine law.
Negative Pledge	The Debt Securities shall have the benefit of a negative pledge on all existing and future assets of the Issuer, subject to certain permitted liens.
Taxation	Except: (1) tax on a Security Holder's interest income on the Debt Securities which is required to be withheld by the Issuer, and (2) capital gains tax/income tax, documentary stamp tax and other taxes on the transfer of Debt Securities (whether by assignment or donation), if any and as applicable, which are for the account of the Security Holder, all payments of principal and interest will be made free and clear of any deductions or withholding for or on account of any present or future

taxes or duties imposed by or on behalf of the Republic of the Philippines or any political subdivision, agency or instrumentality thereof, including, but not limited to, issue, registration, or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of the Issuer; provided, however, that the Issuer shall not be liable for, and will not gross-up the payments of interest on the principal amount of the Debt Securities so as to cover any final withholding tax applicable on interest earned on the Debt Securities prescribed under the Tax Code.

Documentary stamp tax on the original issue of the Debt Securities shall be for the Issuer's account.

A Security Holder who is exempt from or is not subject to final withholding tax on interest income, or is subject to a preferential withholding tax rate, may claim such exemption by submitting to the Registrar, together with its Application to Purchase, subject to acceptance by the Issuer as being sufficient in form and substance:

- (i) pertinent documents evidencing its tax-exempt status, addressed to the Security Holder, confirming the exemption or preferential rate, and as certified by the Corporate Secretary of the Security Holder as being a true copy of the original on file with the Security Holder, which notarized certification indicates that:
 - a. the exemption certificate is a true copy of the original;
 - b. the original is in the possession of the Corporate Secretary of the Security Holder as the duly authorized custodian of the same; and
 - c. the Corporate Secretary of the Security Holder has personal knowledge based on his official functions of any amendment, revocation, expiration, change or any circumstance affecting said certification's validity;
- (ii) a letter addressed to the Issuer and the Registrar, requesting both the Issuer and the Registrar not to make any withholding on said Security Holder's interest income;
- (iii) an indemnity undertaking wherein the Security Holder shall undertake to indemnify and hold the and the Registrar free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding of tax on the Debt Securities held by such Security Holder; and
- (iv) such other documentary requirements as may be required by the Issuer or pursuant to applicable tax regulations, or under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty relief or withholding rate benefits.

Additionally, the Issuer shall not be liable for the following: Gross Receipts Tax under Section 121 of the Tax Code; taxes on the overall income of any securities dealer or Bondholder, whether or not subject to withholding; and Value-added Tax ("VAT") under Sections 106 to 108 of the Tax Code, and as amended by Republic Act No. 9337 and Republic Act No. 10963.

Documentary stamp tax primary issue of the Bonds and the execution of the Bond Agreements, if any shall be for the Issuer's account.

The tax treatment of a Security Holder may vary depending upon such person's particular situation and certain Security Holders may be subject to special rules not discussed above. This summary does not purport to address all the aspects that may be important and/or relevant to a Security Holder. The Security Holder is

advised to consult their own tax advisers on the ownership and disposition of the Debt Securities, including the applicability and effect of any state, local or foreign tax laws.

Governing Law Philippine Law

Specific terms related to any tranche of fixed-rate bonds

Issue Price The fixed-rate bonds will be issued at 100% of face value.

Fixed-Rate Bonds Interest Interest on the fixed-rate bonds shall be calculated on a 30/360-day count basis and shall be paid quarterly in arrear.

Purchase and Cancellation The Issuer may, at any time, purchase the fixed-rate bonds in the open market or by tender or by contract at market price, without any obligation to purchase (and the bondholders shall not be obliged to sell) the fixed-rate bonds pro-rata from all bondholders. Any fixed-rate bonds so purchased shall be redeemed and cancelled and may not be re-issued. Upon listing of the fixed-rate bonds on PDEX, the Issuer shall disclose any such transactions in accordance with the applicable PDEX disclosure rules.

Issue Rating Each Tranche of fixed-rate bonds under the Debt Securities Program will be rated by PhilRatings.

Underwriters To be mandated by the Issuer per Tranche

Registrar and Paying Agent Philippine Depository & Trust Corp.

Listing Philippine Dealing & Exchange Corp.

SUMMARY OF THE OFFER

This Summary of the Offering relates to the first tranche of the Bonds of AREIT's up to Fifteen Billion Pesos (₱15,000,000,000) Debt Securities Program, with an aggregate principal amount of up to Three Billion Pesos (₱3,000,000,000).

The following summary of the offer does not purport to be a complete listing of all the rights, obligations, and privileges attaching to or arising from the Bonds. It is taken from, and is qualified in its entirety by, the remainder of this Prospectus. Some rights, obligations, or privileges may be further limited or restricted by other documents and subject to final documentation. Prospective investors are enjoined to perform their own independent investigation and analysis of the Company and the Bonds. Each prospective investor must rely on its own appraisal of the Company and the Bonds and its own independent verification of the information contained herein and any other investigation it may deem appropriate for the purpose of determining whether to invest in the Bonds and must not rely solely on any statement or the significance, adequacy, or accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective investor's independent evaluation and analysis.

Issuer	AREIT, Inc.
Issue	Fixed-Rate Bonds (the "Bonds") constituting the direct, unconditional, unsubordinated, and unsecured obligations of the Issuer, as the first tranche of the Issuer's shelf registration program with an aggregate principal amount of up to Fifteen Billion Pesos (₱15,000,000,000) (the "Debt Securities Program").
Fixed-rate Bond Interest	Interest on the Bonds shall be calculated on a 30/360-day count basis and shall be paid quarterly in arrear.
Issue Amount	Up to Three Billion Pesos (₱3,000,000,000)
Issue Price	The Bonds will be issued at 100% of face value.
Joint Lead Underwriters and Bookrunners	BPI Capital Corporation ("BPI Capital") BDO Capital & Investment Corporation ("BDO Capital")
Denomination of the Bonds to be issued	Minimum of ₱50,000.00 face value and in increments of ₱10,000.00
Offer Period	The Offer Period will commence at 9:00 a.m. on [December 2, 2021] and end at 5:00 p.m. on [December 9, 2021], or on such other date as the Issuer and the Joint Lead Underwriters and Bookrunners may agree upon.
Issue Date	[December 16, 2021], or the immediately succeeding Business Day if such Issue Date is not a Business Day, or such other date as may be agreed upon by the Issuer, the Joint Lead Underwriters and Bookrunners with advice to SEC, PDTC, and PDEX.
Maturity Date	[December 16, 2023], or two (2) years from Issue Date, provided that, in the event that such Maturity Date falls on a day that is not a Business Day, the Maturity Date shall be the immediately succeeding Business Day, without adjustment to the amount of interest and principal to be paid.
Interest Payment Date	[March 16, 2022] for the first Interest Payment Date and [March 16, June 16, September 16, and December 16] of each year for each subsequent Interest Payment Date while Bonds are outstanding. In the event that any Interest Payment Date is not a Business Day, such Interest Payment Date shall be paid on the immediately succeeding Business Day without any adjustment to the amount due. The last Interest Payment Date shall fall on the Maturity Date, or the immediately succeeding Business Day if such date is not a Business Day, without any adjustment to the amount due. Interest on the Bonds shall be calculated on a

30/360-day count basis.

Interest Period	The period commencing on the Issue Date and having a duration of three months and, thereafter, each successive 3-month period commencing on the last day of the immediately preceding Interest Period up to, but excluding the first day of the immediately succeeding Interest Period, but in the case of the last Interest Period, it will be the period from and including the last day of the immediately preceding Interest Period up to, but excluding, the Maturity Date.
Status of the Bonds	The Bonds shall constitute the direct, unconditional, unsubordinated, and unsecured obligations of AREIT and shall at all times rank <i>pari passu</i> and ratably without any preference or priority amongst themselves and at least <i>pari passu</i> with all other present and future unsecured obligations of the Issuer, except for any statutory preference or priority established under Philippine law. The Bonds shall effectively be subordinated in right of payment to, among others, all of AREIT's secured debts to the extent of the value of the assets securing such debt and all of its debt that is evidenced by a public instrument under Article 2244 (14) of the Civil Code of the Philippines without a waiver of preference or priority
Final Redemption	Unless previously purchased and cancelled, the Bonds shall be redeemed at par or 100% of face value on the Maturity Date. However, payment of all amounts due on such date may be made by the Issuer through the Paying Agent, without adjustment, on the succeeding Business Day if the Maturity Date is not a Business Day.
Redemption for Taxation Reasons	If payments under the Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the Bonds in whole, but not in part, (having given not more than sixty (60) nor less than fifteen (15) days' prior written notice to the Trustee) at par plus accrued interest, net of applicable withholding taxes.
Trustee	China Banking Corporation – Trust and Asset Management Group
Listing	The Issuer intends to list the Bonds in the Philippine Dealing & Exchange Corp. on the Issue Date.
Issue Rating	The Bonds are rated PRS Aaa by PhilRatings.

NET PROCEEDS FROM THE OFFER

The net proceeds from the ₱3.00 billion Offer is estimated to be ₱2.96 billion after deducting expenses related to the Offer. Said expenses are as follows:

	Total
Estimated proceeds from the sale of the Bonds	₱3,000,000,000.00
Less:	
SEC Registration Fee	1,312,500.00
SEC Legal Research Fee	13,125.00
Documentary Stamp Tax	22,500,000.00
Underwriting Fee	11,250,000.00
PDEX Listing Fee	100,000.00
Accounting	3,200,000.00
Legal	1,620,000.00
Credit Rating	1,280,000.00
Registry and Paying Agency	187,500.00
Trusteeship	240,000.00

Summary of the Offer

Out-of-pocket expenses	1,000,000.00
Total Estimated Upfront Expenses	42,703,125.00
Estimated net proceeds to AREIT	2,957,296,875.00

A detailed discussion on the proceeds of the Offer appears on the “Use of Proceeds” section of this Prospectus.

RISK FACTORS AND OTHER CONSIDERATIONS

GENERAL RISK WARNING

1. The price of securities can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities.
2. Past performance is not a guide to future performance.
3. An investor deals in a range of investments, each of which may carry a different level of risk.

PRUDENCE REQUIRED

This risk disclosure does not purport to disclose all the risks and other significant aspects of investing in these securities. An investor should undertake its/his/her own research and study on the trading of securities before commencing any trading activity. Investors may request information on the securities and the Issuer thereof from the SEC, which are available to the public.

PROFESSIONAL ADVICE

An investor should seek professional advice if it/he/she is uncertain of, or has not understood any aspect of the securities to invest in or the nature of risks involved in trading of securities, especially high-risk securities.

RISK FACTORS

An investment in the Bonds described in this Prospectus involves a certain degree of risk. A prospective purchaser of the Bonds should carefully consider the following factors, in addition to the other information contained in this Prospectus, in deciding whether or not to invest in the Bonds. This Prospectus contains forward-looking statements that involve risks and uncertainties. AREIT adopts what it considers conservative financial and operational controls and policies to manage its business risks. AREIT's actual results may differ significantly from the results discussed in the forward-looking statements. See section "Forward-Looking Statements" of this Prospectus. Factors that might cause such differences, thereby making the offering speculative or risky, may be summarized into those that pertain to the business and operations of AREIT, in particular, and those that pertain to the over-all political, economic, and business environment, in general. These risk factors and the manner by which these risks shall be managed are presented below in no particular order.

Investors should carefully consider all the information contained in this Prospectus including the risk factors described below, before deciding to invest in the Bonds. The Company's business, financial condition and results of operations could be materially adversely affected by any of these risk factors.

RISK RELATING TO THE COMPANY'S BUSINESS

The Company is exposed to risks inherent in the Philippine property market (and especially Metro Manila) as most of the Properties are situated in Metro Manila.

The Company is highly dependent on the performance of the Philippine property market since the Properties are located in the Philippines. Thus, it is directly affected by the risks that affect the Philippine property market as a whole. Many factors contribute to fluctuations in the Philippine property market including the general demand and supply of properties which may cause asset price bubbles (i.e. when there is a gross imbalance between the supply and demand in the property market causing unusual increase in asset prices followed by a drastic drop in prices when the bubble bursts), increases and decreases in interest rates, inflationary pressures, Government-related real estate policies such as the recent lower loan-to-value ratios for commercial real estate loans and the BSP's tightening of policies related to real estate loans. Any decline in the value of land or real estate in the Philippines may lead to a downward revaluation of the Properties and a decrease in the rental rates. Additionally, most of the Properties are currently located in the Makati CBD, which subjects the Company to the risk of a decline in land or real estate value in Makati specifically.

There can be no assurance that the Philippine property market will continue to do well. Reduced levels of economic growth, adverse changes in the country's political or security conditions, or weaker performance of, or slowdown in, the national and local property markets may still adversely affect the demand and prices for the

land developments and real estate. In particular, the global economic downturn resulting from the COVID-19 pandemic has resulted in an economic slowdown and negative business sentiment, which may have an adverse effect on the outlook on the Philippine property market and lead to an adverse change in the Philippines' macroeconomic situation generally, which could materially and adversely affect the results of operations. The Company cannot foresee when the disruptions of business activities caused by the outbreak of COVID-19 will cease.

The risk is mitigated by the focus on Grade A commercial buildings located in prime locations. Most of the Properties are situated in the Makati CBD which is the economic center of the country and boasts the highest rental rates in Metro Manila. The three (3) other properties are located in key business centers and locations in the Philippines that similarly has high rental rates and stable tenant base. As such it is less susceptible to market fluctuations. The Company also believes that the recent positive growth in the Philippine economy will continue. In any event, the Company takes a prudent approach to financial management and cost control, closely monitoring the capital and cash positions and maintaining discipline in the capital commitments. In addition, the Company intends to expand the portfolio to acquire properties within Metro Manila, and other key cities in the country.

The Company is subject to a dynamic regulatory environment as it is the pioneer Issuer in a relatively new asset class in the Philippine financial market.

The REIT Law was enacted on December 17, 2019, thereby establishing the legal framework for the development of REITs in the Philippine financial markets.

However, the public ownership requirement of 40% prescribed through the amended Implementing Rules and Regulations (IRR) in 2011 ("2011 IRR"), combined with the application of the 12% VAT on the transfer of properties to REITs, as provided through the BIR's Revenue Regulations No. 13-2011, proved to be unpalatable to the real estate industry players.

Only after the amendments to the 2011 IRR in January 2020, such as the public ownership level and VAT exemption on transfer of properties to REITs enabled REITs to flourish in the Philippines. This paved the way for the Company to become the first REIT in the country having listed with the PSE in August 13, 2020. Given the newness of the asset class in the Philippines, the regulatory framework is still very fluid to adjust to the current market conditions. Such laws and regulations are constantly evolving and are continuously subjected to varying interpretations. Any new laws or modifications thereto may also be passed, which would impose a more stringent requirement on the Company, thereby adversely affecting the Company's business, financial conditions and operations.

The Company may be placed under further examination by the regulators as it will serve as a precedent for REIT offerings in the future and as benchmark to refine existing regulations on REITs. While more REITs have gone to the market to raise capital, AREIT remains to be the first and only REIT to launch a bond issuance. Given the specific regulatory requirements that govern REITs, there is currently no precedent transaction for a public debt issuance of a REIT company. With this, the Company may be subject to further developments in the regulatory regime for REITs which may impact its business, financial conditions and operations.

The acquisitions of the Company are subject to regulatory approvals, and any delays in procuring such approvals may negatively impact the performance of the Company.

In compliance with the REIT Law, the Company seeks to procure and secure growing income that provides a Competitive Investment Return to investors. This is achieved through its principal investment strategy which is to invest in income-generating real estate properties that meet a select set of criteria.

However, the various modes of acquisition of such real estate properties subject the Company to various regulatory approvals, such as the issuance of BIR rulings on the sale of real estate property and SEC approvals on the increase in authorized capital stock, if so required. Delays in the procurement of such regulatory approvals may prevent the Company from growing its income and further hamper its performance.

On June 8, 2021, the Company, ALI, WCVC and GDI executed a Deed of Exchange implementing the Property-for-Share Swap Transaction whereby the Company will issue shares to ALI, WCVC, and GDI in exchange for identified commercial properties valued at ₱15.6 billion. As part of the requisites to consummate the transaction, the Company applied for the approval of the SEC on the increase in its authorized capital stock to ₱29.5 billion

and on the subscription of ALI, WCVF and GDI. On October 19, 2021, the Company received the approval of the SEC on the Property-for-Share-Swap Transaction, and on the application to increase the authorized capital stock of the Company.

Moreover, the Company is also in the process of applying for the Certificate Authorizing Registration with the BIR as the acquisitions were done via tax-free exchange. Subsequently, the Company will also list the additional shares with the PSE. In view of these regulatory requirements, the Company is envisioning to complete the Property-for-Share-Swap Transaction within the year.

There is a risk that regulatory approvals may not be obtained within its prescribed timeline or at all, thus impacting the Company's ability to meet its investment objectives and provide its Shareholders a Competitive Investor Return and its ability to repay the Bonds.

There may be potential conflicts of interest between the Company, the Fund Manager, the Property Manager, and the Sponsor which may cause damage or loss to the Company.

The Sponsor, its Subsidiaries, and affiliates are engaged in the investment in, and the development of, properties in the Philippines. The Fund Manager is a wholly-owned Subsidiary of the Sponsor. In addition, the Company has appointed AREIT Property Managers, Inc., another wholly-owned Subsidiary of the Sponsor, as the Property Manager of the Properties. The executive officers are also compensated by the Sponsor. As a result, the strategy and activities of the Company may be influenced by the overall interests of the Sponsor, the Fund Manager, the Property Manager, or all of them. See the section entitled "Certain Agreements relating to the Company and the Properties".

While the Company's investment plan allows the acquisition of assets from third parties, the Fund Manager may give preference and/or recommend that the Company acquire other assets from the Sponsor or parties related to the Sponsor in the future. In such cases, the Fund Manager is required to obtain valuations from independent property valuers and to comply with all other requirements applicable to such transactions under the REIT Law. Pursuant to the Company's investment strategy, such property will (1) be located in a prime location in either Metro Manila or other key provinces in the Philippines, (2) be primarily (but not exclusively) focused on commercial properties, but may be other types of real estate properties available in the market, and (3) have stable occupancy, tenancy, and income operations. See the section entitled "Description of Business".

The foregoing risks are mitigated by the fact that the Company and the Sponsor are publicly listed companies subject to additional regulations regarding conflicts of interest that apply to publicly listed companies. Similarly, as the Sponsor is a majority Shareholder in the Company their interests are generally aligned. The Company is also protected by the legally required (i) presence of independent directors on the Board, (ii) disclosure of related party transactions, and (iii) regulated corporate governance practices of AREIT. Please see the section entitled "Directors, Executive Officers and Control Persons". The Company believes that the inclusion of Ayala Land as the Sponsor and the benefits of market expertise, high-standards, and increased opportunity for the Company outweigh the risks of potential conflicts of interest.

The strong corporate governance provisions and related party transaction policies adopted by the Company, the Fund Manager, and the Property Manager also mitigate the risk of conflicts of interest. See the sections entitled "The Fund Manager and the Property Manager" and "Directors, Executive Officers and Control Persons". Following current regulations, the Fund Manager and the Property Manager (i) appointed independent directors who comprise majority of the members of their respective Boards of Directors, (ii) at least one of the independent directors of the Fund Manager, and at least two of the independent directors of the Property Manager have working knowledge of the real estate industry, (iii) restrict the appointment of directors (including independent directors) of the REIT and its sponsors/promoters to a maximum of 49% of the board of the directors of the Fund Manager and the Property Manager, (iv) for the Fund Manager, comply with the track record requirement of the SEC by having a chief executive officer and not less than two of its full-time professional employees who all have a track record and experience in financial management as well as experience in the real estate industry for at least three years prior to their employment, and (v) for the Property Manager, employ either a real estate consultant, real estate appraiser, or a real estate assessor, and appoint two responsible officers each of whom shall have at least three years track record in property portfolio management, and at least one of them shall be available at all times to supervise the business of the Property Manager. The Company believes that compliance with these regulatory requirements sufficiently protects the Company, the Fund Manager, and the Property Manager, against potential conflicts of interest. In short, the parties involved in the support, management, and operation of the Company are generally bound by the concept

of commercial, arm's length dealing which minimizes the potential for conflicts of interest. Additionally, the compensation of the Fund Manager for its services is calculated as a set percentages of the Company's Deposited Property Value, EBITDA, acquisition fees, and sales prices, as may be applicable, while that of the Property Manager for acting in its role is calculated as a set percentages of the Company's Gross Rental Income, and EBITDA; the total amount of such fees shall not exceed what is provided under the rules of the REIT Law (as defined in the Fund Management Agreement and Property Management Agreement, respectively). As such, the Fund Manager and the Property Manager are incentivized to help grow the Company for its benefits.

There may be direct competition between the Company and the Sponsor.

The Sponsor and its Subsidiaries are engaged in, among other things, the investment in, and the development of, properties in the Philippines, including commercial, residential, and industrial developments. As a result, there may be circumstances where the Company competes directly with the Sponsor for property acquisitions and tenants, which could lead to lower occupancy levels, lower rental rates, or both for the Properties and could adversely affect the performance of the Company. There can be no assurance that the interests of the Company will not conflict with, or be subordinated to, those of the Sponsor in such circumstances.

In addition, the Company has retained the Fund Manager and the Property Manager to assist it in the property management of the properties held by the Company. Both the Fund Manager and the Property Manager are wholly-owned Subsidiaries of the Sponsor. In the future, the Company may decide to engage a different fund manager or property manager for the Properties and any future properties acquired by the Company. This potential fund manager and property manager may also be related to the Sponsor. There can be no assurance that the Fund Manager or the Property Manager or a potential future fund manager or property manager related to the Sponsor will not favor properties that the Sponsor has retained in its own property portfolio over those owned by the Company when providing such services to the Company. In addition, the Sponsor may create a new REIT which may or may not primarily be a commercial REIT similar to the Company. Such a new REIT can compete with the Company for properties, resources and opportunities from the Sponsor. While the Sponsor has no plans to create another REIT, as of the date of this Prospectus, if another REIT is created by the Sponsor in the future, such competition may adversely affect the results of operations.

The Company believes, however, that with Ayala Land acting as the Sponsor, the Company benefits highly from the Sponsor's vast market expertise, high-standards of excellence, established industry connections, and ability to help identify opportunities for the Company in the Philippine property market. Please see the section entitled "Description of Business", for a more detailed discussion on these advantages. The Sponsor is the majority Shareholder in the Company, with a direct and indirect shareholding of at least 51%, mitigating the risk of potential competition as the interests are generally aligned.

The Company may face risks associated with debt financing and refinancing activities.

As of June 30, 2021, the Company has an outstanding indebtedness of ₱ 4.4 billion relating to the Properties, which it used to purchase The 30th. Together with the other outstanding obligations of the Company, the Total Borrowings and Deferred Payments of the Company comprise 13%⁵ of its Deposited Property, well below its allowable Aggregate Leverage Limit of 70%⁶ allowed under the REIT Law. See the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations – Indebtedness". In the future, however, the Company may require debt financing to achieve the Fund Manager's asset enhancement strategies.

The Company may be subject to risks normally associated with debt financing, including the risk that its cash flow will be insufficient to pay distributions at expected levels and meet required payments of principal and interest under such financing. The Company may also be subject to the risk that it may not be able to refinance its indebtedness or that the terms of such refinancing will not be as favorable as the terms of existing indebtedness. In addition, the Company may be subject to certain covenants in connection with any future

⁵The Total Borrowings and Deferred Payments of the Company is at ₱4.93 billion, which was computed based on the Total Liabilities of the Company at ₱6,821,022,762.00 as of June 30, 2021, less Deposits and Other Liabilities (both current portion at ₱291,143,698.00 and noncurrent portion at ₱718,693,919.00), less Lease Liabilities (both current portion at ₱36,015,135.00 and noncurrent portion at ₱847,028,275.00), as of June 30, 2021. At ₱4.93 billion, Total Borrowings and Deferred Payments is 13% of Deposited Property value.

⁶ AREIT, Inc. currently has a PRS Aaa (corp.) issuer credit rating from PhilRatings. The rating agreement is subject to annual renewal with PhilRatings to keep the existing rating valid and updated.

borrowings that may limit or otherwise adversely affect its operations and ability to make distributions to Shareholders. Such covenants may restrict the ability to acquire properties or require it to set aside funds for maintenance or the paying back of security deposits. As of date of this Prospectus, there are no financial covenants relating to the Company's outstanding debts since these are only short-term debt.

In the event the Company continues to refinance its existing, future or additional indebtedness, the Company will continue to hold indebtedness on its balance sheet (risk of permanence of debt) and continue to make interest repayments. Furthermore, if prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make commercial real estate loans) result in higher interest rates upon refinancing, the interest expense relating to such refinanced indebtedness would increase, which would adversely affect the cash flow and the amount of distributions it could make to the Shareholders. (See the section entitled "Risk Factors—As a REIT company, AREIT is highly regulated and subject to various regulatory requirements")

Subject to compliance with the Aggregate Leverage Limit, the Company may likewise seek to refinance the Bonds upon maturity through the issuance of new bonds, subject to the approval of the SEC and/or bank loans, subject to the consent and participation of banks and financial institutions. If principal payments due at maturity cannot be refinanced, extended, or paid with proceeds of other capital transactions such as new equity capital, the Company may not be able to pay distributions at expected levels or to repay all maturing debt. This may cause the Company to dispose its assets to repay its obligations, thereby reducing the income-generating assets of the Company and materially affecting its financial and operational condition.

Pursuant to the REIT Law, a REIT company must disclose the creation of mortgages, pledges or liens on its properties. If the Company creates such securities over its Properties and is unable to meet interest or principal payments in respect of such indebtedness, the Properties or any of them could be foreclosed by or otherwise transferred to the creditor, or the creditor could require a forced sale of a Property with a consequent loss of income and asset value to the Company.

Notably, the Bonds have been rated PRS Aaa by PhilRatings. Obligations rated PRS Aaa are of the highest quality with minimal credit risk.

To mitigate this risk, the Company takes a prudent approach to financial management and cost control, closely monitoring the capital and cash positions and maintaining discipline in the capital commitments. As the Company secures financing to further support its investment strategy in the future, it will continue to employ a healthy mix of debt and equity to fund its operations. Moreover, pursuant to the REIT Law, the total borrowing and deferred payments of the Company generally should not exceed 70% of its Deposited Property Value, limiting the ability to become over leveraged. Please see the section entitled "Description of Debt" and "Risk Factors—The REIT Law imposes upon REIT companies an Aggregate Leverage Limit."

The Fund Manager, and the Property Manager, as relatively new managers of a REIT, do not have a long-established operating history for investors to rely on in making an investment decision.

The Fund Manager is a wholly-owned Subsidiary of Ayala Land. In operation since 2010, the Fund Manager has previous experience in corporate finance and other finance-related functions, but only has management experience with respect to REITs specifically starting with the Company. Ayala Land, however, has significant experience in fund management, and many of the directors and officers of the Fund Manager have extensive experience working in the real estate industry. Please see the section entitled "The Fund Manager and the Property Manager". If the Company, under the direction of the Fund Manager, is unable to generate sufficient revenue from operations, which may affect its ability to repay the Bonds.

The Property Manager, for its part, was incorporated on May 4, 2015. Accordingly, it has a limited operating history and its property management experience by which its past performance may be judged only started with its service to the Company. Ayala Land, however, has significant experience in property management, and many of the directors and officers of the Property Manager gained valuable property management experience working with the Group. Please see the section entitled "The Fund Manager and the Property Manager". Its limited operating history may make it more difficult for investors to assess the likely future performance of the Property Manager, and in turn, the Company's likely future performance.

The Company believes that this risk is mitigated by management experience of the leadership of the Fund

Manager and the Property Manager as mentioned above, as well as the committed support of the Sponsor, a majority Shareholder in the Company and will thus be incentivized to encourage the success of the Company.

The Fund Manager may not implement the Company's investment policies.

Certain aspects of the Company's activities, including investments and acquisitions, will be determined by the Fund Manager in accordance with the investment strategy of the Company. See the section entitled "Description of Business – Investment Policy". While the Fund Manager intends to focus on investments of commercial real estate in the Philippines, the Fund Management Agreement gives the Fund Manager wide powers to invest in other types of assets, including any real estate, real estate-related assets, as well as listed and unlisted securities in the Philippines and other jurisdictions, subject to compliance with the requirements on allowable investments of a REIT under the REIT Law. See the section entitled "Description of Business – Investment Policy – Investment Limitations". There are risks and uncertainties with respect to the selection of investments and with respect to the investments themselves, as well as risks and uncertainties in the compliance by the Company and the Fund Manager of the requirements of the REIT Law.

The risk that the Fund Manager may not implement the Company's investment policies is mitigated by the Fund Manager's legal and fiduciary obligation to act on behalf of and in the best interest of the Company. The Fund Manager is also generally bound by the investment strategy of the Company. Please see the section entitled "The Fund Manager and the Property Manager – the Fund Manager of the Company". In addition, the fee paid to the Fund Manager for its services corresponds directly to the Deposited Property Value of the assets of the Company under its management, as well as the Company's EBITDA (as defined in the Fund Management Agreement), thereby incentivizing the Fund Manager to pursue the most favorable investments for the Company, and grow the number and value of the Deposited Property. The total amount of such fees however shall not exceed what is provided under the rules of the REIT Law.

The Fund Manager may not be able to successfully execute the Company's stated strategy.

The Company's investment strategy is to invest in income-generating real estate in the Philippines. The Fund Manager intends to help the Company produce secure and growing income that provides a competitive return to investors. See the section entitled "Description of Business – Investment Policy". While the Fund Manager will implement the investments strategies of the Company, there is no guarantee that there will be successful results or that the Company's portfolio will expand at all, or at any specified rate or to any specified size. The Fund Manager may not be able to make investments or acquisitions on desired terms in a desired time frame since the liquidity of commercial real estate markets generally is low. The Company's strategy to invest in commercial real estate is also dependent on the Company's ability to appropriately fund such investments. The Company may rely on external sources of funding to expand the Company's portfolio, which may not be available on favorable terms or at all. Even if the Company was able to successfully complete additional property investments, there can be no assurance that the Company will achieve its intended return on investments.

One of the Company's strategies for growth is to increase yields and total returns through a combination of the optimization of leasable space in the Properties as well as the acquisition of additional properties to the portfolio. In connection with any such development, the Company and the Fund Manager will incur risks associated with any such property renovation or acquisition activities. These risks include the risk that renovation or acquisition opportunities explored by the Fund Manager may be abandoned; the risk that the costs of undertaking such a project may exceed original estimates, possibly making the project uneconomical; and the risk that occupancy levels and rents of a completed project will not be sufficient to make the project profitable. In case of an unsuccessful project, the Company's loss could exceed its investment in the project. The strategy is also dependent on the Company's ability to appropriately fund such investments and external sources of funding may not be available on favorable terms or at all.

In the event that the Fund Manager is unable to successfully execute the Company's investment strategy, the risk is mitigated by the ability to replace the Fund Manager and procure more successful licensed asset management services, as may be allowed under the REIT Law and the Fund Management Agreement. Please see the section entitled "The Fund Manager and the Property Manager – The Fund Manager of the Company".

The Company faces litigation risks and regulatory disputes in the course of the business.

In the ordinary course of the business, claims and disputes involving the Fund Manager, the Property Manager, lessees, business partners, and regulatory authorities such as the BIR may be brought against the Company

and by the Company in connection with the contracts or business. Claims may be brought against the Company for breach of contract, law, or regulation, as well as claims relating to taxes, among others. If found to be liable, the Company would have to incur a charge against earnings to the extent a reserve had not been established for the matter in the accounts, or to the extent the claims were not sufficiently covered by the insurance. It may also engage in disputes with regulatory authorities, including the BIR, on tax-related matters in connection with the business and operations.

Although, as a policy, the Company seeks to maintain good relationships with the Fund Manager, the Property Manager, lessees, regulators and other parties whom it regularly deals with and to resolve disputes early and amicably, when appropriate, both claims brought against the Company and by the Company, if not resolved through negotiation, are often subject to lengthy and expensive litigation or arbitration proceedings such that the amounts ultimately realized from claims by us could differ from the balances included in the financial statements. Such claims could therefore have an adverse impact on the business, financial condition and results of operations. As of the date of this Prospectus, the Company is not involved in any material litigation, nor, to the Company's knowledge, is any material litigation currently threatened against it.

To mitigate this risk, the Company will rely on the good relationships that it, as well as the Sponsor, has cultivated with the Fund Manager, the Property Manager, lessees, regulators and other parties with whom it regularly deals. Historically this approach has been successful as the Company has not been subject to any material litigation in the past. Additionally, it has acquired, maintained, or are in the process of renewing all regulatory permits necessary to conduct the business and have remained compliant with all such requirements, having to date received no citations. Please see the section entitled "Business and Properties – Regulatory Compliance". The Property Manager is responsible for assuring the continued compliance with all regulatory permits and requirements. Please see the section entitled "The Fund Manager and the Property Manager – The Property Manager of the Company".

The business and operations are dependent upon key executives.

The Company is, and will continue to be, dependent on the expertise and experience of the Company's, the Fund Manager's, and the Property Manager's directors, senior management, and other key employees for the success of the business. Most of these individuals possess deep industry knowledge and an acknowledged reputation in the market, owing to their track records and experience. See the sections entitled "Directors, Officers and Control Persons," "The Fund Manager and the Property Manager – The Fund Manager of the Company – Directors and Executive Officers of the Fund Manager," "The Fund Manager and the Property Manager – The Property Manager of the Company – Directors and Executive Officers of the Property Manager". If one or more of the senior executives or key employees are unable or unwilling to continue in their present positions, the Company may not be able to replace them within a reasonable period of time with individuals who possess comparable expertise and experience, or at all, which may seriously disrupt, and materially and adversely affect, the business, results of operations, and future prospects.

To mitigate this risk, the Company intends to adopt a business continuity plan and succession plan by identifying members of the management who will be able to assume and take on the role and additional responsibilities arising from such departure. It also intends to establish organizational policies and procedures for the development and advancement of its employees to ensure that there is continuity of the business by employees with superior skills and talent, thereby diminishing overdependence on key individuals.

The Company is party to a number of related party transactions.

In the ordinary course of the business, the Company has transactions with related parties. In particular, such related parties include members of the Group such as Ayala Land and AyalaLand Offices, Ayala Property Management Corp., and Direct Power Services, Inc., among others. These agreements and the other related party transactions are described in greater detail under the section entitled "Related Party Transactions", and the notes to the financial statements. Such interdependence may mean that any material adverse changes in the operations or financial condition of related parties could adversely affect the results of operations.

The Company expects that it will continue to enter into transactions with related parties. These transactions may involve potential conflicts of interest which could be detrimental to the Company. Under the REIT Law, any related party transaction of the Company must comply with certain minimum requirements which include (a) full, fair, timely, and accurate disclosures to the PSE and SEC of the identity of the parties, their relationship with the Company, and other important terms and conditions of the transaction; (b) fair and reasonable terms,

including the contract price; (c) approval by at least a majority of the entire membership of the Board, including the unanimous vote of all Independent Directors of the Company; (d) a fairness opinion by an independent appraiser done in accordance with the valuation methodology prescribed by the SEC, in the case of an acquisition or disposition of real estate assets and property or share swaps or similar transactions; and (e) any other matter that may be materially relevant to a prospective investor in deciding whether or not to invest in the Company.

Furthermore, under Section 50 of the National Internal Revenue Code, in the case of two or more businesses owned or controlled directly or indirectly by the same interests, the BIR Commissioner is authorized to distribute, apportion, or allocate gross income or deductions between or among such businesses upon determination of the necessity to prevent evasion of taxes or to clearly reflect the income of any such business.

On January 23, 2013, the BIR issued Revenue Regulation No. 2-2013 on Transfer Pricing Guidelines (the "Transfer Pricing Guidelines") which adheres to the arm's length methodologies set out under the Organization for Economic Cooperation and Development Transfer Pricing Guidelines. The Transfer Pricing Guidelines are applicable to cross-border and domestic transactions between related parties and associated enterprises. The BIR Transfer Pricing Guidelines define related parties as two or more enterprises where one enterprise participates directly or indirectly in the management, control, or capital of the other; or if the same persons participate directly or indirectly in the management, control, or capital of the enterprises.

The arm's length principle requires the transaction with a related party to be made under comparable conditions and circumstances as a transaction with an independent party such that if two related parties derive profits at levels above or below comparable market levels solely by reason of the special relationship between them, the profits will be deemed as non-arm's length. In such a case, the BIR can make the necessary adjustments to the taxable profits of the related parties so as to reflect the true value that would otherwise be derived on an arm's length basis.

The Company has a number of related party transactions that have been entered into on an arm's length basis, including land or building lease contracts with Ayala Land, an energy distribution agreement with Direct Power Services Inc., and property management agreements with Ayala Property Management Corp. The Company has also executed the Fund Management Agreement with the Fund Manager, the Property Management Agreement with Property Manager, and the following documents with the Sponsor: a Deed of Assignment, Contracts of Lease, assignment of tenant contracts, assignment land lease, and a Deed of Exchange for the Property-for-Share Swap Transaction. However, it has no assurance if the BIR will view these transactions as arm's length on the basis of the Transfer Pricing Guidelines. To manage this risk, it has established, in the Manual, a Related Party Transactions Review Committee to evaluate related party transactions to ensure that these transactions are entered into on arm's length terms. Related party transactions are subject to review and approval by the appropriate body, as determined by the Board, consistent with the policy contained in the Manual. Please see the sections entitled "Directors, Executive Officers and Control Persons – Board Committees" and "Certain Relationships and Related Transactions".

The Company can provide no assurance, however, that the level of related party transactions, if questioned, will not have an adverse effect on the business or results of operations. In any event, the strong corporate governance provisions and related party transaction policies adopted by the Company and the Fund Manager mitigate the risks with respect to related party transactions. See the sections entitled "The Fund Manager and the Property Manager" and "Directors, Executive Officers and Control Persons" Pursuant to the provisions of the REIT Law, the parties involved in the support, management, and operation of the Company will generally be bound by the concept of fair, commercial, arm's length dealing which will minimize the potential for conflicts of interest in related party transactions.

The Company is exposed to risks relating to the leasing business

The Company has leased and will lease space to various third parties composed of a wide range of industries.

There are certain factors concerning the Company's current and future tenants that could affect its financial condition, including:

- Untimely expiration of leases and vacancies of tenants;
- Delays in the payment of rent due to a tenant's declining sales or slow turnover;
- Tenants seeking the protection of bankruptcy laws that could result in delays in the Company's receipt

- of rental payments;
- The Company's inability to collect rental payments or the early termination of a tenant's lease;
- Tenants that do not comply with the general terms of the lease;
- Changes in laws and government regulations relating to real estate, including those governing usage, zoning, taxes and government charges that could lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance; and
- Changes in the regulatory environment or adverse tax rulings or policies which could reduce the attractiveness of the Philippines as an investment destination for certain sectors such as PEZA-accredited BPOs.

Further, the occurrence of events with widespread macroeconomic impact such as COVID-19 may significantly and accelerate change in the demand for office space, such as reduced demand for co-working spaces and increasing work-from-home arrangements which would dampen demand for large office spaces.

Any unfavorable developments with respect to the Company's tenants could have an adverse effect on the Company's business, financial condition and results of operations. However, the Company's well-established commercial properties attracts long-term, quality tenants, many of whom has had a previous or ongoing relationship with the Sponsor.

The real estate market is highly competitive, and any inability to effectively compete could limit the Company's ability to maintain or increase its market share and profitability.

The Company is subject to significant competition in its business. With respect to its office rental properties, the Company competes for tenants primarily based on quality and location, reputation of the building's owner, quality of support services provided by the property manager, and rental and other charges. If tenants of the Company's office properties relocate to other spaces and do not renew their leases with the Company, the Company may struggle to find replacement tenants and be compelled to reduce rental rates or leave spaces vacant. Should any of these happen, the Company may face a decline in its recurring income from these investment properties. Furthermore, attracting and retaining tenants often involves additional expenditures on the Company's part, including expenditures related to renovations and marketing. These expenditures may not result in new or retained tenants, which may have a negative effect on the Company's results of operations.

Although the Company believes that the Properties' premier locations make the Properties highly competitive in the commercial leasing market in the country and that the rental rates the Company offers at the Properties are on par with comparable competitors, which may mitigate the foregoing risks, there is no assurance that Company will not be able to compete effectively against similar properties owned by its competitors.

Market changes in demand for new types of office space may reduce the appeal of the Company's Properties to potential tenants.

The Company's Properties cater primarily to major, international corporations and BPO companies. The Company's leases with tenants are typically long-term, between five (5) and ten (10) years in duration. The long-term nature of the Company's leases and the nature of the Company's tenants has helped the Company reach its goal of stable occupancy and rental income.

Recent trends in the Philippine commercial leasing market, however, indicate that many corporate consumers desire non-traditional office space, such as co-working spaces. Tenants that desire these types of co-working space also typically desire short-term leases. There is no guarantee that the Company will be able to keep pace with such changes in the commercial leasing market and offer office space and rental terms that are desirable for such businesses. There is also no guarantee that the Company's current tenants will not also prefer different types of office space and rental arrangements. Further, as result of COVID-19, many businesses have adopted flexible work arrangements, including work-from-home arrangements for their employees for the foreseeable future which may dampen the demand and necessity for large working spaces. If the Company's pool of potential tenants is significantly reduced or if a large number of tenants do not renew their leases as a result of such trends, it would have a material adverse effect on the Rental Income generated by the Company's Properties and could affect the Company's financial condition and results of operations, thereby increasing the risk of the Bondholders not getting interest income and the repayment of their investment at the maturity of the Bond.

In order to maximize the number of expiring leases which are renewed and maintain a stable tenant base, the Property Manager continues to pro-actively manage the renewal of tenancy arrangements. In addition, each of the Properties can be re-designed to meet the changing needs of the corporate consumer. Ongoing industry research gives the Fund Manager and the Property Manager access to information on changes in trends and allows the Company to tailor the tenant mix to movements in the Philippines and global economy. It believes that through these efforts, the Properties can continue to be desirable locations for multinational corporations by combining a diverse mix of Anchor Locators and specialty retailers, competitive amenities, and responsive tenant services.

Divestment by the Sponsor could inhibit the growth.

The Sponsor is the majority Shareholder in the Company, with a direct and indirect shareholding of at least 50.14%. If the Sponsor were to divest its ownership in the Company, the ability to grow would be affected because the relationship with the Sponsor provides us access to other prime properties for potential acquisition and inclusion in the property portfolio. The Company maintains a close relationship with the Sponsor who intends to maintain ownership of at least 51% of the capital stock of the Company, with the possibility of increasing its ownership interest to up to 67%. In the unlikely event of divestment, the Company expects to be self-sufficient and would continue to pursue the investment strategies.

RISKS RELATING TO REIT COMPANIES

As a REIT company, AREIT is highly regulated and subject to various regulatory requirements

REIT companies are highly regulated and subject to various regulatory requirements—some of which may impact their ability to repay their indebtedness. For instance, REIT companies are required to distribute at least 90% of their annual Distributable Income as dividends and failure to do so may be a ground to delist the Company from the PSE. Please see the section entitled “Risk Factors—If the Company is delisted, it may lose certain tax incentives that it currently enjoys”. The incurrence of indebtedness could affect the Company’s ability to declare such dividends as required by the REIT Law. On the other hand, the declaration of dividends could reduce the amount of funds available for the Company to pay its existing indebtedness or additional indebtedness in the future. Notably, the Bonds have been rated PRS Aaa by PhilRatings. Obligations rated PRS Aaa are of the highest quality with minimal credit risk. Further, dividends can only be declared out of unrestricted retained earnings. The Company has the necessary financial management controls and monitoring mechanisms in place designed to manage its debt levels and to ensure that these are within sustainable limits in order to satisfy its commitments to both its bondholders and stockholders. Subject to compliance with the Aggregate Leverage Limit, the Company may likewise seek to refinance the Bonds upon maturity through the issuance of new bonds, subject to the approval of the SEC and/or bank loans, subject to the consent and participation of banks and financial institutions.

Enjoyment of tax incentives is conditioned upon the Company’s status as a listed entity.

In the event that a REIT company is delisted from the PSE, whether voluntarily or involuntarily for failure to comply with the provisions of the REIT Law or the rules of the PSE, the tax incentives granted under the REIT Law shall be *ipso facto* revoked and withdrawn as of the date the delisting becomes final and executory.

Any tax incentive that has been availed of by the REIT thereafter shall be refunded to the Government within 90 days from the date when the delisting becomes final and executory, with the applicable interests and surcharges under the NIRC and Section 19 of the REIT Law.

Upon revocation due to delisting, an assessment notice shall be prepared to recover the deficiency income tax and DST due from a REIT. The deficiency taxes shall immediately become due and demandable and collection thereof shall be enforced in accordance with the provisions of the NIRC.

This shall be without prejudice to the penalties to be imposed by the BIR. If the delisting is for causes highly prejudicial to the interest of the investing public such as violation of the disclosure and related party transactions of the REIT Law or insolvency of the REIT due to mismanagement or misappropriation, conversion, wastage, or dissipation of its corporate assets, the responsible persons shall refund to the REIT’s investors at the time of final delisting the book value/acquisition cost of their shares.

If the Company is delisted and loses the tax incentives which it currently enjoys, it may adversely affect its ability to pay the Bonds.

The Property Manager is responsible for ensuring the Company's continued compliance with applicable laws and regulations, including any changes or updates that may materially impact or adversely affect the Company's operations and business. As of date of this Prospectus, the Company has obtained, or is in the process of renewing (for those permits, licenses, certifications that are due for renewal), all government approvals, permits and licenses issued by the appropriate Government agencies or authorities, which are necessary to conduct its business and operations. Moreover, the Company endeavors to enforce compliance with relevant laws, rules and regulations (including the REIT Law) in the course of its operations and business, and to practice good corporate governance as it seeks to maintain its status as a REIT company, and avail of the incentives accorded to it under the REIT Law.

The REIT Law imposes upon REIT companies an Aggregate Leverage Limit.

Pursuant to the REIT Law, the total borrowings and deferred payments of a REIT should not exceed thirty-five percent (35%) of its Deposited Property, unless the REIT has a publicly disclosed investment grade credit rating by a duly accredited or internationally recognized rating agency, in which case its total borrowings and deferred payments may exceed thirty-five percent (35%) but not more than seventy percent (70%) of its Deposited Property. Such restrictions limit the ability of the Company to incur additional indebtedness or to refinance its existing indebtedness, which could adversely affect its ability to execute its future business activities and pay its maturing debt.

Since the Company has obtained an Issuer rating from PhilRatings of PRS Aaa, it is subject to an Aggregate Leverage Limit of seventy percent (70%) of its Deposited Property. As of June 30, 2021, the Company has an outstanding indebtedness of ₱ 4.4 billion relating to the Properties, which it used to purchase The 30th. Together with the other outstanding obligations of the Company, the Total Borrowings and Deferred Payments of the Company comprise 13%⁷ of its Deposited Property, well below its allowable Aggregate Leverage Limit of 70%⁸ allowed under the REIT Law. See the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations – Indebtedness". In the future, however, the Company may require debt financing to achieve the Fund Manager's asset enhancement strategies.

Nevertheless, the Company takes a prudent approach to financial management and cost control, closely monitoring the capital and cash positions and maintaining discipline in the capital commitments. As the Company secures financing to further support its investment strategy in the future, it will continue to employ a healthy mix of debt and equity to fund its operations.

RISKS RELATING TO THE PHILIPPINES

To mitigate the risks identified below, the Company shall continue to adopt what it considers conservative financial and operational controls and policies within the context of the prevailing business, economic, and political environment taking into consideration the interests of its customers, and other stakeholders.

Volatility in the value of the Peso against the U.S. dollar and other currencies as well as in the global financial and capital markets could adversely affect the Company's business.

The Philippine economy has experienced volatility in the value of the Peso and also limitations to the availability of foreign exchange. In July 1997, the BSP announced that the Peso can be traded and valued freely on the market. As a result, the value of the Peso underwent significant fluctuations between July 1997 and December 2004 and the Peso depreciated from approximately ₱29.00 to US\$1.00 in July 1997 to ₱56.18 to US\$1.00 by December 2004.

⁷The Total Borrowings and Deferred Payments of the Company is at ₱4.93 billion, which was computed based on the Total Liabilities of the Company at ₱6,821,022,762.00 as of June 30, 2021, less Deposits and Other Liabilities (both current portion at ₱291,143,698.00 and noncurrent portion at ₱718,693,919.00), less Lease Liabilities (both current portion at ₱36,015,135.00 and noncurrent portion at ₱847,028,275.00), as of June 30, 2021. At ₱4.93 billion, Total Borrowings and Deferred Payments is 13% of Deposited Property value.

⁸ AREIT, Inc. currently has a PRS Aaa (corp.) issuer credit rating from PhilRatings. The rating agreement is subject to annual renewal with PhilRatings to keep the existing rating valid and updated.

While the value of the Peso has recovered since 2010, its valuation may be adversely affected by certain events and circumstances such as the strengthening of the U.S. economy, the rise of the interest rates in the U.S. and other events affecting the global markets or the Philippines, causing investors to move their investment portfolios from the riskier emerging markets such as the Philippines. Consequently, an outflow of funds and capital from the Philippines may occur and may result in increasing volatility in the value of the Peso against the U.S. Dollar and other currencies.

As of June 30, 2021, according to BSP data, the Peso has appreciated by 18.90% to ₱48.54 per U.S. \$1.00 from ₱49.85 per U.S. \$1.00 for the period ended June 30, 2020, and appreciated by 1.1% from ₱48.04 per U.S. \$1.00 at the end of 2020.

Political instability in the Philippines could destabilize the country and may have a negative effect on the Company's business.

The Philippines has from time to time experienced severe political and social instability. The Philippine Constitution provides that, in times of national emergency, when the public interest so requires, the Government may take over and direct the operation of any privately owned public utility or business. In the last few years, there were instances of political instability, including public and military protests arising from alleged misconduct by the previous administration.

In February 2017, Senator Leila de Lima was arrested after charges were filed in court accusing her of orchestrating a drug-trafficking ring during her terms as Secretary of the Department of Justice ("DOJ") from 2010 to 2015. In December 2018, Senator Antonio Trillanes, III was ordered arrested in connection with a libel case filed by presidential son Paolo Duterte. Senator Trillanes and Senator de Lima are outspoken critics of the Duterte administration. In May 2018, the Supreme Court of the Philippines ousted Chief Justice Maria Lourdes Sereno by ruling in a quo warranto proceeding that her appointment was invalid. The removal of Chief Justice Sereno became controversial because it was not coursed through the constitutionally mandated process of impeachment. On June 2018, former President Benigno Aquino, III was indicted for usurpation of legislative powers concerning the Disbursement Acceleration Program during his term. Moreover, several individuals who are high-ranking officers under the administration of President Aquino have also been indicted for graft and corruption charges and drug trafficking, among other offenses. On June 15, 2020, a Manila Regional Trial Court convicted Maria Ressa of cyber libel. In addition, since the commencement of the current administration, more than 1,000 alleged drug dealers and users have been killed in police operations, and more than 1,300 drug dealers and drug users have been killed by supposed vigilantes.

Meanwhile, in 2016, the Philippine Amusement and Gaming Corporation ("PAGCOR") issued the Rules and Regulations for Philippine Offshore Gaming Operators ("POGO"). POGO refers to entities which provide and participate in offshore gaming services, *i.e.*, provide the games to players, take bets, and pay players' winnings. Initially, the Philippine Economic Zone Authority ("PEZA") and the Cagayan Economic Zone Authority ("CEZA") regulated POGOs, but in 2016, President Duterte signed Executive Order ("EO") No. 13, transferring the responsibility of regulating POGOs to PAGCOR. As of January 16, 2020, PAGCOR had authorized 59 POGOs to operate in the Philippines. Most of these operators' employees are Chinese nationals which provide translation and information technology support. The real estate industry benefits from the growth of POGO in the Philippines because of growing demand for office space and accommodations for employees. According to reports by various property firms, residential rental rates in the Manila Bay area increased by 62.2% during the second quarter of 2018 compared to the same period in 2017. The same trend occurred for office retail spaces. POGOs were concentrated in the emerging CBDs such as the Manila Bay area and Alabang. Due to the COVID-19 pandemic, however, many POGOs had to temporarily cease operations. POGOs then had to obtain authorities to resume operations to begin operating again despite the community quarantine measures imposed to prevent the spread of COVID-19. Issues arising from the difficulty in flying in employees who are Chinese nationals, as well as regulatory shutdowns and lockdowns imposed by the Philippine government, caused the number of PAGCOR-accredited POGOs to drop from 59 in January 16, 2020 to 41 as of August 6, 2021.

There can be no assurance that the administration to be elected in the 2022 elections will continue to implement social and economic policies favored by the previous administration. Major deviation from the policies of the previous administration or fundamental change of direction, including with respect to Philippine foreign policy, may lead to an increase in political or social uncertainty and instability. A change in administration may also raise risks of social and political unrest. Any potential instability could have an adverse effect on the Philippine economy and could cause interruption to all or part of the Company's business. Any such political destabilization could materially and adversely affect the Company's business, financial conditions, results of operations, and

prospects.

Unforeseen shifts in the Philippine economy could have a negative effect on the Company's business.

The Philippine credit rating as of date of this Prospectus are:

Long-term credit rating	Fitch Ratings ("Fitch")	S&P Global ("S&P")	Moody's Investors Service ("Moody's")
Philippines	BBB; Negative outlook	BBB+; Stable outlook	Baa2; Stable outlook
Latest update	July 12, 2021	May 27, 2021	July 26, 2021

The Philippine Government's credit ratings directly affect companies domiciled in the Philippines as international credit rating agencies issue credit ratings by reference to that of the sovereign. No assurance can be given that Fitch's, S&P's, Moody's or any other international credit rating agency will not, in the future, downgrade the credit ratings of the Philippines, which will affect Philippine companies including the Company. Any such downgrade can have an adverse impact on the liquidity of the Philippine financial market, the ability of the Government and Philippine companies to raise additional financing, and the interest rates and other commercial terms at which such additional financing will be made available. Additionally, there can be no assurance that the Philippines will maintain strong economic fundamentals in the future. Unforeseen economic shifts could lead to economic downturns, which may have an adverse effect on the business or the results of operations.

Acts of terrorism could destabilize the country and could have a material adverse effect on the Company's business, financial condition, and results of operation.

The Philippines has been subject to a number of terrorist attacks since 2000. In recent years, the Philippine military has also been in conflict with the Abu Sayyaf organization, which has ties to the al-Qaeda terrorist network and has been identified as being responsible for certain kidnapping incidents and other terrorist activities particularly in the southern part of the Philippines. In September 2015, Canadians John Ridsdel and Robert Hall, Norwegian Kjartan Sekkingstad, and Filipina Marites Flor were kidnapped from their resort on Samal Island in southern Philippines by the Abu Sayyaf which demanded ransom for the hostages' release. Hall and Ridsdel were later beheaded on separate occasions in April and June 2016, respectively, after the ransom demands were not allegedly met. After almost a year in captivity, Sekkingstad and Flor were finally released. In September 2016, the Abu Sayyaf abducted Jurgen Gustav Kantner and killed his wife while the couple were sailing off the waters of the southern Philippines. Kantner was beheaded in February 2017, after ransom demands were not allegedly met.

Moreover, there were isolated bombings in the Philippines in recent years, mainly in regions of the southern part of the Philippines, such as the province of Maguindanao. Although no one has claimed responsibility for these attacks, it is believed that the attacks are the work of various separatist groups, possibly including the Abu Sayyaf organization.

The Government and the Armed Forces of the Philippines have clashed with members of several separatist groups seeking greater autonomy, including the Moro Islamic Liberation Front ("MILF"), the Moro National Liberation Front and the New People's Army. In January 2015, a clash took place in Mamasapano in Maguindanao province between the SAF of the Philippine National Police and the Bangsamoro Islamic Freedom Fighters ("BIFF") and the MILF, which led to the deaths of 44 members of Philippine National Police's Special Action Force ("SAF"), 18 from the MILF, five from the BIFF, and several civilians, including Zulkifli Abdhir, a Malaysian national included in the U.S. Federal Bureau of Investigation's most wanted terrorists.

On September 2, 2016, a bombing that killed 15 and injured 71 took place in Davao City, Mindanao. It is believed that the Abu Sayyaf organization and/or their allies are responsible for the bombing. In May 2017, members of the Maute group, a local terrorist group with alleged allegiances to the Islamic State of Iraq and Syria, captured parts of Marawi City in Lanao del Sur to allegedly establish an Islamic State caliphate in Mindanao. In response, President Duterte issued Proclamation No. 216 declaring martial law and suspended the writ of habeas corpus over the whole island of Mindanao, allowing arrests for those connected with the crisis. The Congress granted the request of President Duterte to extend martial law in Mindanao until December 31, 2017. The Congress subsequently approved a second extension of martial law until December 31, 2018, and a third extension until December 31, 2019. On October 17, 2017, President Duterte declared the liberation of Marawi City from terrorists and the beginning of the rehabilitation of Marawi City. As of October 30, 2017, more than 1,000 people including at least 165 soldiers, 919 Maute group fighters, and 47 civilians have been killed since fighting broke

out. Currently, several fund-raising activities are being held by local government units to help rebuild Marawi City as well as aid families of the soldiers and policemen who were killed in the campaign to retake Marawi City from terrorists.

Similar attacks or conflicts between the Government and armed or terrorist groups could lead to further injuries or deaths of civilians and police or military personnel, which could destabilize parts of the country and adversely affect the country's economy. Any increase in the frequency, severity, or geographic reach of terrorist acts could adversely affect the country's economy. Any such destabilization could cause interruption to parts of the Company's business and materially and adversely affect its financial conditions, results of operations, and prospects.

The ongoing COVID-19 pandemic and measures intended to prevent its spread could have a material adverse effect on the business, results of operations, cash flows and financial condition.

COVID-19, an infectious disease that was first reported to have been transmitted to humans in late 2019, has spread globally over the course of 2020. On January 30, 2020, the World Health Organization ("WHO") declared the COVID-19 outbreak a Public Health Emergency of International Concern, and subsequently, a pandemic on March 11, 2020. In response to the pandemic, on March 12, 2020, the Philippine government placed Metro Manila under "community quarantine" starting on March 15, 2020, which, among others, restricted traveling through land, domestic air, and domestic sea from Metro Manila. On the second day of the implementation of the said community quarantine, the Philippine government declared a Luzon-wide "enhanced community quarantine" ("ECQ") to arrest the continuing effect of the disease. The ECQ mandated the temporary closure of all public and private offices, non-essential shops and business establishments, prohibited mass gatherings and all means of public transportation, and restricted traveling through air, sea, and land in and out of Luzon, except for diplomats and uniformed workers (carrying medical supplies), among others. In line with this, private establishments providing basic necessities, essential services and such other activities related to food and medicine were allowed to continue operations. On April 07, 2020, the Philippine government extended the ECQ period until April 30, 2020, which was further extended to May 15, 2020. After the ECQ was lifted in certain areas, a modified ECQ ("MECQ"), general community quarantine ("GCQ") or modified GCQ ("MGCQ") was implemented. The graduated lockdowns schemes from ECQ, MECQ, GCQ, and MGCQ impose varying degrees of restrictions on travel and business operations in the Philippines. The Philippine government continues to calibrate the imposition of lockdown or community quarantine measures across the country depending on the situation in specific localities. On March 27, 2021, following a spike in COVID-19 cases, the Philippine government placed Metro Manila and certain neighboring provinces under ECQ from March 29, 2021 to May 15, 2021. Thereafter, the community quarantine measures in Metro Manila and certain neighboring provinces were eased to GCQ but with heightened restrictions. The Philippine government then placed Metro Manila under ECQ again from August 6 to 20, 2021; and MECQ from August 21 to September 15, 2021. On September 16, 2021, the Alert Level System debuted, replacing the community quarantine classifications, and Metro Manila was placed under Alert Level 4, the second highest alert level in the new guidelines. Under this new lockdown scheme, local government units are seen to maximize the implementation of small-scale or granular lockdowns. On October 16, 2021, Metro Manila shifted to Alert Level 3, where it will remain until the end of October. Under Alert Level 3, intrazonal and interzonal travel are allowed "subject to reasonable restrictions based on age and comorbidities" as determined by local government units. Individual outdoor exercise is also allowed for all ages regardless of comorbidities or vaccination status, and several types of establishments and activities have been allowed to operate, subject to maximum of 30% indoor venue capacity for fully vaccinated individuals and 50% outdoor venue capacity.

As of November 3, 2021, the Philippine Department of Health reported 793,898 total cases of COVID-19 nationwide with 43,586 deaths attributed to the disease. The Philippines continues to add thousands of cases reported per day with 1,591 new cases on November 3, 2021. The Philippines remains vulnerable to exposure and spread of the disease for the following reasons: (a) the considerable number of OFWs globally; (b) the impact of international travel which raises the probability of transmission; and (c) lack of the necessary infrastructure to contain the spread of the disease. In response to the COVID-19 outbreak, the Philippines has imposed community quarantine measures and travel bans on several affected countries, which may have an adverse impact to the Company's ability to operate as efficiently as before COVID-19.

Amid COVID-19 and in compliance with government regulations under the respective community quarantines, malls, hotels, and other businesses, except those providing essential goods and services may be temporarily closed, or otherwise granted concessions under various government regulations.

As of date of this Prospectus, COVID-19 has had a limited impact on AREIT. Despite the government restrictions on movement and operating businesses brought about by COVID-19, BPOs and some offices which comprise the majority of the tenants were allowed to operate on-site or from home or a combination of both. While there was closure of some retail tenants during this period, the impact of retail concessions on the Company's operations has so far been minimal as the retail component of the business makes up only 6% of the total GLA of the Properties. Furthermore, for the months covered by the ECQ, as required by the Philippine government, the Company granted rental waivers to retail merchants/tenants who were required to close, and granted discounts for the other retail merchants/tenants that were allowed to operate. The total amount of rental waived and discounts granted in 2020 is ₱37.59 million. In terms of the office spaces, the Company remained resilient as office tenants – BPOs and some offices – continued to pay rent even during the ECQ while the hotel lease remained fixed.

In terms of the impact to the Company's tenants, the anchor tenants of the Properties are diverse and composed of reputable businesses and industry leaders. Most of these companies continued to operate in some capacity even during the ECQ allowing all buildings to remain operational during this period. The Company's retail tenants, which constitute a small portion of its occupancy rate, consists of basic and essential stores (mostly food and convenience outlets) that have the ability to quickly recover from the crisis. More than 50% have re-opened immediately after the enhanced community quarantine has been lifted. This has continued to increase since the lifting of the ECQ. For tenants in the BPO industry, work-from-home arrangements may not be as productive as on-site operations. Further, because of poor connectivity, data privacy restrictions and limitations in allowing PEZA companies to take out equipment off-site, the work-from-home arrangement is viewed as a temporary set-up. As measures to address the threat of COVID-19 are continuously being implemented, including providing wider public transportation, more employees are expected to report on-site to work. Please see the section entitled "Description of Properties – Tenant Profile".

Safety protocols in light of COVID-19 include observing lower density occupancy and social distancing. In view of this, offices may require larger spaces. Growth is also seen in select office sectors such as technology, healthcare and e-commerce support services in view of the shift in consumer demands and corporate operations to cope with COVID-19's impact. Some of the Company's anchor tenants are from these key industries.

The rent generated from the tenants remain secured by the terms in the lease agreements due to the provisions on upfront advanced rental payments and upfront security deposits, each equivalent to three months' rent. Additionally, the Company's office lease contracts generally do not allow pre-termination except under certain conditions such as business closure or extreme downsizing. The lease agreements contain hefty penalty provisions for pre-termination that preserve cash flow for the Company for a defined period, mitigating potential adverse impact. If allowed to pre-terminate, consequences may include forfeiture of the security deposit and advanced rent, in total equivalent to 6 months' rent and/or payment of rent for the unexpired portion of the term of the lease.

Moving forward, the impact of the COVID-19 pandemic and measures to prevent its spread can still impact the businesses in a number of ways. For one, as an initial response to the pandemic, the Company needs to ensure that resources are in place for the Properties to maintain safety and minimize health exposure. Continued collection of the rental revenues depends significantly on the occupancy levels at the properties and the tenants' ability to continue operations and remain financially sound. Although not as significant, the operating costs may increase slightly due to intensified sanitation, disinfection, access monitoring and control points, and other similar protocols. Lastly, a prolonged COVID-19 pandemic may continue to cause economic, market, and financial disruptions worldwide. This can affect conditions in bank lending and the performance of capital and other financial markets.

In the future, AREIT's operations may face some risk if the effects of the COVID-19 pandemic are prolonged and tenants experience deteriorating financial conditions resulting in their inability to pay rent on a timely basis and renew long-term lease contracts. For spaces that become vacant, inquiries on available space may be limited and fit-out of new spaces are restricted while lockdowns are imposed by the government. To address these, the Company may have to offer more flexible payment arrangements, waive penalty for late payments or as a last recourse be constrained to renegotiate long-term lease obligations on less favorable terms. Government and industry-initiated efforts may also affect the ability to collect rent or enforce remedies for the failure to pay rent, such as limited enforcement mechanisms from courts of law or enforcement agencies. This risk however is mitigated by the quality and diversity of the tenancy (both in terms of types of tenant and business sector) as well as the timing of the lease expirations, which are spread-out. Lastly, the Properties are in strong, high-performing locations with access to quality talent pool. This could mitigate risk of business closure should

a tenant face a decision to rationalize its sites and choose weaker locations to close.

The COVID-19 pandemic has also caused, and is likely to continue to cause, severe economic, market and other disruptions worldwide. The Company cannot assure its investors that conditions in the bank lending, capital and other financial markets will not continue to deteriorate as a result of the pandemic, or that the access to capital and other sources of funding will not become constrained, which could adversely affect the availability and terms of future borrowings, renewals or refinancings. In addition, the deterioration of global economic conditions as a result of the pandemic may ultimately decrease occupancy levels and pricing across the portfolio.

Other than COVID-19, other public health epidemics or outbreaks of diseases could have an adverse effect on economic activity in the Philippines, and could materially and adversely affect the Company's business, financial condition, and results of operations.

In April 2009, an outbreak of the H1N1 virus, commonly referred to as “swine flu,” occurred in Mexico and spread to other countries, including the Philippines. In August 2014, the World Health Organization (“WHO”) declared the Ebola outbreak that originated in West Africa as an international health emergency in view of the rising death toll due to the disease. That month, a Filipino seaman in Togo was quarantined for exhibiting symptoms of Ebola virus infection but was later released after testing negative for the disease. While still Ebola-free, the Philippines, however, remains vulnerable to exposure and spread of the disease for the following reasons: (a) the considerable number of overseas Filipino workers in the Ebola-hit West African countries; (b) the impact of international travel which raises the probability of transmission; and (c) lack of the necessary infrastructure to contain the spread of the disease. In March 2016, the Director-General of WHO terminated the Public Health Emergency of International Concern on the Ebola Virus Disease outbreak.

In February 2015, a Filipina nurse who arrived from Saudi Arabia tested positive for the MERS-CoV (i.e., the Middle East Respiratory Syndrome-Corona virus). She was quarantined, received medical treatment, and later discharged and cleared of the disease by the Department of Health. All known contacts of the said nurse, including some passengers in the same flight that arrived from Saudi Arabia, were also cleared of the infection, putting the country once again free of an active case of the disease.

In March 2016, reports of an American woman who stayed in the Philippines for some weeks in January 2016, tested positive for the Zika virus upon returning home, indicating the local transmission of the disease through the *Aedes aegypti* mosquito. In May 2016, a South Korean national was reported to have acquired the infection while visiting the Philippines, following earlier reports of two other confirmed cases of the viral infection in the country. All of the patients had recovered, indicating that the Zika viral infection acquired in the country was self-limiting.

In August 2017, an outbreak of bird flu from a poultry farm in Central Luzon was confirmed, and the avian influenza strain was later found to be transmissible to humans. In response to the outbreak, restrictions on the transport and sale of birds and poultry products outside a seven-kilometer radius control area surrounding the affected site were imposed. The Philippines has since been cleared of any human infection of the avian influenza virus.

In September 2019, the Department of Health confirmed that Polio re-emerged in the Philippines, nineteen years after the country was declared polio-free by the WHO in 2000. As of November 25, 2019, the total number of confirmed polio cases is eight (8).

If the outbreak of the Ebola virus, MERS-CoV, Zika virus, bird flu, polio, COVID-19, or any public health epidemic becomes widespread in the Philippines or increases in severity, it could have an adverse effect on economic activity in the Philippines, and could materially and adversely affect the Company's business, financial condition and results of operations.

The proposed amendment of the Constitution, advocated by the Duterte Administration, has caused, and may continue to cause, political unrest which could adversely affect the Company's financial condition, results of operations, and cash flows.

Despite constitutional reform being a divisive issue in the Philippines, the Duterte Administration has considered it a legislative priority to amend the Philippine Constitution primarily to change the form of Philippine government from a unitary one to a federal one (“Charter Change”). The shift to a federal form of government was among

President Duterte's key promises during his election campaign in 2016. President Duterte believes that the shift would promote peace most especially in conflict-torn Mindanao, curb poverty nationwide, and empower local government units in the Philippines.

The House of Representatives has already taken the initial steps toward the establishment of a Philippine federal structure of government. On January 16, 2018, the House of Representatives passed Joint Resolution No. 9, proposing that both the Senate and the House of Representatives transform into a Constitutional Assembly with the authority to amend the Constitution. On January 17, 2018, the subcommittee on constitutional amendments of the House of Representatives presented its proposed amendments to political provisions of the current Constitution, including the establishment of a Federal Republic divided into five states: Luzon, Metro Manila, Visayas, Bangsamoro, and Mindanao. Each state, under the said proposal, would have a unicameral state assembly with legislative powers and a premiere with executive powers. The subcommittee likewise proposed to establish a parliament with a 300-member Federal Assembly as national legislative department and a Senate as the regional legislative body. Meanwhile, the president would remain as head of state under the proposal and would have a term of five years with one re-election, whereas a prime minister would be constituted as the head of the Philippine government, and would be elected by members of the Philippine parliament.

With respect to proposed amendments to economic provisions of the current Constitution, the House of Representatives subcommittee also proposed to delete certain provisions in the current Constitution providing foreign nationality restrictions, particularly in the following areas: exploitation, development and utilization of natural resources, ownership of alienable lands, franchise on public utilities, practice of profession, ownership of educational institutions, mass media, and advertising. Business groups in the Philippines believe that such amendments will enable the Government to achieve its goal of sustainable and inclusive economic growth, and that an increase in foreign investments would create more job opportunities for Filipinos.

The then Speaker of the House of Representatives Speaker Pantaleon Alvarez has posited that the House of Representatives alone may proceed to amend the Constitution even without the concurrence of the Senate, but senators insist that the lower house of Congress must wait for Senate concurrence to formally begin proposing amendments to the Constitution. The impasse between the two chambers has resulted to a crisis of government administration, causing conflicts among different political groups. In addition, while President Duterte has stated that he wishes to step down from office at the end of his six-year term in 2022, critics believe that Charter Change would pave the way for Duterte to perpetuate his political power and begin an authoritarian regime over the archipelago.

Due to the Company's business being subject to extensive regulation from the Government and dependence on economic stability, the potential for instability and unrest may have a material adverse effect on the Company and its financial condition, results of operations, and prospects.

Natural or other catastrophes, including severe weather conditions, may adversely affect the Company's business, materially disrupt the Company's operations and result in losses not covered by its insurance.

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, floods, droughts, volcanic eruptions, and earthquakes that could adversely affect the Company's business. Some of the recent and notable calamities that hit the country were Typhoon Ondoy in 2009, Typhoons Pedring and Sendong in 2011, Typhoon Pablo in 2012, Typhoon Yolanda in 2013, the Bohol and Cebu Earthquake in 2013, and the Cotabato and Batangas Earthquakes in 2019. On April 22, 2019, a magnitude 6.1 earthquake struck parts of Luzon, including Metro Manila. Recently, on January 12, 2020, Taal Volcano erupted causing ashfalls and earthquakes in Southern Luzon, some parts of Central Luzon and Pangasinan in Ilocos Region, including Metro Manila. The Philippine Institute of Volcanology and Seismology ("PHIVOLCS") issued an Alert Level 4, which means a hazardous explosive eruption may happen at any given moment. The explosion resulted to the suspension of classes, work schedules, and flights.

There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt the Company's operations or any assurance that the Company will be capable of dealing with or recovering from such situations. These factors, which are not within the Company's control, could potentially have significant effects on the Company's operations. While the Company carries insurance for certain catastrophic events, of types, in amounts and with deductibles that the Company believes are in line with general industry practices in the Philippines, there are losses for which the Company cannot obtain insurance at a reasonable cost or at all.

Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose all or a portion of the capital invested in such business, as well as the anticipated future turnover, while remaining liable for any costs or other financial obligations related to the business. Any material uninsured loss could materially and adversely affect the Company's business, financial condition, and results of operations.

The Company may be affected by developments in tax regulations.

On December 19, 2017, the President of the Philippines signed into law the Tax Reform for Acceleration and Inclusion or Republic Act No. 10963 ("TRAIN Law") which took effect on January 1, 2018. The TRAIN Law amends certain provisions of the Tax Code and is the first package of the Comprehensive Tax Reform Program ("CTRP") of the Duterte administration.

On February 14, 2019, the President signed into law the Tax Amnesty Act of 2019 or Republic Act No. 11213 ("Tax Amnesty Law"), which was intended to complement the provisions of the TRAIN Law. Package 2 under the CTRP is Republic Act No. 11534 otherwise known as the Corporate Recovery and Tax Incentives for Enterprise Act (previously the CITIRA bill or the TRABAHO bill) ("CREATE Act"), which was signed by the President on March 26, 2021 and became effective on April 11, 2021. The CREATE Act intends to incentivize businesses by reducing corporate income tax, among others. Upon the effectivity of the CREATE Act, the following amendments introduced by the CREATE Act to the Tax Code that will have a material impact on the Group include the following:

1. For domestic corporations with net taxable income of more than ₱5 Million and total assets (excluding land on which the corporation's office, plant, and equipment are situated) of more than ₱100 Million shall be subject to a reduced corporate income tax rate of 25%. Effective July 1, 2020. Domestic corporations with net taxable income of more than ₱5 Million and total assets (excluding land on which the corporation's office, plant, and equipment are situated) not exceeding ₱100 Million shall be imposed with a corporate income tax of 20% effective July 1, 2020. Prior to the CREATE Act, domestic corporations are subject to a 30% regular corporate income tax rate.
2. Foreign sourced dividends shall only be exempt from taxation if (1) the funds from such dividends actually received or remitted into the Philippines are reinvested in the business operations of the domestic corporation within the next taxable year from the time the foreign-sourced dividends were received and shall be limited to funding the working capital requirements, capital expenditures, dividend payments, investment in domestic subsidiaries, and infrastructure projects; provided that the said domestic corporation holds directly at least 20% of the outstanding shares of the foreign corporation and has held the shares for at least two (2) years at the time of the dividend declaration;
3. Minimum corporate income tax shall be imposed on domestic and resident foreign corporations at a rate of (i) 1% of gross income effective July 1, 2020 until June 30, 2023, and (ii) 2% thereafter;
4. Regional operating headquarters shall pay a tax of 10% of their taxable income and shall be subject to the regular corporate income tax of 25% effective December 31, 2021;
5. Nonresident foreign corporations shall pay a reduced corporate income tax of 25% from a previous rate of 35%.

The CREATE Act likewise rationalizes income fiscal incentives, making them time-bound, targeted, and performance-based. Holders of tax incentives are given a sunset period to adjust to the tax regime changes that will brought about by the CREATE Act. Consequently, upon the effectivity of the CREATE Act, some tax exemptions or tax incentives enjoyed the Company's tenants may have expired, will be revoked, or have been repealed, or, if other new laws are enacted, the income from these sources will be subject to the regular corporate income tax rate after the lapse of the sunset period. As a result, tax expense of the Company's tenants would increase, and their respective profitability would decrease.

In June 11, 2021, the BIR recently issued Revenue Regulations No. 9-2021 ("RR 9-2021"), which impose the collection of 12% VAT on transactions which were previously taxed at 0% VAT. These transactions include, among others, the sale of services and the use or lease of properties under subparagraphs (1) and (5) of Section 108(B) of the Tax Code. Based on the issuance of RR 9-2021, suppliers are now required to impose a 12% VAT on their sale of goods or services to export-oriented enterprises such as BPO companies, including lease rentals and utilities. The PEZA issued a letter dated July 6, 2021 stating its position that RR 9-2021 is contrary to the provisions of CREATE, as well as the separate customs territory principle provided under R.A. No. 7916 or the PEZA Law and certain Philippine jurisprudence. The Department of Finance (DOF) and Bureau of Internal Revenue (BIR) have agreed to suspend the implementation of RR 9-2021 by virtue of Revenue Regulations No. 15-2021 dated July 28, 2021.

The expiration, non-renewal, revocation or repeal of these tax exemptions and tax incentives, the enactment of any new laws, and any associated impact on the Company's tenants, could have a material adverse effect on the Company's business, financial condition and results of operations.

Territorial disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment.

The Philippines, China, and several Southeast Asian nations have been engaged in a series of long-standing territorial disputes over certain islands in the West Philippine Sea. The Philippines maintains that its claim over the disputed territories is supported by recognized principles of international law consistent with the United Nations Convention on the Law of the Sea ("UNCLOS").

In March 2021, more than 180 Chinese military vessels were spotted on Julian Felipe Reef in the West Philippine Sea. The presence of the vessels defied a diplomatic protest and demand for the vessels to leave the area, issued by Defense Secretary Delfin Lorenzana. In May 2021, the Philippines filed another diplomatic protest against China, this time because the latter had imposed a fishing moratorium in the area of the West Philippine Sea that it occupied.

Newly elected President Joe Biden has manifested that the U.S. will not and should not be expected to ease up on military operations in the West Philippine Sea. This has Southeast Asian nations and claimants involved in West Philippine Sea dispute awaiting President Biden administration's broader, and comprehensive China strategy.

There had been other occurrences of territorial disputes with Malaysia and Taiwan. In March 2013, several hundred-armed Filipino-Muslims illegally entered Malaysia in a bid to enforce an alleged historical claim on the territory. Clashes between the Filipino-Muslim individuals and the Malaysian armed forces resulted in casualties on both sides. Taiwan imposed economic sanctions on the Philippines as a result of an incident in May 2013, whereby a Taiwanese fisherman was unintentionally killed by a Philippine coast guard ship that opened fire on his vessel in a disputed exclusive economic zone between Taiwan and the Philippines. The sanctions were eventually lifted after a formal apology was issued by the Philippine government.

In September 2013, the *Permanent Court of Arbitration* in The Hague, Netherlands issued rules of procedure and initial timetable for the arbitration in which it would act as a registry of the proceedings. On July 12, 2016, the five-member Arbitral Tribunal at the Permanent Court of Arbitration in The Hague, unanimously ruled in favor of the Philippines on the maritime dispute over the West Philippine Sea. The *Arbitral Tribunal's* landmark decision contained several rulings, foremost of which invalidated China's "nine-dash line", or China's alleged historical boundary covering about 85% of the South China Sea, including 80% of the Philippines Exclusive Economic Zone ("EEZ") in the West Philippine Sea. Despite the decision, the Chinese government has maintained its position that the *Arbitral Tribunal* had no jurisdiction over the dispute, and thus, the decision is not binding on the Chinese government. In recent years, the Chinese Government successfully registered names for five undersea features found in the Philippine Rise (formerly Benham Rise) with the International Hydrographic Organization. This is despite the decision that the *United Nations Commission on the Limits of the Continental Shelf* had already granted the Philippines full territorial claim to the Philippine Rise in April 2012. While the Philippine Government downplays the Chinese names, the Philippines' central mapping agency is seeking the assistance of the Department of Foreign Affairs for the nullification of the Chinese names for underwater features from the International Hydrographic Organization-Intergovernmental Oceanographic Commission General Bathymetric Chart of the Oceans ("IHO-IOC GEBCO") Sub-Committee on Undersea Feature Names ("SCUFN").

Should territorial disputes between the Philippines and other countries in the region continue or escalate further, the Philippines and its economy may be disrupted, and the Company's operations could be adversely affected as a result. In particular, further disputes between the Philippines and other countries may lead to reciprocal trade restrictions, decline in foreign tourists and foreign direct investments which may impact the overall competitiveness of the Philippines. Any impact from these disputes in countries in which the Company has operations could materially and adversely affect the Company's business, financial condition, and results of operations.

The Philippine real estate industry is subject to extensive regulation from the Government, including local governmental authorities, and the Philippine Competition Commission.

The Philippine real estate industry is subject to extensive government regulation. See the section entitled “Regulatory Framework”. The Company must comply with the various requirements of the Government, including local governmental authorities in the areas in which the Properties are located, and the regulations of the Philippine Competition Commission. The Government influences the property sector by imposing industry policies and economic measures, including those that affect the classification of land available for property development, foreign exchange restrictions, property financing, taxation, acquisition and development, and foreign investment. Property laws and regulations, including relevant judicial decisions, are at times ambiguous and may be subject to inconsistent and contradictory interpretations. Further, such laws and regulations are constantly evolving and therefore consistent interpretations of such regulations are difficult to anticipate. New laws and regulations or modifications may also be passed, which would impose more stringent and complex requirements on us, thereby adversely affecting the business, financial condition, and results of operations.

On August 8, 2015, Republic Act No. 10667, otherwise known as the Philippine Competition Act (the “PCA”) became effective. The PCA prohibits and penalizes anti-competitive agreements and abuse of dominance. It likewise provides for mandatory notification for mergers and acquisitions meeting the set thresholds under the PCA and its Implementing Rules and Regulations. Given the usual volume of the Sponsor’s and its affiliates’ transactions, mergers or acquisitions undertaken by the Company may meet the notification threshold under the PCA and its Implementing Rules and Regulations. The mandatory process of notification may delay the consummation of the Company’s transactions. However, on September 11, 2020, the Bayanihan to Recover as One Act (the “Bayanihan 2 Act”) was signed into law by President Duterte. The Bayanihan 2 Act exempts from compulsory notification those mergers and acquisitions with transaction value of less than ₱50.0 billion which are entered into within two years from the effectivity of the Bayanihan 2 Act.

In addition, government regulations strictly mandate compliance with environmental laws. The Company incurs expenses for the purpose of complying with environmental laws and regulations, which costs consist primarily of payments for Government regulatory fees. Such fees are standard in the industry and are minimal.

The Company believes that the Sponsor has a strong understanding of the regulations relevant to the business and has significant experience in managing compliance with regulatory requirements. This expertise is evident from the Sponsor’s track record in working with national and local governmental and regulatory authorities and maintaining good relationships with them. The Company believes that the Sponsor’s institutional regulatory knowledge and industry credibility will assist the ability to obtain relevant permits and clearances. There can be no assurances, however, that the Company will not experience any issues with respect to regulatory compliance in the future.

RISKS RELATING TO THE PROPERTIES

Company’s business focuses on Philippine commercial properties.

The Company’s Properties are located in the Philippines, and, as of June 30, 2021, 99.7% of the aggregate Gross Leasable Area of the Properties was dedicated to commercial use, exposing the Company to economic and real estate conditions in the Philippines, particularly Metro Manila, such as the oversupply of, or reduced demand from, tenants and other competing commercial properties.

This risk is mitigated by the Company’s focus on Grade A commercial buildings located in prime locations. The Properties are situated in the Makati CBD which is the economic center of the country and boasts the highest rental rates in Metro Manila, as well as other prime locations in the country such as Laguna and Cebu. As such it is less susceptible to market fluctuations. The Company also believes that the recent positive growth in the Philippine economy will continue. In any event, the Company takes a prudent approach to financial management and cost control, closely monitoring its capital and cash positions and maintaining discipline in its capital commitments.

The loss of Anchor Locators or key tenants or a downturn in the business of these tenants could have an adverse effect on the Company’s financial condition and results of operations.

June 30, 2021, the ten largest tenants of the Properties in terms of total Gross Leasable Area accounted for approximately 76.3% of the total Gross Leasable Area, and for the same period, accounted for 67.1% of total Rental Income of the Properties. Accordingly, the Company’s financial condition and results of operations and ability to make distributions may be adversely affected by the bankruptcy or insolvency, or a downturn in the

business, of its Anchor Locators or key tenants. In addition, if an Anchor Locator or key tenant decides not to renew its lease or to terminate its lease before it expires, while subject to considerable pre-termination payments due to the Company, the Company's financial condition and results of operations and ability to make distributions may be adversely affected.

In particular, as of June 30, 2021, the Laguna Technopark lots' sole tenant Integrated Microelectronics, Inc. accounted for 28.6% of total Gross Leasable Area of the Properties. Solaris One's most significant tenant, Shell Shared Services (Asia) B.V. – Philippine Branch, accounts for 9.6% of total Gross Leasable Area of the Properties. The rental rates charged to its Anchor Locators are within market rates and entered into by the parties in an arm's-length transaction. Accordingly, the loss of any of the Properties' Anchor Locators or key tenants could result in periods of vacancy which could adversely affect the Company's Rental Income.

This risk is mitigated by the Fund Manager's approach to active lease management. The Fund Manager will actively manage the Company's property portfolio to achieve growth in revenue and Net Operating Income and maintain optimal occupancy levels. Please see the section entitled "Business and Properties – Business Strategies" in this Prospectus. Historically, The Company has had success in retaining the high-quality tenants leasing in Solaris One, which has consistently retained a high occupancy rate. Please see the section entitled "Business and Properties – Leasing Activities, Expiries, and Renewals" in this Prospectus. The Company offers attractive lease rates to incentivize its tenants to continue renting, and the standard lease contracts contain hefty penalty provisions for pre-termination, disincentivizing tenants to pre-terminate those leases. In addition, the Company does not expect any major lease expiries at the Properties within the next two years. Please see the section entitled "Business and Properties – Leasing Activities, Expiries, and Renewals" of this Prospectus for more details.

Our Company does not own the land on which Solaris One, Ayala North Exchange, Teleperformance Cebu and The 30th are situated.

The Properties are situated on lands owned by other parties, such as the Sponsor, HLC Development Corp., a wholly-owned subsidiary of the Sponsor, and MBS Development Corp. Although the Company owns the buildings of Solaris One, Ayala North Exchange, Teleperformance Cebu and the 30th, it leases the underlying land from their respective owners.

Ayala Land owns the title to the plot of land on which Solaris One and Teleperformance Cebu currently stand. Under the lease contract between the Sponsor and the Company for Solaris One, the lease has a term of 33 years, commencing on January 1, 2016, which will expire on December 31, 2048, unless earlier terminated according to the provisions of the long-term lease contract. Pursuant to the agreement, the long-term lease contract can be renewed only through mutual agreement of Ayala Land and the Company set out in writing. The lease contract for Teleperformance Cebu, on the other hand, has a term of forty-two (42) years, commencing on November 1, 2009 up to and including October 31, 2051. The lease is renewable at the option of Ayala Land for a maximum of two (2) more terms upon the same terms and conditions of the contract, provided that the duration for each extension shall not exceed five (5) years.

In the case of Ayala North Exchange, the Company has an underlying lease agreement with HLC, a wholly-owned subsidiary of the Sponsor. While HLC is the beneficial owner of the entire 7,657 sq.m. lot where Ayala North Exchange stands, the transfer of the Certificate of Title covering the 4,475 sq.m. portion of the lot is currently pending transfer in the name of HLC from BPI Corporation with the Registry of Deeds of Makati City. The period of lease shall be for 44 years, having commenced from the initial turnover date on June 9, 2014, with an expiry date on June 9, 2058. The Contract of Lease may only be renewed upon mutual agreement of the parties in writing the cancellation of the leases, the Company must immediately vacate the leased premises and deliver to the respective owners full and vacant possession of the same. In the case of Solaris One, Ayala Land may, at its sole option, cause the demolition or removal of any improvement constructed with costs charged to the Company.

The 30th Commercial Development stands on parcels of land owned by MBS Development Corp. ("MBS"). The term of the lease shall expire on September 1, 2056, with a renewal option for a period of forty (40) years upon mutual agreement of the parties.

Please see the section entitled "Certain Agreements Relating to our Company and the Properties – Land Lease Agreements" in this Prospectus. If there were any substantial changes to the land lease agreements or the Sponsor's, HLC's, or MBS' ownership of the leased land, as well as cancellation or termination of the lease, the

Company's financial condition and results of operations and ability to make distributions may be adversely affected. Non-renewal of the lease agreements upon expiration of thereof may likewise have adverse effects to the financial position of the Company. However, the lease terms are aligned with the useful life of the buildings.

Because the Sponsor, is a majority shareholder in the Company, AREIT believes that its interests are generally aligned with those of the Sponsor, and that this alignment helps mitigate this risk. Historically, the Company has yet to have any disputes with any of its land lessors, and any disagreements have been amicably resolved. Moreover, the Company is protected by the terms of the land leases, which, among other things, do not allow for assignment by the land lessors without the mutual consent of the Company. Please see the section entitled "Certain Agreements Relating to our Company and the Properties – Land Lease Agreements" for more details on the land lease agreements.

The Company does not own McKinley Exchange.

McKinley Exchange is owned by the Sponsor, and is subject to a long-term lease with the Company. The lease has a term of approximately 34 years based on the useful life of the Building, and may be renewed only through mutual agreement of Ayala Land and the Company. Upon termination of the lease, the Company must immediately vacate the leased premises and deliver to Ayala Land the full and vacant possession of the same. Please see the section entitled "Certain Agreements Relating to the Company and the Properties – Building Lease Agreement" in this Prospectus. If there were any substantial changes to the building lease agreement or our Sponsor's ownership of the leased building, as well as cancellation or termination of the lease, the Company's financial condition and results of operations and ability to make distributions may be adversely affected. Non-renewal of the lease agreements upon expiration thereof may likewise have adverse effects to the financial position of the Company.

Because the Sponsor is a majority shareholder in the Company, AREIT believes that its interests are generally aligned with those of the Sponsor, and that this alignment helps mitigate this risk. Historically, the Company has yet to have any disputes with the Sponsor or HLC, and any disagreements have been amicably resolved. Moreover, the Company is protected by the terms of the land leases, which, among other things, do not allow for assignment by the Sponsor or HLC without the mutual consent of the Company. Please see the section entitled "Certain Agreements Relating to our Company and the Properties – Land Lease Agreements" for more details on the building lease agreement for McKinley Exchange.

The loss of the Properties' PEZA-accreditation or other similar benefits could result in the loss of tenants.

The Properties are Grade A, PEZA-accredited buildings that offer competitive amenities and technology to its lessees. If there were any substantial changes to these benefits, including the loss or revocation of the Properties' PEZA-accreditation, the tenants may find the Properties less desirable and may decide not to continue to lease in the Properties. Similarly, potential tenants may decide not to lease at all. If, as a result, a substantial number of potential tenants decide not to lease or an Anchor Locator or other key tenant decides not to renew its lease, the Company's financial condition and results of operations and ability to make distributions may be adversely affected.

To mitigate this risk, the Company ensures that the Properties are fully compliant with all PEZA-accreditation requirements. The Property Manager will continue to ensure that the Company complies with all regulatory requirements. Please see the section entitled "The Fund Manager and the Property Manager – The Property Manager" in this Prospectus.

Delays or defaults in payment from our lessees and building tenants may affect our revenues.

While the Company allows for lease agreements for a minimum of two years, it typically engages its office lessees in long-term lease contracts, ranging from five to ten years for office space, pursuant to which the lessees and tenants are obligated to pay an advance rental deposit and security deposit upfront and the remainder by quarterly installments on or before the due date specified in the statement of accounts received by the tenants. In some instances, however, the Company grants longer term leases to high-quality tenants, such as Shell Shared Services (Asia) B.V. – Philippine Branch, whose lease has a term of ten years. As income from its leases is fundamental to its operations, the Company relies to a great extent on the timely and full payment of rent from such parties. In particular, a significant portion of the current income from rentals is dependent on the ten largest tenants (in terms of total Gross Leasable Area across the portfolio). For the years

ended December 31, 2019 and 2020, income from leases with these ten tenants accounted for 74.4% and 88.5% of the total Rental Income, respectively. The figures herein presented do not include the historical data of McKinley Exchange as the lease of the Property commenced only on February 1, 2020.

In the three years prior to the date of this Prospectus, the Company has not experienced any material defaults from its tenants on their rental payments. However, since most of its leases are contracted for periods of considerable time, the Company cannot assure its investors that the lessees would not default on their payments, would pay their rent on time, and would not become insolvent or bankrupt in the future. Furthermore, the Company cannot assure its investors that its Rental Income would be adjusted to keep up with any rising inflation rates. Any occurrence of the foregoing resulting in a negative impact on its income from rentals may have an adverse effect on its business, financial condition, and results of operations.

From time to time, there were instances of delays in rental payments arising in the ordinary course of business, but historically these have not had a material impact on our Company's results of operations. In circumstances where the Company experiences delays in rental payments, it imposes interest and penalties on its tenants pursuant to its standard lease agreements.

To mitigate risks stemming from delays or defaults in payment, the Company carefully vets its tenants before agreeing to lease to them. This practice has led to Solaris One historically having very low percentages of delays and defaults. In addition, the Company provides for advance payment of rent from its lessees and for steep penalties in the event of delay or pre-termination of their leases. Please see the sections entitled "Business and Properties – Solaris One," and "Business and Properties – Leasing Activities, Expiries, and Renewals" in this Prospectus

RISKS RELATING TO THE DEBT SECURITIES

Debt evidenced by a public instrument is prioritized over the unsecured debt of the Issuer.

Under Philippine law, in the event of liquidation of a company, unsecured debt of the company (including guarantees of debt) which is evidenced by a public instrument as provided in Article 2244 of the Civil Code of the Philippines will rank ahead of unsecured debt of the company which is not so evidenced. Under Philippine law, a debt becomes evidenced by a public instrument when it has been acknowledged before a notary or any person authorized to administer oaths in the Philippines. Although the position is not clear under Philippine law, it is possible that a jurat (which is a statement of the circumstances in which an affidavit was made) may be sufficient to constitute a debt evidenced by a public instrument. So far as the Issuer is aware, none of its debt is evidenced by a public instrument and the Issuer will undertake in the Terms and Conditions of the Debt Securities to use its best endeavors not to incur such debt. Any such debt evidenced by a public instrument may, by mandatory provision of law, rank ahead of the Debt Securities in the event of the liquidation of the Issuer.

As a policy, the Company's borrowings are generally clean and are not collateralized by its assets, except for debts that are required by law to be secured.

An active trading market for the Debt Securities may not develop.

The Debt Securities are a new issue of securities for which there is currently no trading market. Even if the Debt Securities are listed on the PDEX, trading in securities such as the Debt Securities may be subject to extreme volatility at times, in response to fluctuating interest rates, developments in local and international capital markets and the overall market for debt securities among other factors. Although the Debt Securities are intended to be listed on PDEX as soon as reasonably practicable, no assurance can be given that an active trading market for the Debt Securities will develop and, if such a market were to develop the Joint Lead Underwriters and Bookrunners is under no obligations to maintain such a market. The liquidity and the market prices for the Debt Securities can be expected to vary with changes in market and economic conditions, the financial position and prospects of the Company and other factors that generally influence the market prices of securities.

The Company has no control over this risk as active trading of the Debt Securities is highly dependent on the bondholders. The Issuer actively cooperates in efforts aimed at improving the capital markets in the Philippines.

Holders of the Debt Securities may face possible gain or loss if the Debt Securities are sold at the secondary market.

As with all fixed income securities, the Debt Securities' market values move (either up or down) depending on the change in interest rates. The Debt Securities when sold in the secondary market are worth more if interest rates decrease since the Debt Securities have a higher interest rate relative to the market. Likewise, if the prevailing interest rate increases, the Debt Securities are worth less when sold in the secondary market. Therefore, holders may either make a gain or incur a loss when they decide to sell the Debt Securities.

The rating of the Debt Securities may not be retained throughout the life of the Debt Securities.

The Issuer intends to obtain a rating for each Tranche of the Debt Securities to be issued under the Debt Securities Program. The Bonds have been rated PRS Aaa by PhilRatings. There is no assurance that the rating of the Bonds will be retained throughout the life of the Bonds. The rating is not a recommendation to buy, sell, or hold securities and may be subject to revision, suspension, or withdrawal at any time by the assigning rating organization.

The Issuer may be unable to redeem the Debt Securities.

At maturity, the Issuer will be required to redeem all of the Debt Securities. If such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Debt Securities in time, or on acceptable terms, or at all. The ability to redeem the Debt Securities in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered Debt Securities by the Issuer would constitute an event of default under the Debt Securities.

The Issuer has strong recurring cash flows and maintains a low debt-equity ratio and a high level of liquidity in its balance sheet. The Issuer believes that it has sufficient resources which will allow it to service the principal and interest of the Debt Securities.

RISK RELATING TO THE PRESENTATION OF INFORMATION

The financial information, including of pro forma financial information presented may not accurately show the Company's financial position or be indicative of future results.

The financial information presented in this Prospectus comprises historical consolidated financial information for the Company as of and for the years ended December 31, 2017, 2018, 2019 and 2020 and for the six months ended June 30, 2021 and 2020. The pro-forma financial information reflects the Property-for-Share Swap Transaction to serve as reference to investors on the impact of the transaction to the Company's financial performance and financial position in prior periods and should not depict future results of operations or financial position of the Company.

On June 14, 2021, AREIT had disclosed to the PSE that it will change its accounting method used in valuing investment properties from cost method to fair value method, to reflect the market value of its properties and align with financial reporting practices of REITs. The June 30, 2021 and 2020 financial information which adopts the fair value method may not directly be comparable with the Company's financial information prior to adoption of the change in accounting method.

USE OF PROCEEDS

Following the offer and sale of the Bonds in the amount of up to ₱3.00 billion, the Issuer expects that the net proceeds of the Offer shall amount to approximately ₱2.96 billion after fees, commissions and expenses.

Net proceeds from the Offer are estimated as follows:

	(in ₱)
Estimated proceeds from the sale of the Bonds	₱3,000,000,000
Less:	
SEC Registration Fee	1,312,500.00
SEC Legal Research Fee	13,125.00
Documentary Stamp Tax	22,500,000.00
Underwriting Fee	11,250,000.00
PDEX Listing Fee	100,000.00
Accounting	3,200,000.00
Legal	1,620,000.00
Credit Rating	1,280,000.00
Registry and Paying Agency	187,500.00
Trusteeship	240,000.00
Out-of-pocket expenses*	1,000,000.00
Total Estimated Upfront Expenses	42,703,125.00
Estimated net proceeds to the Issuer	2,957,296,875.00

*This includes publication (₱690,000.00) and out-of-pocket (₱310,000.00) fees.

Aside from the fees enumerated above, the Company will be paying the following estimated annual fees related to the Bonds:

- PDEx annual listing maintenance fee of ₱150,000.00, (VAT-exclusive);
- Annual Rating Monitoring and Agency fees of ₱280,000.00, (VAT-inclusive);
- PDTC registry maintenance annual fee of ₱150,000.00;
- PDTC paying agent annual fee of ₱400,000.00; and
- CBC Trust as trustee to the Bondholders annual fee of ₱250,000.00 net of tax, in quarterly payments.

Net proceeds amounting to approximately ₱2.96 billion, assuming an Issue Size of ₱3.00 billion will be for the refinancing of a Philippine peso-denominated 2.0% per annum ₱4.0 billion short term loan⁹ drawn from Rizal Commercial Banking Corporation, an external counterparty bank not related to any of the JLUBs and their related parties, to partially finance the acquisition of The 30th.

The balance of the ₱4.0 billion short term loan shall be refinanced from internally generated funds and/or other credit facilities which may include bank borrowings, as the Issuer may consider commercially favorable at the relevant time. The 30th was acquired for ₱4.56 billion VAT-exclusive. Purchase price was paid in two (2) installments, with the initial payment of ₱912.87 million being paid upon execution of the deed, and the balance of ₱3.65 billion being paid on January 29, 2021. The acquisition of The 30th was acquired using a combination of proceeds from bank loans as well as internally generated funds.

None of the proceeds will be used to fund any acquisition of asset or business, nor reimburse any officer, director, employee or shareholder for service rendered, assets previously transferred, money loaned or advance or otherwise.

Adjustments in the Use of Proceeds

The foregoing discussion represents a best estimate of the use of proceeds of the Offer based on the Company's current plans and anticipated expenditures. In the event there is any change in the Company's

⁹ The only single obligation that will be refinanced out of the short-term loans payable entered by the Company with different local banks.

current plans, including force majeure, market conditions and other circumstances, the Company will carefully evaluate the situation and may reallocate the proceeds at the discretion of the Company's management. In the event of any material deviation, reallocation or adjustment in the planned use of proceeds, the Company shall inform the SEC and issue all appropriate disclosures within thirty (30) days prior to its implementation. Any material or substantial adjustment to the use of proceeds, as indicated above, shall be approved by the Board and shall be publicly disclosed through the SEC, PSE, and PDEX.

DETERMINATION OF OFFERING PRICE

The Bonds shall be issued on a fully-paid basis and at an issue price that is at par.

The interest rate of the Bonds will be based on the simple average of the 2-year BVAL Reference Rate as published on the website of the Philippine Dealing System Group (or its successor) for the three (3) consecutive Banking Days immediately preceding and ending on the interest rate setting date, and a spread of [30] to [70] basis points, as determined via a book building process.

Pricing is based on prevailing market conditions, AREIT's credit rating and pricing of comparable bond transactions.

PLAN OF DISTRIBUTION OF THE BONDS

The Issuer plans to issue the Bonds to institutional and retail investors through a public offering to be conducted through the Joint Lead Underwriters and Bookrunners.

THE OFFER

The Bonds covered by this Prospectus and described below are the first tranche under the up to ₱15,000,000,000 Debt Securities Program that was authorized by resolutions of the Board of Directors of the Company dated October 22, 2020. A registration statement covering the Debt Securities Program was filed with the SEC on October 8, 2021 but has not been rendered effective. The SEC has issued a certificate of permit to offer securities for sale dated [•] for the Bonds. Pursuant to such confirmation and certificate of permit to offer securities for sale, the Bonds will be issued with an aggregate principal amount of up to ₱3,000,000,000 under this Prospectus due 2023.

SHELF REGISTRATION OF DEBT SECURITIES NOT COVERED BY THE OFFER

After the close of the Offer and within three (3) years following the effectivity date of the registration statement covering the Debt Securities Program, the Issuer may, at its sole discretion, offer any or all of the remaining balance of the aggregate principal amount of the Debt Securities covered by such registration statement, in one or more subsequent tranches under Rule 8.1.2 of the Implementing Rules and Regulations of the Securities Regulation Code. Such a shelf registration provides the Issuer with the ability to conduct such an offering within a comparatively short period of time. The Issuer believes that this provides it with the increased ability to take advantage of opportunities in a volatile debt capital market, as these occur. Any subsequent offering under such rule requires the submission by the Issuer of the relevant updates and amendments to the registration statement and the issuance of the corresponding SEC Permit by the SEC. As a listed company, the Issuer regularly disseminates such updates and information in its disclosures to the SEC and PSE.

At any time, which may include periods shortly following the completion of the Offer, the Issuer may initiate subsequent offers of other Debt Securities in various tranches from the balance of the aggregate principal amount of Debt Securities that will remain unissued from the Shelf Registration. Such subsequent offers may be conducted on different terms and tenors involving different Joint Lead Underwriters and Bookrunners, underwriters or other transaction parties. The Issuer regularly considers prevailing market conditions and opportunities in relation to such offers that are permitted within the three (3) year effectivity of the Shelf Registration.

However, there can be no assurance in respect of: (i) whether the Issuer will issue any such Debt Securities at all; (ii) the size or timing of any individual issuance or the total issuance of such Debt Securities; or (iii) the tenor, interest rate or other specific terms and conditions of any such issuance. Any decision by the Issuer to offer such Debt Securities will depend on a number of factors at the relevant time, many of which are not within the Issuer's control, including but not limited to: prevailing interest rates, the financing requirements of the Issuer's business and prospects, market liquidity and the state of the domestic capital market, and the Philippine, regional and global economies in general.

UNDERWRITERS

The Issuer will mandate underwriters for each Tranche of the Debt Securities Program.

For the first Tranche of the Debt Securities Program, BPI Capital and BDO Capital, pursuant to an Underwriting Agreement with the Issuer dated [] (the "Underwriting Agreement"), have agreed to act as the Joint Lead Underwriters and Bookrunners to distribute and sell the Bonds at the Issue Price, and have also committed severally and not jointly to underwrite, the Offer on a firm basis, in either case subject to the satisfaction of certain conditions and in consideration for certain fees and expenses.

For the offer of the Bonds, the Joint Lead Underwriters and Bookrunners will receive a fee of up to thirty-seven and a half basis points (0.375%) on the underwritten principal amount of the Bonds issued. Such fee shall be inclusive of underwriting and participation commissions.

The amounts of the commitments of the Joint Lead Underwriters and Bookrunners are as follows:

Joint Lead Underwriters and Bookrunners	Commitment
BDO Capital	₱1,500,000,000
BPI Capital	₱1,500,000,000
TOTAL	₱3,000,000,000

There is no arrangement for the Joint Lead Underwriters and Bookrunners to return any unsold Bonds to the Issuer. The Underwriting Agreement may be terminated in certain circumstances prior to payment being made to the Issuer of the net proceeds of the Bonds.

Prior approval from the SEC is not required to effect a termination of the Underwriting Agreement. The Joint Lead Underwriters and Bookrunners are only required to report the termination of the Underwriting Agreement to the SEC.

The Joint Lead Underwriters and Bookrunners are duly licensed by the SEC to engage in the underwriting or distribution of the Bonds. The Joint Lead Underwriters and Bookrunners may, from time to time, engage in transactions with and perform services in the ordinary course of its business for the Company.

There is no arrangement for the Issuer to appoint a syndicate or sub-underwriters for this Offering.

BDO Capital & Investment Corporation

BDO Capital is a leading investment bank in the Philippines and was incorporated in the Philippines on September 8, 1998 as a wholly-owned subsidiary of BDO Unibank, Inc. BDO Capital presently conducts business as a full-service investment house with the following functions, among others: securities underwriting and trading; loan syndication; financial advisory; and private placement of debt and equity. As of December 31, 2020, it had total assets of ₱4.3 billion, total liabilities of ₱0.2 billion and total equity of ₱4.1 billion.

BPI Capital Corporation

BPI Capital Corporation is a Philippine corporation organized in the Philippines as a wholly-owned subsidiary of the Bank of the Philippine Islands. It obtained its license to operate as an investment house in 1994 and is licensed by the SEC to engage in underwriting and distribution of securities to the public. As of June 30, 2021, its total assets amounted to ₱4.23 billion and its capital base amounted to ₱4.07 billion. It has an authorized capital stock of ₱1 billion of which approximately ₱506.4 million represents its paid-up capital.

Except for BPI Capital, the Joint Lead Underwriters and Bookrunners have no direct relations with the Issuer in terms of ownership by either of their respective major stockholder/s. BPI Capital is a wholly-owned subsidiary of BPI. The Issuer and BPI are affiliated companies, each with Ayala Corporation as a major shareholder.¹⁰

BPI Capital and BDO Capital have undertaken the requisite due diligence over the Issuer as Joint Lead Underwriters and Bookrunners of the Bonds. BPI Capital's relationship with the Issuer had no effect in its conduct of due diligence.

Each of the Joint Lead Underwriters and Bookrunners' parent companies is a banking institution regulated by the BSP that has a relationship with the Company and/or its subsidiaries. These relationships are independent of the engagement of the Joint Lead Underwriters and Bookrunners and are entered into on an arm's length basis in the ordinary course of its banking business. These banking institutions are engaged in transactions with, and have performed various commercial banking and other services for the Company and/or its affiliates in the past and are expected to do so for the Company and/or its affiliates from time to time in the future including, insofar as such bank have affiliates that offer such services, investment banking and underwriting services. However, all services provided by each of the Joint Lead Underwriters and Bookrunners, including in connection with the Offer, have been provided as an independent contractor and not as a fiduciary to the Company. The

¹⁰BPI Capital Corporation and AREIT, Inc. are affiliates which are ultimately owned by Ayala Corporation. BPI Capital is 100% owned by the Bank of the Philippine Islands, which is 22.19% owned by Ayala Corporation. On the other hand, as of June 30, 2021, Ayala Land's effective ownership in AREIT is 50.14%, with ALI directly owning 40.75% and 9.39% owned by AyalaLand Offices, Inc. with the remainder owned by the public. Ayala Land is 45.9% owned by Ayala Corporation with the remainder owned by the public.

Joint Lead Underwriters and Bookrunners do not have a contract or other arrangement with the Company under which any of the Joint Lead Underwriters and Bookrunners may return to the Company any unsold securities of the Offer. The Joint Lead Underwriters and Bookrunners do not have any direct or indirect interest in the Company or in any securities thereof including options, warrants or rights thereto. None of the Joint Lead Underwriters and Bookrunners have any right to designate or nominate any member of the Company's Board.

SALE AND DISTRIBUTION

The distribution and sale of the Bonds shall be undertaken by the Joint Lead Underwriters and Bookrunners who shall sell and distribute the Bonds to third party buyers/investors. The Joint Lead Underwriters and Bookrunners are authorized to organize a syndicate of soliciting dealers and/or selling agents for the purpose of the Offer; provided, however, that the Joint Lead Underwriters and Bookrunners shall remain severally, but not jointly responsible to the Issuer in respect of its obligations under the Underwriting Agreement entered into by them with the Issuer and the Issuer shall not be bound by any of the terms and conditions of any agreement entered into by the Joint Lead Underwriters and Bookrunners with such other parties. Nothing herein shall limit the rights of the Joint Lead Underwriters and Bookrunners from purchasing the Bonds for their own respective accounts.

There are no persons to whom the Bonds are allocated or designated. The Bonds shall be offered to the public at large and without preference.

OFFER PERIOD

The Offer Period shall commence at 9:00 a.m. on [December 2, 2021] and end at 5:00 p.m. on [December 9, 2021] or on such other date as the Issuer and Joint Lead Underwriters and Bookrunners may agree upon.

APPLICATION TO PURCHASE

Applicants may purchase the Bonds during the Offer Period by submitting to the Joint Lead Underwriters and Bookrunners properly completed Applications to Purchase, together with two (2) signature cards, and the full payment of the purchase price of the Bonds in the manner provided therein. Corporate and institutional applicants must also submit, in addition to the foregoing:

1. an original notarized certificate of the corporate secretary or an equivalent officer of the Applicant setting forth resolutions of the board of directors, partners or equivalent body (i) authorizing the purchase of the Bonds indicated in the Application to Purchase and (ii) designating the signatories, with their specimen signatures, for the said purpose;
2. copies of its Articles of Incorporation and By-Laws (or the Articles of Partnership, in case of a partnership) and latest amendments thereof, together with the Certificate of Incorporation issued by the SEC or other organizational documents issued by an equivalent government institution, stamped and signed as certified true copies by the SEC or the equivalent government institution, or by the corporate secretary, or by an equivalent officer(s) of the Applicant who is/are authorized signatory(ies);
3. two (2) duly accomplished signature cards containing the specimen signatures of the authorized signatories of the Applicant, validated by its corporate secretary or by an equivalent officer(s) who is/are authorized signatory(ies);
4. validly issued tax identification number issued by the BIR;
5. identification document(s) of the authorized signatories of the Applicant, as specified in item (1) of the immediately succeeding paragraph below; and
6. such other documents as may be reasonably required by any of the Joint Lead Underwriters and Bookrunners or the Registrar in the implementation of its internal policies regarding "know your customer" and anti-money laundering.

Individual applicants must also submit, in addition to accomplished Applications to Purchase and its required attachments:

1. identification document ("ID") of the Applicant, or its authorized signatories which shall consist of any one of the following valid identification documents bearing a recent photo,: Passport, Driver's License, Professional Regulation Commission ID, National Bureau of Investigation Clearance, Police Clearance, Postal ID, Voter's ID, Unified Multi-Purpose ID (UMID), Philippine National ID (PhilID), Barangay Certification, Government Service Insurance System e-Card, Social Security System Card, Senior Citizen Card, Overseas Workers Welfare Administration ID, OFW ID, Seaman's Book, Alien Certification of Registration/Immigrant Certificate of Registration, Government Office and government-owned and controlled corporation ID, e.g., Armed Forces of the Philippines, Home Development Mutual Fund, Certification from the National Council for the Welfare of Disabled Persons, Department of Social Welfare and Development Certification, Integrated Bar of the Philippines ID, company IDs issued by private entities or institutions registered with or supervised or regulated either by the BSP, SEC or the Insurance Commission, or school ID duly signed by the principal or head of the school (for students who are beneficiaries of remittances/fund transfers who are not yet of voting age);
2. two (2) duly accomplished signature cards containing the specimen signature of the Applicant, or its authorized signatories, validated/signed by the Joint Lead Underwriter's authorized signatory/ies, whose authority/ies and specimen signatures have been submitted to the Registrar;
3. validly issued tax identification number issued by the BIR; and
4. such other documents as may be reasonably required by any of the Joint Lead Underwriters and Bookrunners or the Registrar in implementation of its internal policies regarding "know your customer" and anti-money laundering.

An Applicant claiming exemption from any applicable tax, or is subject to a preferential withholding tax rate shall, in addition to the requirements set forth above, be required to submit the following requirements, subject to acceptance by the Issuer, as being sufficient in form and substance:

1. A copy of the current and valid tax exemption certificate, ruling or opinion issued by the BIR (dated no earlier than required to be considered valid under applicable tax regulations at the relevant time), addressed to the Security Holder, confirming the exemption or preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014 including any clarification, supplement or amendment thereto, and certified by the Corporate Secretary of the Security Holder as being a true copy of the original on file with the Security Holder, which notarized certification indicates that:
 - a) the exemption certificate is a true copy of the original;
 - b) the original is in the possession of the Corporate Secretary of the Security Holder as the duly authorized custodian of the same; and
2. the Corporate Secretary of the Security Holder has personal knowledge based on his official functions of any amendment, revocation, expiration, change or any circumstance affecting said certification's validity, or a copy of the law of the country of domicile allowing a deemed paid tax credit in an amount equivalent to the 15% spared or waived by the Philippines duly authenticated by the Philippine embassy or, for countries that are members to the Apostille Convention, an apostilled copy of the law of the country of domicile which apostilled or authenticated copy shall be valid for one year from the date of issuance;
3. With respect to tax treaty relief:
 - a) prior to the payment of the initial interest due:
 - (i) three (3) originals of the submitted BIR Form 0901-I (Interest Income) or Application Form for Treaty Purposes filed by the Security Holder or, if the Security Holder is a fiscally transparent entity, each of the Security Holder's owners or beneficiaries with the proof of receipt by the concerned office of the Bureau of Internal Revenue, as required under Revenue Memorandum Order No. 14-2021;
 - (ii) one (1) original of the valid and existing tax residency certificate duly issued by the respective foreign tax authority of the country of residence of the Security Holder or, if

the Security Holder is a fiscally transparent entity, the country of residence of each of the Security Holder's owners or beneficiaries in the form acceptable for recognition under Philippine laws;

(iii) the relevant provision of the tax treaty providing for the claimed tax exemption or preferential tax rate, in a form acceptable to the Issuer; and

(iv) if executed outside of the Philippines, three (3) originals of the duly notarized, consularized or apostilled (as the case may be), Special Power of Attorney executed by the Security Holder or the Security Holder's owners or beneficiaries, as may be applicable, in favor of the authorized representative (if the Application Form for Treaty Purposes and other documents are accomplished by an authorized representative) and confirmation acceptable to the Issuer that the Security Holder or the Security Holder's owners or beneficiaries, as may be applicable, is/are not doing business in the Philippines to support the applicability of a tax treaty relief; and

b) prior to the payment of subsequent interests due:

(i) three (3) originals of the submitted new or updated BIR Form 0901-I (Interest Income) or Application Form for Treaty Purposes, as the Issuer deems applicable;

(ii) one (1) original of the valid and existing tax residency certificate duly issued by the respective foreign tax authority of the country of residence of the Security Holder or, if the Security Holder is a fiscally transparent entity, the country of residence of each of the Security Holder's owners or beneficiaries in the form acceptable for recognition under Philippine laws, if the validity period of the previously issued tax residency certificate has already lapsed; and

4. other additional documents as may be required by the Issuer or pursuant to applicable tax regulations, which shall be submitted by the Security Holder/Registrar to the Issuer no later than the first day of the month when such initial or subsequent interest payment/s shall fall due and, if applicable, including any clarification, supplement or amendment thereto;

5. a letter addressed to the Issuer and the Registrar, requesting both the Issuer and the Registrar not to make any withholding on said Security Holder's interest income;

6. A duly notarized undertaking (in the form attached as Schedule 4 of the Trust Indenture) executed by:

a) the Corporate Secretary of the Security Holder or any authorized representative of the Security Holder, who has personal knowledge of the exemption based on his official functions, if the Security Holder purchases the bonds or other deposit substitutes for its account; or

7. the Trust Officer, if the Security Holder is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the bonds or other deposit substitutes pursuant to its management of tax-exempt entities (i.e. Employee Retirement Fund, etc.), declaring and warranting that the same Security Holder named in the tax exemption certificate described in (1) above, is specifically exempt from the relevant tax or is specifically subject to a preferential tax rate for the relevant tax, and undertaking to immediately notify the Issuer and the Registrar and Paying Agent of any suspension or revocation or modification of its tax exemption or treaty privileges and agreeing to indemnify and hold the Issuer and the Registrar and Paying Agent free and harmless against any claims, actions, suits, and liabilities arising from the non-withholding or reduced withholding of the required tax; and

8. Such other documentary requirements as may be reasonably required by the Issuer or the Registrar or Paying Agent, or as may be required under applicable regulations of the relevant taxing or other authorities, which for purposes of claiming tax treaty relief, as required under BIR Revenue Memorandum Order No. 14-2021, including a copy of the duly submitted Application Form for Treaty Purposes, a valid and existing tax residency certificate duly issued by the respective foreign tax authority of the country of residence of the Security Holder or, if the Security Holder is a fiscally transparent entity, the country of residence of each of the Security Holder's owners or beneficiaries in

the form acceptable for recognition under Philippine laws, the relevant provision of the tax treaty providing for the claimed tax exemption or preferential tax rate, in a form acceptable to the Issuer and confirmation acceptable to the Issuer that the Security Holder is not doing business in the Philippines; provided further that, all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties, assessments or government charges, subject to the submission by the Bondholder claiming the benefit of any exemption of the required documents and of additional reasonable evidence of such tax-exempt status to the Registrar.

Completed Applications to Purchase and corresponding payments must reach the Joint Lead Underwriters and Bookrunners prior to the end of the Offer Period, or such earlier date as may be specified by the Joint Lead Underwriters and Bookrunners. Acceptance by the Joint Lead Underwriters and Bookrunners of the completed Application to Purchase shall be subject to the availability of the Bonds and the acceptance by the Issuer. In the event that any check payment is returned by the drawee bank for any reason whatsoever, the Application to Purchase shall be automatically canceled and any prior acceptance of the Application to Purchase is deemed revoked.

MINIMUM PURCHASE

A minimum purchase of ₱50,000.00 shall be considered for acceptance. Purchases in excess of the minimum shall be in multiples of ₱10,000.00.

ALLOTMENT OF THE DEBT SECURITIES

If the Bonds are insufficient to satisfy all Applications to Purchase, the available Bonds shall be allotted at the discretion of the Joint Lead Underwriters and Bookrunners, in consultation with the Issuer and subject to the Issuer's right of rejection.

REFUNDS

If any application is rejected or accepted in part only, the application money or the appropriate portion thereof shall be returned without interest to such applicant through the Joint Lead Underwriters and Bookrunners from whom such application to purchase the Bonds was made.

UNCLAIMED PAYMENTS

Any payment of interest on, or the principal of the Bonds which remain unclaimed after the same shall have become due and payable, shall be held in trust by the Paying Agent for the Security Holders at the latter's risk.

PURCHASE AND CANCELLATION

The Issuer may at any time purchase any of the Bonds in the open market or by tender or by contract at market price, in accordance with PDEX Rules, without any obligation to purchase (and the Security Holders shall not be obliged to sell) Bonds pro-rata from all Security Holders. Any Bonds so purchased shall be redeemed and cancelled and may not be re-issued. Upon listing of the Bonds on PDEX, the Issuer shall disclose any such transactions in accordance with the applicable PDEX disclosure rules.

SECONDARY MARKET

The Issuer intends to list the Bonds in the PDEX. The Issuer may purchase the Bonds at any time in the PDEX trading system, in accordance with PDEX Rules, without any obligation to make pro-rata purchases of the Bonds from all Security Holders.

REGISTRY OF BONDHOLDERS

The Bonds shall be issued in scripless form. A Master Certificate of Indebtedness representing the Bonds sold shall be issued to and registered in the name of the Trustee, on behalf of the Security Holders.

Beneficial title to the Bonds shall be shown in the Register of Security Holders to be maintained by the designated registrar for the Bonds. Initial placement of the Bonds and subsequent transfers of interests in the Bonds shall be subject to applicable Philippine selling restrictions prevailing from time to time. The Issuer will

cause the Register of Security Holders to be kept at the specified office of the Registrar. The names and addresses of the Security Holders and the particulars of the Bonds held by them and of all transfers of Bonds shall be entered in the Register of Security Holders.

DESCRIPTION OF THE BONDS

The following is a description of certain terms and conditions of the Bonds. This description of the terms and conditions of the Bonds set forth herein does not purport to be complete and is qualified in its entirety by reference to the agreements relating to the Bonds, copies of which are available for inspection at the offices of the Trustee. The terms and conditions set out in this section will, subject to amendment, be set out in the Trust Indenture between the Issuer and the Trustee.

The Bonds described below are the first tranche under the up to ₱15,000,000,000 Debt Securities Program that was authorized by resolutions of the Board of Directors of the Company dated October 22, 2020. A registration statement covering the Debt Securities Program was filed by the Company with the Securities and Exchange Commission (“SEC”) but has not yet become effective. Pursuant to such confirmation and certificate of permit to offer securities for sale, the first tranche of the Bonds will be issued with an aggregate principal amount of up to ₱3,000,000,000 due 2023 (the “Bonds”, the “Offer”, or the “Issue”).

The Bonds are constituted by a Trust Indenture executed on [] (the “Trust Indenture”) between the Issuer and China Banking Corporation - Trust and Asset Management Group (“CBC Trust” the “Trustee”, which term shall, wherever the context permits, include all other persons or companies for the time being acting as trustee or trustees under the Trust Indenture). The description of the terms and conditions of the Bonds set out below (the “Terms and Conditions”) includes summaries of, and is subject to, the detailed provisions of the Trust Indenture and the Registry and Paying Agency Agreement executed on [], 2021 (the “Registry and Paying Agency Agreement”) between the Issuer, and the Registrar and Paying Agent.

Philippine Depository & Trust Corp. (“PDTC”) has no interest in or relation to AREIT which may conflict with its roles as Registrar and as Paying Agent for the Offer. CBC Trust has no interest in or relation to AREIT which may conflict with its role as Trustee for the Offer. BPI is an affiliate of AREIT and the parent company of BPI Capital Corporation, one of the Joint Lead Underwriters and Bookrunners.

Copies of the Trust Indenture and the Registry and Paying Agency Agreement are available for inspection during normal business hours at the specified offices of the Trustee and the Registrar. The holders of the Bonds (the “Bondholders”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Indenture and are deemed to have notice of those provisions of the Registry and Paying Agency Agreement applicable to them.

1. Form, Denomination and Title

(a) Form and Denomination

The Bonds are in scripless form, and shall be issued, in denominations of Fifty Thousand Pesos (₱50,000.00) each, as a minimum, and in multiples of Ten Thousand Pesos (₱10,000.00) thereafter and traded in denominations of Ten Thousand Pesos (₱10,000.00) in the secondary market.

(b) Title

The beneficial interest to the Bonds shall be shown on and recorded in the Register of Bondholders maintained by the Registrar. A notice confirming the principal amount of the Bonds purchased by each applicant in the Offering shall be issued by the Registrar to all Bondholders following the Issue Date. Upon any assignment, title to the Bonds shall pass by recording the transfer from a transferor to the transferee in the Register of Bondholders maintained by the Registrar. Settlement in respect of such transfer or change of title to the Bonds, including the settlement of any cost arising from such transfers, including, but not limited to, documentary stamps taxes, if any, arising from subsequent transfers, shall be for the account of the relevant Bondholder.

(c) Bond Rating

The Bonds have been rated PRS Aaa by PhilRatings on October 19, 2021 Obligations rated PRS Aaa are of the highest quality with minimal credit risk. The obligor’s capacity to meet its financial commitment on the obligation is extremely strong. PRS Aaa is the highest rating assigned by PhilRatings.

On the other hand, an Outlook is an indication as to the possible direction of any rating change within a one-year period and serves as a further refinement to the assigned credit rating for the guidance of investors, regulators, and the general public. A Stable Outlook is defined as: "The rating is likely to be maintained or to remain unchanged in the next 12 months.

The assigned credit rating and corresponding Outlook reflect the following key considerations: (i) competitive property portfolio characterized by high occupancy and stable tenancy from high-quality locators; (ii) well-qualified and experienced management team, coupled with solid support from a strong Sponsor; (iii) sustained profitability given pandemic-resilient operations and continued portfolio expansion; and (iv) conservative capital structure.

PhilRatings' credit ratings are based on available information and projections at the time that the rating review was performed. PhilRatings shall continuously monitor developments relating to AREIT and may change the ratings at any time, should circumstances warrant a change. The rating is subject to annual review, or more frequently as market developments may dictate, for as long as the relevant Bonds are outstanding. After Issue Date, the Trustee shall monitor the compliance of the Bonds with the regular annual reviews.

2. Transfer of the Bonds

(a) Register of Bondholders

The Issuer shall cause the Register of Bondholders to be kept by the Registrar, in electronic form. The names and addresses of the Bondholders and the particulars of the Bonds held by them and of all transfers of Bonds shall be entered into the Register of Bondholders. As required by Circular No. 428, Series of -2004 issued by the Bangko Sentral ng Pilipinas, the Registrar shall send each Bondholder a written statement of registry holdings at least quarterly (at the cost of the Issuer) and a written advice confirming every receipt or transfer of the Bonds that is effected in the Registrar's system (at the cost of the Issuer). Such statement of registry holdings shall serve as the confirmation of ownership of the relevant Bondholder as at the date thereof. Any requests of Bondholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Bondholder. No transfers of the Bonds may be made during the period commencing on a Record Date, both terms as defined in the section on "Interest Payment Date."

(b) Transfers; Tax Status

Transfers across Tax Categories, shall not be allowed except on Interest Payment Dates that fall on a Business Day, provided however that transfers from a tax-exempt category to a taxable tax category on a non-Interest Payment Date shall be allowed using the applicable tax on the Philippine Dealing & Exchange Corp. ("PDEX") Trading System, ensuring the computations are based on the final withholding tax rate of the taxable party to the trade. Should this transaction occur, the tax-exempt entity shall be treated as being of the same Tax Category as its taxable counterpart for the interest period within which such transfer occurred. For purposes hereof, "Tax Categories" refer to the three (3) final withholding tax categories covering, particularly, tax-exempt entities, 20% tax-withheld entities, and 25% tax-withheld entities. This restriction shall be in force until a non-restricted trading & settlement environment for corporate securities is implemented. Transfers taking place in the Register of Bondholders after the Bonds are listed in PDEX may be allowed between taxable and tax-exempt entities without restriction and observing the tax exemption of tax-exempt entities, if and/or when allowed under and are in accordance with the relevant rules, conventions and guidelines of PDEX and PDTC. Transfers to or from Bondholders claiming the benefit of any tax treaty which subjects the interest income to a final withholding tax rate other than the final withholding tax categories indicated above shall only be allowed on Interest Payment Dates that fall on a Business Day.

A Bondholder claiming tax-exempt status is required to submit a written notification of the sale or purchase to the Registrar, including the tax status of the of the transferor or transferee, as appropriate, together with the supporting documents specified under Registry and Paying Agency Agreement upon submission of Account Opening Documents to the Registrar.

(c) Registrar

For transfers and record updates, notices and communication with the Registrar may be made through the following:

Philippine Depository & Trust Corp.
29th Floor, BDO Equitable Tower, Paseo de Roxas
Makati City, Metro Manila

Telephone No : (632) 8884-4425
Fax No : (632) 8230-3346
E-mail : baby_delacruz@pds.com.ph
Attention : Josephine Dela Cruz, Director– Securities Services

(d) Secondary Trading of the Bonds

The Issuer intends to list the Bonds in PDEX for secondary market trading. The Bonds will be traded in a minimum board lot size of ₱10,000.00 as a minimum, and in multiples of ₱10,000.00 in excess thereof for as long as any of the Bonds are listed on PDEX. Secondary market trading in PDEX shall follow the applicable PDEX rules, conventions, and guidelines governing trading and settlement between Bondholders of different tax status and shall be subject to the relevant fees of PDEX and PDTC, all of which shall be for the account of the relevant Bondholder.

3. Ranking

The Bonds constitute direct, unconditional, and unsecured Peso-denominated obligations of the Issuer and shall rank pari passu and ratably without any preference or priority amongst themselves and at least pari passu with all other present and future unsecured obligations of the Issuer, other than obligations preferred by the law.

4. Interest

(a) Interest Payment Dates

The Bonds bear interest on its principal amount from and including Issue Date at the fixed rate of [●]% per annum from the Issue Date, payable quarterly in arrear on March 16, June 16, September 16, and December 16 of each year while the Bonds are outstanding (each of which, for purposes of this section is an “Interest Payment Date”) commencing on March 16. In the event that any of such Interest Payment Dates are not Business Days, such Interest Payment Dates shall be deemed to be the immediately succeeding Business Day without any adjustment to the amount due. The last Interest Payment Date shall fall on the Maturity Date, or the immediately succeeding Business Day if such date is not a Business Day, without any adjustment to the amount due.

The cut-off date in determining the existing Bondholders entitled to receive interest or principal amount due shall be two (2) Business Days prior to the relevant Interest Payment Date (the “Record Date”), which shall be the reckoning day in determining the Bondholders entitled to receive interest, principal or any other amount due under the Bonds. No transfers of the Bonds may be made during this period intervening between and commencing on the Record Date and the relevant Interest Payment Date.

(b) Interest Accrual

Each Bond shall cease to bear interest, net of applicable withholding taxes, from and including the Maturity Date, as defined in the discussion on “Final Redemption” unless, upon due presentation, payment of the principal in respect of the Bond then outstanding is not made, is improperly withheld or refused, in which case the Penalty Interest (see “Penalty Interest”) shall apply.

(c) Determination of Interest Amount

The interest shall be calculated on the basis of a 360-day year consisting of twelve (12) months of

thirty (30) days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of thirty (30) days.

5. Redemption and Purchase

(a) Final Redemption

Unless previously purchased and cancelled, the Bonds shall be redeemed at par or 100% of face value on the Maturity Date. However, payment of all amounts due on such date may be made by the Issuer through the Paying Agent, without adjustment to the amount of interest and principal to be paid, on the immediately succeeding Business Day if the Maturity Date is not a Business Day.

(b) Redemption for Taxation Reasons

If payments under the Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the Bonds in whole, but not in part, having given not more than sixty (60) nor less than fifteen (15) days' prior written notice to the Trustee, at par plus accrued interest, net of applicable withholding taxes.

Upon receipt by the Trustee of a redemption notice from the Issuer hereunder, the Trustee shall transmit the same notice to the Bondholders.

(c) Purchase and Cancellation

The Issuer may at any time purchase any of the Bonds in the open market or by tender or by contract at market price, in accordance with PDEX Rules, without any obligation to purchase (and the Bondholders shall not be obliged to sell) Bonds pro-rata from all Bondholders. Any Bonds so purchased shall be redeemed and cancelled and may not be re-issued. Upon listing of the Bonds on PDEX, the Issuer shall disclose any such transactions in accordance with the applicable PDEX disclosure rules.

(d) Change in Law or Circumstance

The following events shall be considered as changes in law or circumstances ("Change in Law or Circumstance") as it refers to the obligations of the Issuer and to the rights and interests of the Bondholders under the Trust Indenture and the Bonds:

1. Any government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Trust Indenture or the Bonds shall be modified in a manner which, in the reasonable opinion of the Trustee, shall materially and adversely affect the ability of the Issuer to comply with such obligations, or shall be withdrawn or withheld.
2. Any provision of the Trust Indenture or any of the related documents is or shall become, for any reason, invalid, illegal or unenforceable to the extent that shall become for any reason unlawful for the Issuer to give effect to its rights or obligations hereunder, or to enforce any provisions of the Trust Indenture or any of the related documents in whole or in part, or any law shall be introduced to prevent or restrain the performance by the parties hereto of their obligations under the Trust Indenture or any other related documents.
3. Any concessions, permits, rights, franchise or privileges required for the conduct of the business and operations of the Issuer shall be revoked, canceled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, in such manner as to materially and adversely affect the financial condition or operations of the Issuer.

4. The Republic of the Philippines or any competent authority thereof takes any action to suspend the whole or a substantial portion of the operations of the Issuer and to condemn, seize, nationalize or appropriate (either with or without compensation) the Issuer or any material portion of its properties or assets, unless such act, deed or proceedings are contested in good faith by the Issuer.

If any one or more of the events enumerated as a Change of Law or Circumstance shall occur and be continuing for a period of thirty (30) days, the Majority Bondholders, by notice in writing delivered to the Issuer through the Trustee, after the lapse of the said thirty (30) day period, may declare the principal of the Bonds, including all accrued interest, net of applicable withholding taxes, and other charges thereon, if any, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable, without any prepayment penalty, anything contained in the Trust Indenture or in the Bonds to the contrary notwithstanding, subject to the notice requirements under the discussion on "Notice of Default."

6. Payments

The principal of, interest on, and all other amounts payable on the Bonds shall be paid to the Bondholders by crediting of the cash settlement accounts designated by each of the Bondholders. The principal of, and interest on, the Bonds shall be payable in Philippine Pesos.

The Issuer shall ensure that so long as any of the Bonds remains outstanding, there shall at all times be a Paying Agent for the purposes of the Bonds and the Issuer or the Paying Agent may only terminate the appointment of the Paying Agent as provided in the Registry and Paying Agency Agreement. In the event the appointed office of any institution shall be unable or unwilling to continue to act as the Paying Agent, the Issuer shall appoint the Makati City office of such other leading institution in the Philippines authorized to act in its place. The Paying Agent may not resign its duties or be removed without a successor having been appointed.

7. Payment of Additional Amounts; Taxation

Interest income on the Bonds is subject to a final withholding tax at rates of between ten percent (10%) and twenty-five percent (25%) depending on the tax status of the relevant Bondholder under relevant law, regulation or tax treaty. Except for such final withholding tax and as otherwise provided, all payments of principal and interest are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of Republic of the Philippines or any political subdivision, agency or instrumentality thereof, including, but not limited to, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of the Issuer; provided, however, that the Issuer shall not be liable for, and will not gross-up the payments of interest on the principal amount of the Debt Securities so as to cover any final withholding tax applicable on interest earned on the Debt Securities prescribed under the Tax Code. The Issuer shall not be liable for the following:

- (a) The applicable final withholding tax applicable on interest earned on the Bonds prescribed under the National Internal Revenue Code of 1997 as amended and its implementing rules and regulations promulgated by the BIR as may be in effect from time to time ("Tax Code");

A Bondholder who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate, may claim such exemption by submitting to the Registrar, together with its Application to Purchase, subject to acceptance by the Issuer as being sufficient in form and substance:

- i) a copy of the current and valid tax exemption certificate, ruling or opinion issued by the BIR (dated no earlier than required to be considered valid under applicable tax regulations at the relevant time), addressed to the Bondholder, confirming the exemption or preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014 including any clarification, supplement or amendment thereto, and certified by the Corporate Secretary of the Bondholder as being a true copy of the original on file with the Bondholder, which notarized certification indicates that: (a) the exemption certificate is a true copy of the original; (b) the original is in the possession of the Corporate Secretary of the Bondholder

as the duly authorized custodian of the same; and (c) the Corporate Secretary of the Bondholder has personal knowledge based on his official functions of any amendment, revocation, expiration, change or any circumstance affecting said certification's validity or a copy of the law of the country of domicile allowing a deemed paid tax credit in an amount equivalent to the 15% spared or waived by the Philippines duly authenticated by the Philippine embassy or, for countries that are members to the Apostille Convention, an apostilled copy of the law of the country of domicile which apostilled or authenticated copy shall be valid for one year from the date of issuance;

- ii) with respect to tax treaty relief: (a) prior to the payment of the initial interest due, (i) three (3) originals of the submitted BIR Form 0901-I (Interest Income) or Application Form for Treaty Purposes filed by the Bondholder or, if the Bondholder is a fiscally transparent entity, each of the Bondholder's owners or beneficiaries with the proof of receipt by the concerned office of the Bureau of Internal Revenue, as required under Revenue Memorandum Order No. 14-2021; (ii) one (1) original of the valid and existing tax residency certificate duly issued by the respective foreign tax authority of the country of residence of the Bondholder or, if the Bondholder is a fiscally transparent entity, the country of residence of each of the Bondholder's owners or beneficiaries, in the form acceptable for recognition under Philippine laws; (iii) the relevant provision of the tax treaty providing for the claimed tax exemption or preferential tax rate, in a form acceptable to the Issuer; and (iv) three (3) originals of the duly notarized, consularized or apostilled (as the case may be), if executed outside of the Philippines, Special Power of Attorney executed by the Bondholder or the Bondholder's owners or beneficiaries, as may be applicable, in favor of the authorized representative (if the Application Form for Treaty Purposes and other documents are accomplished by an authorized representative) and confirmation acceptable to the Issuer that the Bondholder or the Bondholder's owners or beneficiaries is/are not doing business in the Philippines to support the applicability of a tax treaty relief; (b) prior to the payment of subsequent interests due: (i) three (3) originals of the submitted new or updated BIR Form 0901-I (Interest Income) or Application Form for Treaty Purposes, as the Issuer deems applicable; and (2) one (1) original of the valid and existing tax residency certificate duly issued by the respective foreign tax authority of the country of residence of the Bondholder or, if the Bondholder is a fiscally transparent entity, the country of residence of each of the Bondholder's owners or beneficiaries, in the form acceptable for recognition under Philippine laws, if the validity period of the previously issued tax residency certificate has already lapsed; and (c) other additional documents as may be required by the Issuer or pursuant to applicable tax regulations, which shall be submitted by the Bondholder/Registrar to the Issuer no later than first day of the month when such initial or subsequent interest payment/s shall fall due and, if applicable, including any clarification, supplement or amendment thereto;
- iii) a letter addressed to the Issuer and the Registrar, requesting both the Issuer and the Registrar not to make any withholding on said Bondholder's interest income;
- iv) a duly notarized undertaking (in the form attached as Schedule 4 of the Trust Indenture) executed by the Corporate Secretary of the Bondholder or any authorized representative of the Bondholder, who has personal knowledge of the exemption based on his official functions, if the Bondholder purchases the bonds or other deposit substitutes for its account, or the Trust Officer, if the Bondholder is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the bonds or other deposit substitutes pursuant to its management of tax-exempt entities (i.e. Employee Retirement Fund, etc.), declaring and warranting that the same Bondholder or the Bondholder's owners or beneficiaries, as may be applicable, is specifically exempt from the relevant tax or is subject to a preferential tax rate for the relevant tax, undertaking to immediately notify the Issuer and the Registrar and Paying Agent of any suspension or revocation or modification of the tax exemption certificates or preferential rate entitlement, and agreeing to indemnify and hold the Issuer and the Registrar free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or reduced withholding of the required tax; an

- v) such other documentary requirements as may be required by the Issuer or the Registrar of Paying Agent, or as may be required under the applicable regulations of the relevant taxing or other authorities, which for purposes of claiming tax treaty relief, as required under BIR Revenue Memorandum Order No. 14-2021 withholding rate benefits, including a copy of the submitted Application Form for Treaty Purposes, a valid and existing tax residence certificate issued by the relevant respective foreign tax authority of the country of residence of the Bondholder or, if the Bondholder is a fiscally transparent entity, the country of residence of each of the Bondholder's owners or beneficiaries, and evidence of the applicability of a tax treaty and consularized or apostilled (as the case may be), proof of the Bondholder or the Bondholder's owners' or beneficiaries' legal domicile in the relevant treaty state, and confirmation acceptable to the Issuer that the Bondholder or the Bondholder's owners or beneficiaries is/are not doing business in the Philippines; provided further that, all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties assessments or government charges subject to the submission by the Bondholder or the Bondholder's owners or beneficiaries claiming the benefit of any exemption of reasonable evidence of such exemption to the Registrar;
- (b) Gross Receipts Tax under Section 121 of the Tax Code;
- (c) Taxes on the overall income of any securities dealer or Bondholder, whether or not subject to withholding; and
- (d) Value-added Tax ("VAT") under Sections 106 to 108 of the Tax Code, and as amended by Republic Act No. 9337 and Republic Act No. 10963.

Documentary stamp tax for the primary issue of the Bonds and the execution of the Bond Agreements, if any, shall be for the Issuer's account.

The tax treatment of a Bondholder may vary depending upon such person's particular situation and certain Bondholders may be subject to special rules not discussed above. This summary does not purport to address all the aspects that may be important and/or relevant to a Bondholder. The Bondholder is advised to consult their own tax advisers on the ownership and disposition of the Debt Securities, including the applicability and effect of any state, local or foreign tax laws.

8. Financial Ratios

The Issuer shall remain, for as long as any of the Bonds remain outstanding, in compliance with the Aggregate Leverage Limit.

9. Negative Pledge

For as long as any of the Bonds remain outstanding, the Issuer covenants that it shall not, without the prior written consent of the Bondholders who hold, represent or account for more than fifty percent (50%) of the principal amount of the Bonds then outstanding (the "Majority Bondholders"), permit any indebtedness for borrowed money to be secured by or to benefit from any mortgage, pledge, lien or encumbrance constituted on any of the Issuer's properties for the purpose of securing its or its Affiliate's obligation (a "Security") in favor of any creditor or class of creditors without providing the Bondholders with a Security, the benefit of which is extended equally and ratably among them to secure the Bonds; provided however that, this restriction shall not prohibit "Permitted Securities," which are:

- a) Any Security over any asset, including, but not limited to assets purchased, leased, or developed in the ordinary course of business, to secure: (i) the payment of the purchase price or cost of leasehold rights of such asset; or (ii) the payment of the cost and expenses for the development of such asset pursuant to any development made or being made by the Issuer in the ordinary course of business, provided that such property development complies with the requirements of the REIT Law; (iii) or the payment of any indebtedness in respect of borrowed money (including extensions and renewals thereof and replacements therefor) incurred for the purpose of financing the purchase, lease or development of such asset, provided that such property development complies with the requirements of the REIT Law.

- b) Any Security created for the purpose of paying current taxes, assessments or other governmental charges which are not delinquent or remain payable without any penalty; or the validity of which is contested in good faith in appropriate proceedings upon stay of execution of the enforcement thereof and adequate reserves having been provided for the payment thereof.
- c) Any Security to secure, in the normal course of the business of the Issuer: (i) statutory or regulatory obligations; (ii) surety or appeal bonds; (iii) bonds for release of attachment, stay of execution or injunction; or (iv) performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases.
- d) Any Security: (i) imposed by law, such as carrier's, warehousemen's, mechanics' liens and other similar liens arising in the ordinary course of business and not material in amount; (ii) arising out of pledge or deposits under the workmen's compensation laws, unemployment insurance, old age pensions or other social security or retirement benefits or similar legislation; and (iii) arising out of set-off provisions in the normal course of its financing arrangements; provided that, the Bondholders hereunder shall also have to the extent permitted by applicable law, and upon notice to the Issuer, a similar right of set-off.
- e) Any Security in favor of banks, insurance companies, other financial institutions and Philippine government agencies, departments, authorities, corporations or other juridical entities, which secure a preferential financing obtained by the Issuer under a governmental program, and which cover assets of the Issuer which have an aggregate appraised value, determined in accordance with generally accepted appraisal principles and practices consistently applied not exceeding Three Billion Pesos (₱3,000,000,000.00).
- f) Any Security existing on the date of this Agreement which is disclosed in writing by AREIT to the Trustee prior to the execution of this Agreement, provided that such Security complies with Rule 5, Section 4 of the REIT Law
- g) Any Security established in favor of insurance companies and other financial institutions in compliance with the applicable requirements of the Office of the Insurance Commission on admitted assets or the requirements of the BSP on loans and financial accommodations extended to directors, officers, stockholders and related interests ("DOSRI").
- h) Any Security constituted for the purpose of guaranteeing an Affiliate's obligation in connection with any contract or agreement that has been assigned to such Affiliate by the Issuer.
- i) Any Security constituted over the investment of the Issuer in any of its Affiliates, whether such investment is in the form of shares, deposits or advances, to guarantee or secure the obligations of the said Affiliates provided any Security over the investment of the Issuer in any of its Affiliates shall not exceed the equivalent of ten percent (10%) of the market value of the consolidated assets of the Issuer as reflected in the latest financial statement.
- j) Any Security constituted for the purpose of guaranteeing an Affiliate's obligation in connection with any contract or agreement (other than for borrowed money).
- k) Any Security created over: (i) deposits made by the Issuer with the proceeds of any loan facility made to it by any bank or financial institution denominated in a currency other than Philippine Pesos ("foreign currency"); or (ii) financial instruments denominated in foreign currency owned by the Issuer, in each case solely for the purpose of securing loan facilities denominated in Philippine Pesos granted by the Issuer in an aggregate principal amount not exceeding the amount of the deposit of the face amount (or value) of that financial instrument.
- l) Any Security created over cash deposits or marketable investment securities in favor of a bank or financial institution to secure any borrowed money in connection with a treasury transaction; provided that, the aggregate amount of security does not at any time exceed ten percent (10%) of the consolidated assets of the Borrower based on the latest audited financial statements or its equivalent. For this purpose, a "treasury transaction" means any currency, commodity, or interest rate purchase, cap or collar agreement, forward rate agreement, future

or option contract, swap or other similar agreement, in relation to the Issuer's treasury management; and

- m) The assignment, transfer or conveyance by way of security (in any case without recourse) of the Issuer's right to receive any income or revenues from any asset of the Issuer not used in the ordinary course of business; provided that, the constitution by the Issuer of such Security shall not cause the Issuer to breach the Aggregate Leverage Limit.

10. Events of Default

The Issuer shall be considered in default under the Bonds and the Trust Indenture in case any of the following events (each an "Event of Default") shall occur and is continuing:

- (a) Payment Default

The Issuer fails to pay when due and payable any amount which the Issuer is obliged to pay to the Bondholders under the Trust Indenture and the Bonds, and such failure, if due to causes other than the willful misconduct or gross negligence of the Issuer, is not remedied within five (5) Business Days from receipt by the Issuer of written notice of such non-payment from the Trustee; provided, however, that, the amount due for payment during the said five (5)-Business Day remedy period shall be subject to the interest specified in the section "Interest."

- (b) Representation/Warranty Default

Any representation and warranty of the Issuer hereof or any certificate or opinion submitted pursuant hereto proves to have been untrue, incorrect or misleading in any material respect as and when made and the circumstances which cause such representation or warranty to be incorrect or misleading continue for not less than fourteen (14) days (or such longer period as the Majority Bondholders shall approve) after receipt of written notice from the Trustee to that effect.

- (c) Other Default

The Issuer fails to perform or violates any other provision, term of the Trust Indenture and the Bonds, and such failure or violation is not remediable or, if remediable, continues to be unremedied after the applicable grace period, or in the absence of such grace period, after thirty (30) days from the date of occurrence of the said violation with respect to the covenant to remain in compliance with the Aggregate Leverage Limit and within ten (10) Business Days from the date of the occurrence of said violation, with respect to any other covenant or obligation; provided that, the Events of Default constituting insolvency initiated by the Issuer or closure default, or a violation of a negative covenant shall not be remediable.

- (d) Cross Default

The Issuer violates any material term or condition of any contract executed by the Issuer with any bank, financial institution or other person, corporation or entity for the payment of borrowed money which constitutes an event of default under said contract, or in general, violation of any, law or regulation which violation, if remediable, is not remedied by the Issuer within ten (10) Business Days from receipt of notice by the Trustee to the Issuer, or which violation is otherwise not contested by the Issuer, and the effect of such violation results in the acceleration or declaration of the whole financial obligation to be due and payable prior to the stated normal date of maturity; and which violation shall, further, in the reasonable opinion of the Trustee, adversely and materially affect the performance by the Issuer of its obligations under the Trust Indenture and the Bonds; provided however that, no event of default shall occur under this paragraph unless the aggregate amount of indebtedness in respect of which one or more of the events above mentioned has/have occurred equals or exceeds Five Hundred Million Pesos (P500,000,000.00).

- (e) Insolvency Default

The Issuer becomes insolvent or unable to pay its debts when due or commits or permits any act of bankruptcy, which term shall include, but shall not be limited to: (i) filing of a petition in any bankruptcy, reorganization (other than a labor or management reorganization), winding-up, suspension of payment or liquidation proceeding, or any other proceeding analogous in purpose and effect; (ii) appointment of a trustee or receiver of all or a substantial portion of its properties; (iii) making of an assignment for the benefit of its creditors; (iv) the admission in writing by the Issuer of its inability to pay its debts; or (v) the entry of any order or judgment of any court, tribunal or administrative agency or body confirming the bankruptcy or insolvency of the Issuer or approving any reorganization (other than a labor or management reorganization), winding-up, liquidation or appointment of trustee or receiver of the Issuer or a substantial portion of its property or assets.

(f) Judgment Default

Any final judgment, decree or arbitral award for the sum of money, damages or for a fine or penalty in excess of One Hundred Million Pesos (₱100,000,000.00) or its equivalent in any other currency is entered against the Issuer and the enforcement of which is not stayed, and is not paid, discharged or duly bonded within thirty (30) calendar days after the date when payment of such judgment, decree or award is due under the applicable law or agreement.

(g) Writ and Similar Process Default

Any judgment, writ, warrant of attachment, injunction, stay order, execution or similar process shall be issued or levied against any material part of the Issuer's assets and such judgment, writ, warrant or similar process shall not be released, vacated or fully bonded within thirty (30) calendar days after its issue or levy.

(h) Closure Default

The Issuer voluntarily suspends or ceases operations of a substantial portion of its business for a continuous period of thirty (30) calendar days except in the case of strikes or lockouts or when necessary to prevent business losses or when due to fortuitous events or force majeure.

11. Notice of Default

The Trustee shall, within thirty (30) days after the occurrence of any Event of Default, give to the Bondholders written notice of such default known to it, unless the same shall have been cured before the giving of such notice; provided that, in the case of Payment Default, as described in "Payment Default," the Trustee shall immediately notify the Bondholders upon the occurrence of such Payment Default. The existence of a written notice required to be given to the Bondholders hereunder shall be published in a newspaper of general circulation in Metro Manila for two (2) consecutive days (at the expense of AREIT), further indicating in the published notice that the Bondholders or their duly authorized representatives may obtain an important notice regarding the Bonds at the principal office of the Trustee upon presentment of sufficient and acceptable identification.

12. Consequences of Default

- (a) If any one or more of the Events of Default shall have occurred and be continuing, either the Trustee upon the written instruction of the Majority Bondholders, whose written instructions/consents/letters shall be verified by the Registrar against the identification documents or the two-dimensional digital copies thereof in its possession, and by notice in writing delivered to the Issuer, or if by the Majority Bondholders, by notice in writing delivered to the Issuer and the Trustee, with a copy furnished to the Paying Agent and Registrar, may declare the principal of the Bonds, including all accrued interest, net of applicable withholding taxes, and other charges thereon, if any, to be immediately due and payable., and upon such declaration the same shall be immediately due and payable, anything contained in the Trust Indenture or in the Bonds to the contrary notwithstanding
- (b) This provision, however, is subject to the condition that, except in the case of a Writ and

Similar Process Default, the Majority Bondholders may, by written notice to the Issuer and the Trustee, during the prescribed curing period, if any, rescind and annul such declaration made by the Trustee pursuant to Condition 13(a), and the consequences of such declaration, upon such terms, conditions and agreement, if any, as they may determine; provided that, no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereon.

- (c) At any time after any Event of Default shall have occurred, the Trustee may:
 - (i) by notice in writing to the Issuer, require the Registrar and Paying Agent to:
 - (aa) act thereafter as agents of the Bondholders represented by the Trustee on the terms provided in the Registry and Paying Agency Agreement (with consequential amendments as necessary and save that the Trustee's liability under any provisions thereof for the indemnification, remuneration and payment of out-of-pocket expenses of the Paying Agent and the Registrar shall be limited to amounts for the time being held by the Trustee on the trusts of the Trust Indenture in relation to the Bonds and available to the Trustee for such purpose) and thereafter to hold all sums, documents and records held by them in respect of the Bonds on behalf of the Trustee; and/or
 - (bb) deliver all evidence of the Bonds and all sums, documents and records held by them in respect of the Bonds to the Trustee or as the Trustee shall direct in such notice; provided that, such notice shall be deemed not to apply to any document or record which the Registrar and Paying Agent is not obliged to release by any law or regulation; and
 - (ii) by notice in writing to the Issuer, require the Issuer to make all subsequent payments in respect of the Bonds to the order of the Trustee, with effect from the issue of any such notice until such notice is withdrawn, provision (b) above and the Issuer's positive covenant to pay principal and interest on the Bonds, more particularly set forth in the Trust Indenture, shall cease to have effect.

In case any amount payable by the Issuer under the Bonds, whether for principal, interest or otherwise, is not paid on due date, the Issuer shall, without prejudice to its obligations to pay the said principal, interest, net of applicable withholding taxes, and other amounts, pay Penalty Interest on the defaulted amount(s) from the time the amount falls due until it is fully paid.

13. Penalty Interest

In case any amount payable by the Issuer under the Bonds, whether for principal, interest, net of applicable withholding taxes, or otherwise, is not paid on due date, the Issuer shall, without prejudice to its obligations to pay the said principal, interest, net of applicable withholding taxes, and other amounts, pay penalty interest on the defaulted amount(s) at the rate of twelve percent (12%) per annum above (the "Penalty Interest"), from the time the amount/s falls due until it is fully paid.

14. Payment in the Event of Default

The Issuer covenants that upon the occurrence of any Event of Default, the Issuer shall pay to the Bondholders, through the Paying Agent, the whole amount which shall then have become due and payable on all such outstanding Bonds with interest at the rate borne by the Bonds on the overdue principal, net of applicable withholding taxes, and with Penalty Interest as described above, and in addition thereto, the Issuer shall pay to the Trustee such further amounts as shall be determined by the Trustee to be sufficient to cover the cost and expenses of collection, including reasonable compensation to the Trustee, its agents, attorneys and counsel, and any reasonable expenses or liabilities incurred without negligence or bad faith by the Trustee hereunder.

15. Application of Payments

Any money collected or delivered to the Paying Agent, and any other funds held by it, subject to any

other provision of the Trust Indenture and the Registry and Paying Agency Agreement relating to the disposition of such money and funds, shall be applied by the Paying Agent in the order of preference as follows: first, to the payment to the Trustee, the Registrar and Paying Agent, of the costs, expenses, fees and other charges of collection, including reasonable compensation to them, their agents, attorneys and counsel, and all reasonable expenses and liabilities incurred or disbursements made by them, without negligence or bad faith; second, to the payment of the interest, net of applicable withholding taxes, in default, in the order of the maturity of such interest with Penalty Interest, which payment shall be made pro-rata among the Bondholders; third, to the payment of the whole amount then due and unpaid upon the Bonds for principal, and interest, net of applicable withholding taxes, with Penalty Interest, which payment shall be made pro-rata among the Bondholders; and fourth, the remainder, if any shall be paid to the Issuer, its successors or assigns, or to whoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct. For this purpose, the Paying Agent shall deliver to the Trustee a joint certification of the funds to be applied for payment, and a schedule of payments to be made in accordance with the conditions.

16. Prescription

Claims in respect of principal and interest or other sums payable hereunder shall prescribe unless made within ten (10) years (in the case of principal or other sums) or five (5) years (in the case of interest) from the date on which payment becomes due.

17. Remedies

All remedies conferred by the Trust Indenture and these Terms and Conditions to the Trustee and the Bondholders shall be cumulative and not exclusive and shall not be so construed as to deprive the Trustee or the Bondholders of any legal remedy by judicial or extra judicial proceedings appropriate to enforce the conditions and covenants of the Trust Indenture, subject to the discussion below on "Ability to File Suit".

No delay or omission by the Trustee or the Bondholders to exercise any right or power arising from or on account of any default hereunder shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence thereto; and every power and remedy given by the Trust Indenture to the Trustee or the Bondholders may be exercised from time to time and as often as may be necessary or expedient.

18. Ability to File Suit

No Bondholder shall have any right by virtue of or by availing of any provision of the Trust Indenture to institute any suit, action or proceeding for the collection of any sum due from the Issuer hereunder on account of principal, interest, net of applicable withholding taxes, and other charges, or for the appointment of a receiver or trustee, or for any other remedy hereunder unless (i) such Bondholder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof and the related request for the Trustee to convene a meeting of the Bondholders to take up matters related to their rights and interests under the Bonds; (ii) the Majority Bondholders shall have decided and made the written request upon the Trustee to institute such action, suit or proceeding in the latter's name; (iii) the Trustee for sixty (60) days after the receipt of such notice and request shall have neglected or refused to institute any such action, suit or proceeding and (iv) no directions inconsistent with such written request shall have been given under a waiver of default by the Bondholders, it being understood and intended, and being expressly covenanted by every Bondholder with every other Bondholder and the Trustee, that no one or more Bondholders shall have any right in any manner whatever by virtue of or by availing of any provision of the Trust Indenture to affect, disturb or prejudice the rights of the holders of any other such Bonds or to obtain or seek to obtain priority over or preference to any other such holder or to enforce any right under the Trust Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all the Bondholders.

19. Waiver of Default by the Bondholders

The Majority Bondholders may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee, or may on behalf of the Bondholders waive any past default except the events of default defined as a payment

default, breach of representation or warranty default, insolvency default, or closure default, and its consequences. In case of any such waiver, the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder; provided however that such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Any such waiver by the Majority Bondholders shall be conclusive and binding upon all Bondholders and upon all future holders and owners thereof, irrespective of whether or not any notation of such waiver is made upon the certificate representing the Bonds.

20. Trustee; Notices

(a) Notice to the Trustee

All documents required to be submitted to the Trustee pursuant to the Trust Indenture and the Prospectus and all correspondence addressed to the Trustee shall be delivered to:

To the Trustee	:	China Banking Corporation – Trust and Asset Management Group
Attention	:	Susan U. Ferrer
Subject	:	AREIT Inc. Bonds Due 2023
Address	:	8745 Paseo de Roxas cor. Villar Street, Makati City
E-mail address	:	suferrer@chinabank.ph
Telephone Number	:	(632) 8885 5874, (632) 8885 5865

All documents and correspondence not sent to the above-mentioned address shall be considered as not to have been sent at all.

Any requests for documentation or certification and other similar matters must be communicated by the Bondholder to the Trustee in writing and shall be subject to review, acceptance and approval by the Trustee. Upon such acceptance and approval, the Bondholder shall pay to the Trustee upfront a fee of ₱1,500.00 (the “Activity Fee”) plus the costs of legal review, courier and the like. The Activity Fee may be adjusted from time to time, at the discretion of the Trustee.

In the absence of any applicable period stated elsewhere in these Terms and Conditions, written requests shall be reviewed and, if accepted and approved, addressed by the Trustee within ninety (90) days from receipt. This period may be extended should the Trustee be unable to review and address the requests for causes not attributable to the Trustee.

(b) Notice to the Bondholders

The Trustee shall send all Notices to Bondholders to their mailing address as set forth in the Register of Bondholders. Except where a specific mode of notification is provided for herein, notices to Bondholders shall be sufficient when made in writing and transmitted in any one of the following modes: (i) registered mail; (ii) surface mail; (iii) by one-time publication in a newspaper of general circulation in the Philippines; or (iv) personal delivery to the address of record in the Register of Bondholders. The Trustee shall rely on the Register of Bondholders in determining the Bondholders entitled to notice. All notices shall be deemed to have been received: (i) ten (10) days from posting if transmitted by registered mail; (ii) fifteen (15) days from mailing, if transmitted by surface mail; (iii) on date of publication, or (iv) on date of delivery, for personal delivery.

The publication in a newspaper of general circulation in the Philippines of a press release or news item about a communication or disclosure made by AREIT to the SEC on a matter relating to the Bonds shall be deemed a notice to Bondholders of said matter on the date of the first publication.

(c) Binding and Conclusive Nature

Except as provided in the Trust Indenture, all notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained by the Trustee for

the purposes of the provisions of the Trust Indenture, shall (in the absence of willful default, bad faith or manifest error) be binding on the Issuer, and all Bondholders and (in the absence as referred to above) no liability to the Issuer, the Paying Agent or the Bondholders shall attach to the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions under the Trust Indenture.

21. Duties and Responsibilities of the Trustee

- (a) The Trustee is appointed as trustee for and on behalf of the Bondholders and accordingly shall perform such duties and shall have such responsibilities as provided in the Trust Indenture. The Trustee shall, in accordance with the terms and conditions of the Trust Indenture, monitor the compliance or non-compliance by the Issuer with all its representations and warranties, and the observance by the Issuer of all its covenants and performance of all its obligations, under and pursuant to the Trust Indenture. The Trustee shall observe due diligence in the performance of its duties and obligations under the Trust Indenture. For the avoidance of doubt, notwithstanding any actions that the Trustee may take, the Trustee shall remain to be the party responsible to the Bondholders, and to whom the Bondholders shall communicate with in respect to any matters that must be taken up with the Issuer.
- (b) The Trustee shall, prior to the occurrence of an Event of Default or after the curing of all such defaults which may have occurred, perform only such duties as are specifically set forth in the Trust Indenture and in the Terms and Conditions of the Bonds. In case of default, the Trustee shall exercise such rights and powers vested in it by the Trust Indenture, and use such judgment and care under the circumstances then prevailing that individuals of prudence, discretion and intelligence, and familiar with such matters exercise in the management of their own affairs.
- (c) None of the provisions contained in these Terms and Conditions or the Prospectus shall require or be interpreted to require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.
- (d) The Trustee, in the performance of its duties, shall exercise such rights and powers vested in it by the Trust Indenture and the Terms and Conditions of the Bonds, with the care, prudence and diligence necessary under the circumstances then prevailing that a prudent man, acting in like capacity and familiar with such matters, would exercise in the conduct of an enterprise of like character and with similar aims, and use such judgment and care under the circumstances then prevailing that individuals of prudence, discretion and intelligence, and familiar with such matters exercise in the management of their own affairs.
- (e) Unless a fixed period is otherwise specified in the Trust Indenture and in the absence of a period specifically agreed to by the Trustee and AREIT and in the case of notices required to be sent by the Trustee to Bondholders, the Trustee must act promptly in the sending of such notices but in any case, shall have a period of not more than thirty (30) days to complete the sending of all such notices in the manner allowed by the Trust Indenture.
- (f) Notwithstanding the above, the Trustee, on its own discretion, may send notices or disclose to the Bondholders any fact, circumstance or event, which would have the effect of effectively reducing the principal amount of the Bonds outstanding, including changes in Laws.

22. Resignation and Change of Trustee

- (a) The Trustee may at any time resign by giving thirty (30) days' prior written notice to the Issuer and to the Bondholders of such resignation.
- (b) Upon receiving such notice of resignation of the Trustee, the Issuer shall immediately appoint a successor-trustee by written instrument in duplicate, executed by its authorized officers, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor-trustee. However, notwithstanding the immediately preceding sentence, in cases where an Event of Default shall have occurred and be continuing, it is the Majority Bondholders, not the Issuer, that shall appoint the successor-trustee. If no successor trustee shall have been

so appointed and have accepted appointment within thirty (30) days after the giving of such notice of resignation, the resigning trustee may petition any court of competent jurisdiction for the appointment of a successor, or any Bondholder who has been a bona fide holder for at least six (6) months (the "Bona Fide Bondholder") may, for and on behalf of the Bondholders, petition any such court for the appointment of a successor. Such court may thereupon after notice, if any, as it may deem proper, appoint a successor-trustee.

- (c) Subject to Section (f) below, a successor-trustee must possess all the qualifications required under pertinent laws.
- (d) In case at any time the Trustee shall become incapable of acting, or has acquired conflicting interest, or shall be adjudged as bankrupt or insolvent, or a receiver for the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its properties or affairs for the purpose of rehabilitation, conservation or liquidation, then the Issuer may within thirty (30) days therefrom remove the Trustee concerned, and appoint a successor-trustee, by written instrument in duplicate, executed by its authorized officers, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor-trustee. If the Issuer fails to remove the Trustee concerned and appoint a successor-trustee, any Bona Fide Bondholder may petition any court of competent jurisdiction for the removal of the Trustee concerned and the appointment of a successor-trustee.
- (e) Such court may thereupon after such notice, if any, as it may deem proper, remove the Trustee and appoint a successor-trustee.
- (f) The Majority Bondholders may at any time remove the Trustee for cause, and appoint a successor-trustee, by the delivery to the Trustee so removed, to the successor-trustee and to the Issuer of the required evidence under the provisions on Evidence Supporting the Action of the Bondholders in the Terms and Conditions. Unless removed for cause, the Trustee shall be given ninety (90) days to prepare documents, records or any other instruments necessary to be transferred to the successor trustee.
- (g) Any resignation or removal of the Trustee and the appointment of a successor-trustee pursuant to any provisions of the Trust Indenture shall become effective upon the earlier of: (i) acceptance of appointment by the successor-trustee as provided in the Trust Indenture; or (ii) effectivity of the resignation notice sent by the Trustee under the Trust Indenture (the "Resignation Effective Date"); provided however that until such successor-trustee is qualified and appointed, the outgoing Trustee shall continue to discharge its duties and responsibilities solely as a custodian of records for turnover to the successor-trustee promptly upon the appointment thereof by the Issuer; provided finally that, such successor trustee possesses all the qualifications as required by pertinent laws.

23. Successor-Trustee

- (a) Any successor-trustee appointed shall execute, acknowledge and deliver to the Issuer and to its predecessor Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor-trustee, without further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusteeship with like effect as if originally named as Trustee in the Trust Indenture. The foregoing notwithstanding, on the written request of the Issuer or of the successor-trustee, the Trustee ceasing to act as such shall execute and deliver an instrument transferring to the successor-trustee, all the rights, powers and duties of the Trustee so ceasing to act as such. Upon request of any such successor-trustee, the Issuer shall execute any and all instruments in writing as may be necessary to fully vest in and confer to such successor-trustee all such rights, powers and duties.
- (b) Upon acceptance of the appointment by a successor-trustee, the Issuer shall notify the Bondholders in writing of the succession of such trustee to the trusteeship. If the Issuer fails to notify the Bondholders within ten (10) days after the acceptance of appointment by the successor-trustee, the latter shall cause the Bondholders to be notified at the expense of the Issuer.

24. Reports to the Bondholders

- (a) The Trustee shall submit to the Bondholders on or before February 28 of each year from the relevant Issue Date until full payment of the Bonds a brief report dated as of December 31 of the immediately preceding year with respect to:
 - (i) the property and funds, if any, physically in the possession of the Paying Agent held in trust for the Bondholders on the date of such report; and
 - (ii) any action taken by the Trustee in the performance of its duties under the Trust Indenture which it has not previously reported and which in its opinion materially affects the Bonds, except action in respect of a default, notice of which has been or is to be withheld by it.
- (b) The Trustee shall submit to the Bondholders a brief report within ninety (90) days from the making of any advance for the reimbursement of which it claims or may claim a lien or charge which is prior to that of the Bondholders on the property or funds held or collected by the Paying Agent with respect to the character, amount and the circumstances surrounding the making of such advance; provided that, such advance remaining unpaid amounts to at least ten percent (10%) of the aggregate outstanding principal amount of the Bonds at such time.
- (c) The following pertinent documents may be inspected during regular business hours on any Business Day at the principal office of the Trustee:
 - (i) Trust Indenture
 - (ii) Registry and Paying Agency Agreement
 - (iii) Articles of Incorporation and By-Laws of the Company
 - (iv) Registration Statement of the Issuer with respect to the Bonds
 - (v) Opinions of the legal counsel with respect to the Issuer and the Fixed-Rate Bonds

25. Meetings of the Bondholders

A meeting of the Bondholders may be called at any time for the purpose of taking any actions authorized to be taken by or in behalf of the Bondholders of any specified aggregate principal amount of Bonds under any other provisions of the Trust Indenture or under the law and such other matters related to the rights and interests of the Bondholders under the Bonds.

(a) Notice of Meetings

The Trustee may at any time call a meeting of the Bondholders, or the holders of at least twenty-five percent (25%) of the aggregate outstanding principal amount of Bonds may direct in writing the Trustee to call a meeting of the Bondholders, to take up any allowed action, to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of the Bondholders, setting forth the time and the place of such meeting and the purpose of such meeting in reasonable detail, shall be sent by the Trustee to the Issuer and to each of the registered Bondholders not earlier than forty-five (45) days nor later than fifteen (15) days prior to the date fixed for the meeting. All reasonable costs and expenses incurred by the Trustee for the proper dissemination of the requested meeting shall be reimbursed by the Issuer within ten (10) days from receipt of the duly supported billing statement.

(b) Failure of the Trustee to Call a Meeting

In case at any time, the Issuer, pursuant to a resolution of its board of directors or executive committee, or the holders of at least twenty-five percent (25%) of the aggregate outstanding principal amount of the Bonds shall have requested the Trustee to call a meeting of the Bondholders by written request setting forth in reasonable detail the purpose of the meeting, and the Trustee shall not have mailed and published, in accordance with the notice requirements, the notice of such meeting, then the Issuer or the Bondholders in the amount above specified may determine the time and place for such meeting and may call such meeting by mailing and publishing notice thereof.

(c) Quorum

The Trustee shall determine and record the presence of the Majority Bondholders, personally or by proxy. The presence of the Majority Bondholders, personally or by proxy, shall be necessary to constitute a quorum to do business at any meeting of the Bondholders.

(d) Procedure for Meetings

(iii) The Trustee shall preside at all the meetings of the Bondholders, unless the meeting shall have been called by the Issuer or by the Bondholders, in which case the Issuer or the Bondholders calling the meeting, as the case may be, shall in like manner move for the election of the chairman and secretary of the meeting.

(iv) Any meeting of the Bondholders duly called may be adjourned for a period or periods not to exceed in the aggregate of one (1) year from the date for which the meeting shall originally have been called and the meeting as so adjourned may be held without further notice. Any such adjournment may be ordered by persons representing a majority of the aggregate principal amount of the Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

(e) Voting Rights

To be entitled to vote at any meeting of the Bondholders, a person shall be a registered holder of one or more Bonds or a person appointed by an instrument in writing as proxy by any such holder as at the date of the said meeting. Bondholders shall be entitled to one (1) vote for every Ten Thousand Pesos (₱10,000.00) interest. The only persons who shall be entitled to be present or to speak at any meeting of the Bondholders shall be the persons entitled to vote at such meeting and any representatives of the Issuer and its legal counsel.

(f) Voting Requirement

Except as provided in the Condition 28 (Amendments), all matters presented for resolution by the Bondholders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the Majority Bondholders present or represented in a meeting at which there is a quorum except as otherwise provided in the Trust Indenture. Any resolution of the Bondholders which has been duly approved with the required number of votes of the Bondholders as herein provided shall be binding upon all the Bondholders and the Issuer as if the votes were unanimous.

(g) Role of the Trustee in Meetings of the Bondholders

Notwithstanding any other provisions of the Trust Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of the Bondholders, in regard to proof of ownership of the Bonds, the appointment of proxies by registered holders of the Bonds, the election of the chairman and the secretary, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidences of the right to vote and such other matters concerning the conduct of the meeting as it shall deem fit.

26. Evidence Supporting the Action of the Bondholders

Wherever in the Trust Indenture it is provided that the holders of a specified percentage of the aggregate outstanding principal amount of the Bonds may take any action (including the making of any demand or requests and the giving of any notice or consent or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced by: (i) any instrument executed by the Bondholders in person or by the agent or proxy appointed in writing; or (ii) the duly authenticated record of voting in favor thereof at the meeting of the Bondholders duly called and held in accordance herewith; or (iii) a combination of such instrument and any such record of meeting of the Bondholders.

27. Non-Reliance

Each Bondholder also represents and warrants to the Trustee that it has independently and, without reliance on the Trustee, made its own credit investigation and appraisal of the financial condition and affairs of the Issuer on the basis of such documents and information as it has deemed appropriate and that it has subscribed to the Issue on the basis of such independent appraisal, and each Bondholder represents and warrants that it shall continue to make its own credit appraisal without reliance on the Trustee. The Bondholders agree to indemnify and hold the Trustee harmless from and against any and all liabilities, damages, penalties, judgments, suits, expenses and other costs of any kind or nature against the Trustee in respect of its obligations hereunder, except for its gross negligence or willful misconduct.

28. Amendments

The Issuer and the Trustee may amend or waive any provisions of the Bond Agreements if such amendment or waiver is of a formal, minor, or technical nature or to correct a manifest error or inconsistency, without prior notice to or the consent of the Bondholders or other parties, provided in all cases that such amendment or waiver does not adversely affect the interests of the Bondholders and provided further that all Bondholders are notified of such amendment or waiver.

The Issuer and the Trustee may amend the Terms and Conditions with notice to every Bondholder following the written consent of the Majority Bondholders (including consents obtained in connection with a tender offer or exchange offer for the Bonds) or a vote of the Majority Bondholders at a meeting called for the purpose. However, without the consent of each Bondholder affected thereby, an amendment may not:

- (a) reduce the percentage of principal amount of Bonds outstanding that must consent to an amendment or waiver;
- (b) reduce the rate of or extend the time for payment of interest on the Bonds;
- (c) reduce the principal of or extend the Maturity Date of the Bonds;
- (d) impair the right of any Bondholder to receive payment of principal of and interest on such Bondholder's Bonds on or after the due dates therefore or to institute suit for the enforcement of any payment on or with respect to such Bondholders;
- (e) reduce the amount payable upon the redemption or repurchase of the Bonds under the Terms and Conditions or change the time at which the Bonds may be redeemed;
- (f) make the Bonds payable in money other than that stated in the Bonds;
- (g) subordinate the Bonds to any other obligation of the Issuer;
- (h) release any security interest that may have been granted in favor of the Bondholders;
- (i) amend or modify the Payment of Additional Amounts, Taxation, the Events of Default of the Terms and Conditions or the Waiver of Default by Bondholders; or
- (j) make any change or waiver of this Condition.

It shall not be necessary for the consent of the Bondholders under this Condition to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof. After an amendment under this Condition becomes effective, the Issuer shall send a notice briefly describing such amendment to the Bondholders in the manner provided in the paragraph entitled "Notice to the Bondholders".

29. Governing Law

The Bond Agreements are governed by and are construed in accordance with Philippine law.

30. Venue

Any suit, action, or proceeding against the Issuer with respect to the Bonds or the Bond Agreements or on any judgment entered by any court in respect thereof may be brought in any competent court in the City of Makati, and the parties submit to the exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment, the Issuer and Bondholders expressly waiving other venue.

31. Waiver of Preference

The obligation created under the Bond Agreements and the Bonds shall not enjoy any priority of preference or special privileges whatsoever over any indebtedness or obligations of the Issuer. Accordingly, whatever priorities or preferences that this instrument may have or any person deriving a right hereunder may have under Article 2244, paragraph 14 of the Civil Code of the Philippines are hereby absolutely and unconditionally waived and renounced. This waiver and renunciation of the priority or preference under Article 2244, paragraph 14 of the Civil Code of the Philippines shall be revoked if it be shown that an indebtedness of the Issuer for borrowed money has a priority or preference under the said provision.

32. Certain Defined Terms

The following sets forth the respective definitions of certain terms used in this Terms and Conditions. Except as otherwise provided and where context indicates otherwise, defined terms in this Terms and Conditions have the meanings ascribed to them in the Trust Indenture.

- (a) **Affiliate** means any corporation, directly or indirectly controlled by the Issuer, whether by way of ownership of at least twenty percent (20%) of the total issued and outstanding capital stock of such corporation, or the right to elect at least twenty percent (20%) of the number of directors in such corporation, or the right to control the operation and management of such corporation by reason of contract or authority granted by said corporation to the Issuer.
- (b) **Aggregate Leverage Limit** shall mean the total borrowings and deferred payments of a REIT should not exceed thirty-five percent (35%) of its Deposited Property; provided, however, that the total borrowings and deferred payments of a REIT that has a publicly disclosed investment grade credit rating by a duly accredited or internationally recognized rating agency may exceed thirty-five percent (35%) but not more than seventy percent (70%) of its Deposited Property.
- (c) **Bankruptcy** means, with respect to a Person, (a) that such Person has (i) made an assignment for the benefit of creditors; (ii) filed a voluntary petition in bankruptcy; (iii) been adjudged bankrupt, or insolvent; or had entered against such Person an order of relief in any bankruptcy or insolvency proceeding; (iv) filed a petition or an answer seeking for such Person any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation or filed an answer or other pleading admitting or failing to contest the material allegations of a petition filed against such Person in any proceeding of such nature; or (v) sought, consented to, or acquiesced in the appointment of a trustee, receiver or liquidator of such Person or of all or any substantial part of such Person's properties; (b) sixty (60) days have elapsed after the commencement of any proceeding against such Person seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation and such proceeding has not been dismissed; or sixty (60) days have elapsed since the appointment without such Person's consent or acquiescence of a trustee, receiver or liquidator of such Person or of all or any substantial part of such Person's properties and such appointment has not been vacated or stayed or the appointment is not vacated within sixty (60) days after the expiration of such stay.
- (d) **BIR** refers to the Bureau of Internal Revenue of the Republic of the Philippines.
- (e) **Deposited Property** shall mean the total value of AREIT's assets, reflecting the fair market value of the total assets held by AREIT. For purposes of the Prospectus, the Deposited Property includes the fair market value of assets in investment properties and the finance lease receivable. As at June 30, 2021, the Deposited Property of the Company is ₱37 billion
- (f) **Majority Bondholders** means the Bondholders representing more than fifty percent (50%) of the

outstanding principal amount of the Bonds.

- (g) **Security** means any mortgage, pledge, lien or encumbrance constituted on any of the Issuer's properties, for the purpose of securing its or its Affiliates' obligation.
- (h) **Total Borrowings and Deferred Payments** means Total Liabilities, less current and noncurrent Deposits and Other Liabilities, less current and noncurrent Lease Liabilities, as reflected in the Issuer's financial statements as of such date prepared in accordance with PFRS.

DIVIDEND POLICY

REIT Law Distribution Requirements

The REIT Law provides that a REIT, to be entitled to the tax benefits under the REIT Law and to maintain its status as a public company, is directed to distribute annually a total of at least 90% of its net income as adjusted for unrealized gains and losses/expenses and impairment losses, and other items in accordance with internationally accepted accounting standards (excluding proceeds from the sale of the REIT's assets that are re-invested in the REIT within one year from the date of the sale) ("Distributable Income") as dividends to its shareholders. Such distribution must be no later than the last working day of the fifth (5th) month following the close of the fiscal year of the REIT subject to the following:

- (1) The dividends shall be payable only from the unrestricted retained earnings of the REIT as provided for under Section 42 of the Revised Corporation Code. However, the retained earnings of the REIT may only be restricted and not available for distribution under the circumstances enumerated under Section 42 of the Philippine Corporation Code and when approved by at least a majority of the entire membership of the board of directors, including the unanimous vote of all independent directors of the REIT; provided finally, once the purpose of the restriction is accomplished, the REIT shall immediately cancel the restriction and distribute the corresponding retained earnings upon majority vote of the members of the board of directors.
- (2) The percentage of dividends with respect to any class of stock to be received by the Public Shareholders, as defined in the REIT Law, to the total dividends with respect to that class of stock distributed by the REIT from out of its Distributable Income must not be less than such percentage of their aggregate ownership of the total outstanding shares of the REIT with respect to that class of stock. Any structure, arrangement, or provision which would have the effect of diminishing or circumventing in any form this entitlement to dividends shall be void and of no force and effect.
- (3) The income distributable as dividend by the REIT shall be based on the audited financial statements for the recently completed fiscal year prior to the prescribed distribution. The audited financial statements of the REIT shall present a computation of its distributable dividend taking into consideration requirements under the provisions of the REIT Law. However, the audited financial statements shall not be required before the REIT can distribute quarterly and/or semi-annual dividends; provided, the REIT has reasonable grounds to believe that the maximum dividends that it may distribute in such fiscal year shall not be more than its Distributable Income based on its audited financial statements for such fiscal year, as provided above.
- (4) A REIT may declare either cash, property, or stock dividends; provided that, in addition to the requirements of the Revised Corporation Code, the declaration of stock dividends must be approved by at least a majority of the entire membership of the board of directors, including the unanimous vote of all independent directors of the REIT and subject to approval of the SEC within five working days from receipt of the request for approval. If the SEC does not act on said request within such period, the same shall be deemed approved.
- (5) Distributable Income excludes proceeds from the sale of REIT's assets that are re-invested by the REIT within one year from the date of the sale. Gain from the said sale does, however, form part of the distributable income.
- (6) The income distributable by the REIT shall be adjusted by deducting the following unrealized or non-actual gains and losses:
 - a. Unrealized foreign exchange gains, except those attributable to cash and cash equivalents;
 - b. Fair value adjustment or the gains arising from marked-to-market valuation which are not yet realized;
 - c. Fair value adjustment of investment property resulting to gain;
 - d. The amount of recognized deferred tax asset that reduced the amount of income tax expense and increased the net income and retained earnings, until realized;

- e. Adjustment due to a deviation from any of the prescribed accounting standard which results to gain; and
 - f. Other unrealized gains or adjustments to the income as a result of certain transactions accounted for under the PFRS.
- (7) Non-actual expenses/losses that are allowed to be added back to distributable income shall be limited to the following items:
- a. Depreciation on revaluation increment (after tax);
 - b. Adjustment due to any of the prescribed accounting standard which results to a loss; and
 - c. Loss on fair value adjustment of investment property (after tax).

Record Date

Pursuant to existing SEC regulations, all cash dividends declared by listed companies must have a record date which shall not be less than 10 calendar days and not more than 30 calendar days from the date the cash dividends are declared. Under such rules, if no record date is specified, the record date will be deemed fixed at 15 calendar days from such declaration.

With respect to stock dividends, the record date shall be not less than 10 calendar days nor more than 30 calendar days from the date of shareholder approval. If no record date is set, under SEC rules, the record date will be deemed fixed at 15 calendar days from the date of the stock dividend declaration. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the SEC.

Under the Revised Disclosure Rules of the PSE, the disclosure by a listed company of the record date for dividend declarations must not be less than 10 trading days from said date.

Lastly, under the PSE Rules, the payment date shall not be more than 18 trading days from the record date.

Dividend Policy

The Company has adopted a dividend policy in accordance with the provisions of the REIT Law, pursuant to which the Company's shareholders are entitled to receive at least 90% of annual Distributable Income for the current year. For 2020, the first year that the Company has been listed as a REIT Company, total dividends declared amounted to ₱1,353.87 million representing 111% of the Distributable Income for the year:

Net Income	1,227,184,313
Less: Distribution Adjustment	
Deferred tax asset that reduced the amount of income tax expense and increased the net income and retained earnings, until realized;	(3,293,073)
Distributable Income	1,223,891,240

For 2020, dividends declared were as follows:

Payment Date	Aggregate Amount Paid
September 15, 2020	605,137,296.65
December 17, 2020	348,723,187.90
March 25, 2021*	400,006,009.65
Total Amount of Dividends Paid	1,353,866,494.20

% of Dividends to Distributable Income	111%
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**As per Section 10 of Revenue Regulation No. 13-2011, as amended, dividends distributed by a REIT from its distributable income at any time after the close of but not later than the last day of the fifth (5th) month from the close of the taxable year, shall be considered as paid*

on the last day of such taxable year.

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

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

The failure to distribute at least 90% of the annual Distributable Income will subject the Company, if such failure remains un-remedied within 30 days, to income tax on the taxable net income as defined in Chapter IV, Title II of the Tax 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.

From 2017 to 2019, prior to its listing as a REIT company, the Company has distributed at least 85% of the prior year's net income:

	Dividends	Prior Year Net Income	% of Dividends
2017	362,500,000	425,775,536	85%
2018	384,000,000	446,780,761	86%
2019	961,297,669	537,091,374	179%

INDEPENDENT AUDITORS AND COUNSEL

LEGAL MATTERS

All legal opinion/matters in connection with the offering of the Offer will be passed upon by Romulo Mabanta Buenaventura Sayoc & de los Angeles (“Romulo”) for the Joint Lead Underwriters and Bookrunners. Certain matters relating to the legality of the Offer and tax matters were passed upon by Co Ferrer Ang-Co & Gonzales Law Offices (“CFA Law”) for the limited purpose of issuing an opinion required by the SEC. Neither Romulo nor CFA Law have any direct or indirect interest in the Company arising from the Offer.

INDEPENDENT AUDITORS

SyCip, Gorres, Velayo & Co. independent auditors and a member firm of Ernst & Young Global Limited, (i) audited AREIT’s annual financial statements as at and for the years ended December 31, 2017, 2018, 2019 and 2020, which were prepared in compliance with PFRS; (ii) reviewed the interim condensed financial statements as of June 30, 2021 in accordance with Philippine Standards on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*” (PSRE 2410), and (iii) examined our Company’s pro forma condensed financial information as of and for the as of June 30, 2021 and for the six months ended June 30, 2021 and year ended December 31, 2020 included in this Prospectus in accordance with Philippine Standard Assurance Engagements (“PSAE”) 3420, *Assurance Engagements to Report on the Compliance of Pro Forma Financial Information Included in a Prospectus*.

SGV & Co. has acted as the Company’s independent auditor since 2008. Dolmar C. Montañez is the current audit partner and has served as such since 2015. SGV & Co. has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. SGV & Co. will not receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants, or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

There is no arrangement that independent auditors will receive a direct or indirect interest in the Issuer or was a promoter, underwriter, voting trustee, director, officer, or employee of the Issuer. SGV & Co. has no any direct or indirect interest in the Company arising from the Offer.

The following table sets out the aggregate fees billed for each of the last two (2) fiscal years for professional services rendered by SGV & Co.

(a) Audit and Audit- Related Fees

AREIT paid its external auditor the following fees in the past two years: (in ₱ million; with VAT)

Year	Audit & Audit-related Fees			Tax Fees	Other Fees
1H2021	-	-	3.76		
2020		1.14		-	3.24
2019		2.00		-	
2018	0.92	-	1.56		

(b) Tax Fees

No tax consultancy services were secured from entities other than the external auditor, and no other fees were paid for tax consultancy services.

(c) Other Fees

For 2020, other fees paid to SGV is higher than the audit and audit-related fees due to the engagement of SGV as external auditor for the registration with the SEC, and the listing with the PSE, of AREIT as a real estate investment trust company, and its initial public offering. The services provided were as follows:

1. Review of AREIT's Profit Forecast and Profit Projection
2. Comfort Letter for the Initial Public Offering

In relation to the audit of the financial statements, the Manual provides that the Audit Committee shall perform oversight functions over the external auditors, ensuring that such auditors remain independent and are given unrestricted access to all records, properties, and personnel to enable them to perform their audit functions adequately.

CHANGES IN AND DISAGREEMENTS WITH INDEPENDENT AUDITORS

The Company has not had any changes in or disagreements with its independent auditors on any matter relating to financial or accounting disclosures.

DESCRIPTION OF BUSINESS

AREIT, Inc. is a real estate company established in the Philippines. Previously known as One Dela Rosa Property Development, Inc., our Company changed its name to AyalaLand REIT, Inc. on April 12, 2019. On June 28, 2019, the Company changed its name from AyalaLand REIT, Inc. to AREIT, Inc. With its initial public offering in August 13, 2020 and upon compliance with the requirements of the REIT Law, the Company became the first REIT corporation in the country.

As of June 30, 2021, the Company is 40.75% owned by ALI, 9.39% owned by AyalaLand Offices, Inc. ("ALOI"), a wholly owned subsidiary of ALI and the rest by the public. It is listed with a total of 1,025,656,435 outstanding common shares and has a total market capitalization of ₱37.33 billion based on the closing price of ₱36.40 per common share on June 30, 2021.

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

As of June 30, 2021, the Company's portfolio consists of six (6) commercial properties that successfully met its investment criteria (See the section entitled "*Description of Properties*"):

- **Solaris One**, a 24-storey Grade A, PEZA-accredited commercial building owned by the Company and previously known as E-Services 3 Dela Rosa Building, which was completed in 2008, contains 46,767.95 sq.m. of GLA, 73,322 sq.m. of GFA, and located at 130 Dela Rosa Street, Legaspi Village, Makati City, Philippines. The 3,612 sq.m. land on which Solaris One stands is owned by Ayala Land, and is currently being leased by the Company from the Sponsor under a 33-year land lease.
- **Ayala North Exchange**, a Grade A, mixed-use development owned by the Company, previously known as project City Gate, which consists of two (2) office towers situated on top of a 3-storey retail podium as well as a collection of serviced apartments branded as Seda Residences Makati. The first tower is a 30-storey building consisting of a 12-storey headquarter-type office ("HQ Office"), with the remaining 18-storeys housing Seda Residences Makati composed of 293 serviced apartments, other amenities and the back-of-house area. The second tower is a 20-storey, PEZA-accredited BPO Office designed for 24/7 operations. There are six levels of basement parking. Both office towers are PEZA-accredited. The HQ Office space was completed in late-2018, while the BPO Office and serviced apartments were completed in the first and third quarters of 2019, respectively. The GLA of Ayala North Exchange is 95,300.35 sq.m. and its GFA is 12,154 sq.m. It is located at 6796 Ayala Avenue corner Salcedo Street, Legaspi Village, Makati City, Philippines. The 7,657 sq.m. land on which Ayala North Exchange stands is owned by HLC Development Corp., a wholly-owned subsidiary of the Sponsor, and is being leased by the Company under a 44-year land lease.
- **McKinley Exchange**, a 5-storey Grade A, PEZA-accredited mixed-use development owned by Ayala Land, which began operations in 2015, with GLA of 10,687.50 sq.m., 9,633 sq.m. of which is designated for commercial office leasing, with a GFA of 14,598.40 sq.m., on a plot of land with an area of 4,513 sq.m. located along McKinley Road corner EDSA, Makati City. The building also incorporates two basement levels for car parking, offering a total of 120 parking slots. On January 31, 2020, AREIT entered into a 34-year lease with Ayala Land for the office and retail space commencing on February 1, 2020 and ending on December 31, 2054 with an initial monthly rent of ₱2,733,078, subject to an annual escalation rate of 5%. Ownership of the land on which McKinley Exchange stands remains with Ayala Land.
- **Teleperformance Cebu**, formerly known as Aegis Towers 1 and 2, Teleperformance Cebu is a 12-storey, Grade A, mixed-use development composed of two (2) PEZA-accredited BPO offices completed in 2010 with a combined GLA of 18,093 sq.m., currently hosting a single tenant in its office space, TPPH – FHCS, Inc., more commonly known as Teleperformance, a pioneer in the BPO industry, located at Inez Villa Street, Cebu I.T. Park (formerly Asiatown I.T. Park). The office development is under a 42-year lease on

Description of Business

a 3,621 sq.m. land which is owned by the Sponsor, Ayala Land, Inc.

- **The 30th**, is a Grade A mixed-use commercial development located along Meralco Avenue in Pasig City, completed in 2017. It has a GFA of 104,543 sq.m., and a total GLA of 74,704 sq.m comprised of a PEZA-accredited office building and a retail podium supported by three (3) levels of basement parking. The office portion has a GLA of 47,871 sq.m. while the retail podium has a GLA of 26,833 sq.m. Majority of the office tenants come from the BPO sector. The development is under a 36-year land lease agreement between AREIT and the land owner, MBS Development Corp. The retail podium is leased and operated by North Eastern Commercial Corp. (NECC), a wholly-owned subsidiary of ALI under the Ayala Malls brand. NECC pays a monthly guaranteed building lease to AREIT, with a lease a period of 36 years, in line with the land lease term of the property.
- **Laguna Technopark Lots** located in Laguna Technopark, Binan, Laguna is composed of four (4) parcels of land and has a GLA of 98,179 sq.m. The land is currently under a long-term lease with IMI, a subsidiary of Ayala Corporation and a leading player in global technology and manufacturing solutions.

Operating Statistics as of June 30, 2021

Property	Solaris	Ayala North Exchange	MECC	TP Cebu	The 30 th	Laguna Technopark Land
Location	Makati	Makati	Makati	Cebu	Pasig	Laguna
Overall						
Total gross leasable area (GLA)	46,768	95,300	10,688	18,093	74,704	98,179
Occupied GLA	46,763	93,566	10,593	18,093	74,147	98,179
Occupancy rate	100%	98%	99%	100%	99%	100%
Revenue contribution in 1H 2021 (in %)	28%	36%	5%	8%	20%	3%
Cost contribution in 1H 2021 ¹ (in %)	26%	48%	2%	5%	18%	1%
Office						
Total GLA	46,027	61,724	9,633	17,682	47,871	N/A
Occupied GLA	46,022	61,724	9,633	17,682	47,313	N/A
Occupancy rate	100%	100%	100%	100%	99%	N/A
Average rent per sq. m	₱967	₱964	₱872	₱653	₱714	N/A
Rental income in June 30, 2021	₱241	₱345	₱48	N/A	N/A	N/A
Rental income in June 30, 2020	₱267	₱360	₱50	N/A	N/A	N/A
Movement of rental income	₱27	₱15	₱2	N/A	N/A	N/A
Average rent income growth (vs 1H 2020) ²	10%	4%	5%	N/A	N/A	N/A

Notes:

- (1) Contribution of each property to the overall cost. Cost consists of land lease, taxes and licenses, fund and property management fees, and depreciation.
- (2) Growth in rental income from office spaces, June 30, 2021 vs June 30, 2020 (Rental income from office space June 30, 2021 less Rental income from office space June 30, 2020 divided by Rental income from office June 30, 2020). McKinley Exchange was acquired in February 2020, Teleperformance Cebu was acquired in September 2020 while Laguna Technopark Land and The 30th were acquired in January 2021.

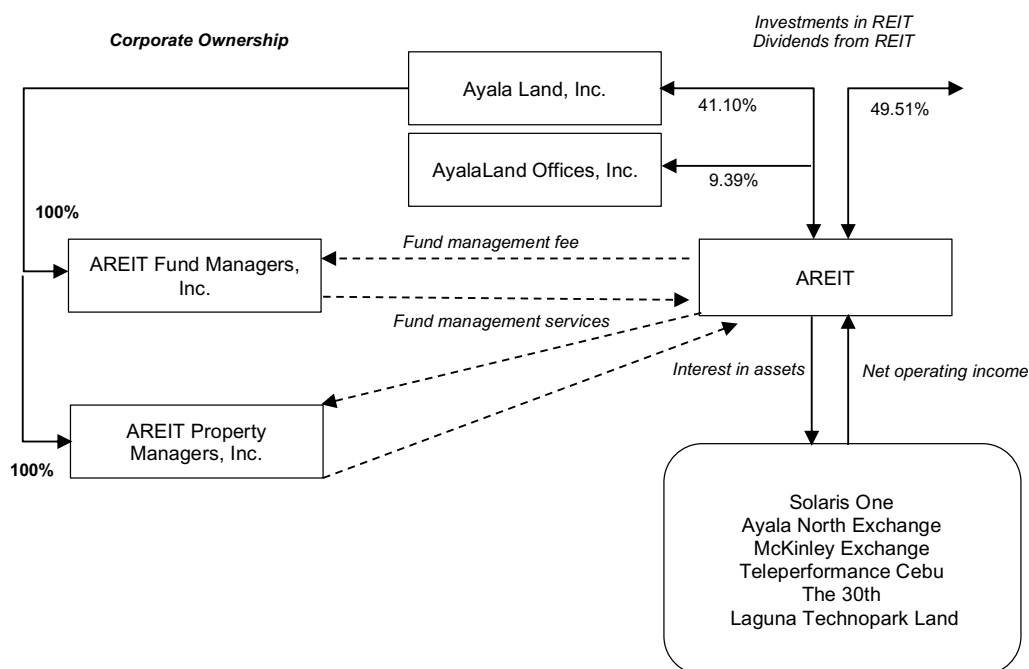
HISTORY

Set out below are the key milestones in the Company's history:

September 2006	Establishment of One Dela Rosa Property Development, Inc.
January 2007	Construction of Solaris One began.
December 2008	Start of commercial operations in Solaris One.
September 2012	Start of commercial operations of Teleperformance Cebu
March 2015	Start of commercial operations of McKinley Exchange.
August 2017	Start of commercial operations of The 30 th
May 2018	Start of commercial operations in Ayala North Exchange.
October 2018	The Company purchased Ayala North Exchange from Ayala Land.
April 2019	The Company changed its name from One Dela Rosa Property Development, Inc. to AyalaLand REIT, Inc.
June 2019	The Company changed its name from AyalaLand REIT, Inc. to AREIT, Inc.
Q3 2019	Completion of construction of Ayala North Exchange.
January 2020	The Company signed a Memorandum of Agreement to acquire Teleperformance Cebu.
February 2020	The Company leased McKinley Exchange from Ayala Land.
September 2020	The Company signed a Deed of Absolute Sale with ALO Prime Realty Corp., a wholly-owned subsidiary of Ayala Land to acquire Teleperformance Cebu.
January 2021	The Company entered into a Deed of Absolute Sale with TLI, a subsidiary of Ayala Corporation, to acquire 98,179 sq.m of land, in Laguna Technopark. The Company entered into a Deed of Absolute Sale with Ayala Land Inc. for the acquisition of The 30 th
June 2021	The Company entered into a Deed of Exchange with Ayala Land, and its subsidiaries, WVCV and GDI for the Property-for-Share Swap Transaction.

CORPORATE STRUCTURE

The chart below sets out the corporate and managerial structure relating to the Company as of June 30, 2021.



As of June 30, 2021, Company has an authorized capital stock of ₱11,740,000,000 divided into 1,174,000,000 common shares with a par value of ₱10.00 per share, of which 1,025,656,435 shares are issued and outstanding and 67,329,970 are held in treasury. In June 2021, the Company applied for the increase in its authorized capital stock to ₱29,500,000,000. The application for the increase in authorized capital stock is currently pending SEC approval.

COMPETITION

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

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

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

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

AREIT has the distinction of being the first REIT company registered and listed in the Philippines, and launched amidst the COVID-19 pandemic.

As of the date of this Prospectus, the direct competitors of the Company are DDMP REIT, Inc. ("DDMPR"), Filinvest REIT Corp. ("FILRT"), and RL Commercial REIT, Inc. ("RCR"). DDMPR registered and listed as a REIT last March 24, 2021, FILRT listed on August 12, 2021, RCR listed on September 14, 2021, and lastly, MREIT Inc. ("MREIT") listed on October 1, 2021.

As the pioneer REIT company in the Philippines, AREIT offers stable and sustainable earnings with a portfolio diversified across office, retail, hotel, and industrial land segments located across Metro Manila and the key provinces of Laguna and Cebu. As of June 30, 2021, overall weighted average lease expiry ("WALE") of the Properties is longest at 9.4 years, compared with existing Philippine REITs, and the Properties have an average occupancy rate of 99%. Its office properties alone have a WALE of 3.6 years with average occupancy of 99.7%, and have no exposure to POGO tenants. Further, it continues to hold its position as the largest in terms of GLA, inclusive of the Swap Properties at 549,000 sq.m. Its Sponsor is a leading office developer in the Philippines, particularly in the Metro Manila area, with a total GFA of 1,312,798 sq.m. at the end of 2021. Ayala Land as the Sponsor also dominates the office market in the Makati CBD, holding a 55% market share of the total GFA in Makati, as of December 31, 2019.

On the other hand, DDMPR's portfolio consists of office buildings located only in Pasay City, Metro Manila with GLA of approximately 172,000 sq.m. and 4.7-hectare land where these buildings are situated. Its reported WALE is only at 2.7 to 3.4 years for its office properties, and overall occupancy of 98% as of June 30, 2021. FILRT has an approximately 301,000 sq.m. portfolio which is mainly composed of office buildings contributing 99% to its total GLA. The balance pertains to retail use. FILRT's properties are concentrated in Muntinlupa City, Metro Manila (94% of total GLA) and Cebu (6% of total GLA). It reported an overall WALE of 3.9 years and overall occupancy of 90% as of April 30, 2021. RCR's total GLA is approximately 425,000 sq.m. mainly composed of office with minimal retail spaces, located across Metro Manila and in key cities of Naga, Tarlac, Cebu, and Davao. As of June 30, 2021, WALE of RCR's portfolio is 4.3 years and overall occupancy rate at 99%. MREIT has office, hotel and retail buildings with total GLA of approximately 224,000 sq.m. in its portfolio distributed across Metro Manila (primarily in Taguig City and Quezon City) and in Iloilo City. Its overall WALE is 4.7 years and occupancy rate at 93% as of March 31, 2021.

SUPPLIERS

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

TENANTS

AREIT caters to retail and office tenants. Commercial office space made up approximately 79% and 53.2% of the total GLA of the Properties, as of December 21, 2020 and June 30, 2021, respectively... The major tenants of the properties, include major, international corporations engaged in shared services, serviced apartments, business process outsourcing, banking and finance, insurance, and healthcare and pharmaceuticals.

AREIT's retail and office tenants include individual and institutional customers, which include major, international corporations engaged in shared services, serviced apartments, business process outsourcing, banking and finance, insurance, and healthcare and pharmaceuticals. As of June 30, 2021, Company's tenant breakdown are as follows:

Office type and industry sector	Gross Leasable Area ⁽¹⁾ (sq.m.)	Percentage of total GLA ⁽²⁾ (%)
BPO Office		
Shared service	64,883	18.9%

Outsourcing	79,895	23.2%
Admin	1,983	0.6%
HQ Office		
Banking & finance	10,120	2.9%
Insurance	4,923	1.4%
Healthcare & pharmaceuticals	9,877	2.9%
Real Estate	2,856	0.8%
Manufacturing	98,179	28.6%
Flexible office	7,837	2.3%
Serviced apartment	26,034	7.6%
Retail	36,046	10.5%
Total	342,632	99.7%

Notes:

- (1) Based on Committed Leases which have commenced on the specified lease term.
(2) Based on total combined GLA of the Properties of 343,732 sq. m. as of June 30, 2021.

COVID-19 IMPACT ON COMPANY'S OPERATIONS

Despite the declaration of COVID-19 by the World Health Organization (WHO) as a pandemic, the declaration of a nationwide state of calamity and implementation of various levels of community quarantine measures throughout the country since March 16, 2020, the Company continuously has stable operations since its listing in August 2020.

All throughout 2020 and as of June 30, 2021, operations remained steady with healthy occupancy and rental collection. All Properties remain open throughout any level of community quarantine without interruption to service skeletal or full on-site workforce of offices, including keeping all data centers of tenants operating enabling work-from-home arrangements. The Company's offices, retails and serviced apartment remained open throughout the community quarantine period, catering mostly to business process outsourcing employees and returning overseas Filipino workers. Since the imposition of the community quarantines, resources were mobilized to ensure the health and safety of personnel and the uninterrupted operations within the Properties, including providing on-site housing facilities, complete with lodging, food, and transportation. Continuous sanitation and social distancing protocols are being implemented within the Properties. Hotel rooms in SEDA Residences Makati were offered to BPO tenants to sustain operations. Except for some retail tenants that were forced to close down during the stricter community quarantines, no rental waivers were granted and rental collections are in place.

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

All of the Company's properties were operational throughout 2020, including the period when the Enhanced Community Quarantine was imposed. Office occupancy was stable with no waivers or pre-terminations. The serviced residences in Ayala North Exchange remained open as well and continued to pay a fixed lease. Retail tenants that were affected by the government-imposed community quarantines were granted rent concessions, in accordance with government guidelines, amounting to ₱37.59 million as of December 31, 2020 and ₱25.40 million as of June 30, 2021.

Overall, AREIT has remained generally resilient as office tenants operate and hotel lease is fixed.

Efforts to Mitigate the Spread of COVID-19

The safety and security of the Properties and the Company's stakeholders take paramount importance in the

operations of the Company in view of the COVID-19 pandemic and the resulting government regulations. The Company understands that the material impact of COVID-19 on the financial and operational performance of the Company and the Company's stakeholders should the situation persist in the longer term. In addition to complying with the rules and regulations of the Philippine government in addressing the COVID-19 pandemic and mitigating the spread of the virus, the Company has adopted business continuity plans, and have taken immediate measures to ensure that the Properties remain operational notwithstanding any level of quarantine. Even prior to the imposition of community quarantines, the Company employed security, sanitation and disinfection measures, social distancing protocols, and other contingency measures in preparation for a stricter effort to avoid contamination and mitigate the spread of the virus.

The Company has instituted measures to assure its tenants and customers of the safety of the Properties and personnel amidst the pandemic, which includes the following:

- Mandatory wearing of face mask and face shields for all tenants. For frontliners, in addition to face mask and face shields, gloves and the appropriate personal protective equipment were likewise required.
- Notices and reminders on social distancing protocols, health and safety regulations, wearing of face masks and face shields, and sanitation of hands and surfaces were posted all over the Properties.
- New cleaning protocols and heightened disinfection of touch points were implemented in the Properties.
- Placing acrylic barriers at reception counters and implementing a clean desk policy.
- Strict implementation of building entry protocols including checking of company IDs, wearing face masks and face shields, observance of strict physical distancing, use of electronic health declaration forms to minimize contact and touch points, contact tracing, installation of foot baths to disinfect footwear, temperature scanning, hand sanitation, wheel sanitation for vehicle entry.
- Placing of alcohol and hand sanitizers at common areas.
- Designating isolation or holding areas.
- Adjusting elevator capacity, allowing only four passengers per elevator and placing prescribed markings within elevators. Health and safety protocols are likewise posted on elevator doors. Elevator buttons are covered in plastic films and disinfected regularly.
- Placing floor markers in all common areas for proper queuing in observance of social distancing, and one-way flow of traffic.
- Limiting number of people that can use the restrooms at any given one time.
- Safety and health reminders on common areas.
- Online processing of various building transactions.
- Prohibition against face-to-face meetings.
- Daily AHU filter disinfection.
- Imposing delivery restrictions and limitations on allowable visitors.
- Removal of waiting area facilities to minimize crowding and observing social distance protocols.
- Strict monitoring of workforce schedules in compliance with restrictions.
- Establishing food and kitchen plans.
- Providing on-site lodging, food, and transportation to building personnel to ensure their and the Properties' safety and security.
- Maintaining good working relationships with local government units, and open communication with tenants to align house rules and guidelines.

In recognition of the above measures taken by the Company in securing and guaranteeing the safety of the Properties, AREIT secured Safety Seal Certifications for its Metro Manila Properties: Ayala North Exchange, Solaris One, McKinley Exchange, and The 30th, from the Department of Interior and Local Government through the respective local government units. The certification recognizes and verifies the safety initiatives implemented by the Company and the Property Manager in response to the global health crisis and in compliance with the recent public health standards set by the government.

COMPETITIVE STRENGTHS

The Company believes that it benefits from the following competitive strengths

Top-class real estate player with proven track record and distinctive brand equity as Sponsor

The Sponsor's strengths lie in its proven track record, strong brand reputation, and its ability to develop quality

real estate products that cater to the different segments in the Philippine market. With over eight decades of experience, together with its parent company, Ayala Corporation, Ayala Land has become one of the largest and most experienced real estate developers in the Philippines. Ayala Land's proven track record includes the development of Makati as the country's premier CBD and Ayala Alabang as a prestigious suburban residential community. The Sponsor is a leading office developer in the Philippines with a total GFA of 1,897,616 sq.m. at the end of 2021. Ayala Land overtook its competitors in 2018 to become the top office developer in Metro Manila, commanding a 9.28% market share, based on total GFA. Ayala Land also dominates the office market in the Makati CBD, holding a 55% market share of the total GFA in Makati, as of December 31, 2019. Moreover, Ayala Land's market share in Makati is projected to increase to 72% by the end of 2022.

The Sponsor's earnings per share increased from ₱0.31 in 2009 to ₱0.41 for the six (6) months ended June 2021 with a compound annual growth rate of 13.12% during that period. Its gross lease area for office space increased from 360,000 sq.m. in 2009 to ₱1.30 million sq.m. in June 30, 2021 with a compound annual growth rate of 11.81% during that period.

The Sponsor is consistently improving its track record, making significant recent development in areas such as Bonifacio Global City in Taguig City, Alabang, Cebu, and Nuvali in Sta. Rosa and Calamba City as well as recently launched estates in Abreeza Davao, Centrio Cagayan de Oro, Arca South Taguig, Circuit Makati, Vertis North Quezon City, Pasig-Ortigas, Cavite, Pampanga, Tarlac, Palawan, Iloilo, Misamis Oriental and Negros Occidental.

The Sponsor's support can be seen from its extension of its "Ayala" brand to the Company. The Company believes that the Ayala Land name is synonymous with quality and prestige and is one of the most widely trusted brands in Philippine real estate. Ayala Land maintains leadership in most of its product lines – residential subdivisions and high-rises, shopping centers, office buildings – and across a broad spectrum of price-points and geographies.

Because of its strong, nationwide brand reputation, Ayala Land is also the partner of choice for strategic partners and landowners who want to make significant new investments in the country and help prime the Sponsor's strategic growth centers. In addition, many globally recognizable multinational companies choose to reside in the Group's headquarter-type offices or BPO facilities. Ayala Land builds strong relationships with its business partners, land owners, tenants, employees, customers, the local government, non-government organizations, and communities. This allows the Sponsor to enhance its position as a leading property developer in the Philippines.

Primarily, AREIT will be the commercial REIT platform for ALI. However, if the opportunity arises, AREIT may also explore other types of real estate properties available in the market. AREIT is an important initiative for ALI. The Sponsor is committed to growing and supporting the long-term viability of AREIT. This commitment is demonstrated primarily through: (i) the Sponsor becoming a significant Shareholder in the Company; (ii) the Properties having been developed by and acquired from the Sponsor; (iii) the Directors and executive officers having extensive business experience with the Sponsor or other Group companies; (iv) some of the Properties' tenants having previous leasing relationships with the Sponsor; and (v) the Fund Manager and Property Manager both being wholly-owned Subsidiaries of the Sponsor. In addition, the Sponsor intends to maintain ownership of a minimum of 51% of the capital stock of the Company, with the possibility of increasing its ownership interest to up to 67%.

Exposure to prime, Grade A office property in the Philippines

Makati has the highest concentration of multinational and local corporations in the Philippines, including major banks, conglomerates, and department stores as well as foreign embassies and as a result, consistently displays some of the highest property values in all of Metro Manila. Through the first building, Solaris One, which the Company has owned since 2008, the Company has gained valuable knowledge and experience regarding the real estate market in Makati.

The Properties provide Grade A office space for major domestic and international corporations. The Grade A classification of the buildings was determined based on industry criteria and subject to comparison with other similar developments. Grade A buildings are often in high-demand due to their location, facilities, layout and finishing among other factors. The Company has obtained PEZA accreditation for the buildings, which feature amenities and technology for lessees that cater to the high-speed fiber-optic data telecommunications systems of telecommunications providers; the Properties also have clean and uninterrupted power supply with backup

generators, and building monitoring and maintenance systems. PEZA accreditation enables the tenants to enjoy available fiscal and non-fiscal incentives under this tax regime such as a special tax rate of 5% on gross income, Income Tax Holidays and Exemption from creditable withholding taxes, among others. PEZA-related incentives will remain as long as the Company maintains their compliance with PEZA regulations and requirements. The premier Properties have proven attractive to lessees who are leaders in their industries. Moreover, supply in Makati for Grade A, PEZA-accredited buildings specifically designed for BPO operations is limited. Most of BPO companies in Makati are located in facilities that were designed as HQ Offices. A number of tenants currently occupying Ayala North Exchange transferred from such HQ Office spaces in other buildings.

In addition, as of December 31, 2020, the Sponsor owns 12,483 hectares of land across strategic locations in the Philippines, across 57 identified growth centers in the country. Ayala Land's extensive land bank includes 274 hectares in Metro Manila, 65 located directly in Makati. Much of Ayala Land's land bank, over the years, has been developed with Ayala Land commercial buildings, including Ayala Center, Ayala North Exchange, Ayala Triangle, Vertis North, Ayala PSE at One Bonifacio, Cebu IT Park, and Circuit Makati, among others. The Company will seek to explore investments, acquisitions, or other collaborative opportunities throughout the Philippines, on terms consistent with the investment policies, with respect both to present and future Ayala Land developments and to properties owned by third- parties to which the Company may have exposure or access to through the Sponsor or other members of the Group.

The association between the Company and the Sponsor offers various growth avenues for AREIT. Working together with the Sponsor, the Company is committed to growing AREIT through acquisition of relevant assets from the Sponsor or third parties under mutually acceptable terms. In the future, the Company will continuously seek to leverage the Sponsor's market knowledge, its established industry relationships, and its vast repository of real estate expertise, as well as to jointly explore potential synergies with the Sponsor, including possible opportunities with its extensive product lines, to grow the Company.

Investment in well-established commercial properties with quality tenant base, long land leases, and stable cash flow

In keeping with the planned investment strategy, as of June 30, 2021, the Company has invested the Properties comprised of five Grade A buildings, and leased industrial parcels of land located within Laguna Technopark. The first Property, Solaris One has been in operation since 2008 and has experienced consistently high occupancy rates. As of June 30, 2021, Solaris One is 100% occupied. Solaris One also benefits from having long-term, quality tenants, most of whom are recognizable multinational companies that are leaders in their fields and have strong track records of financial performance. The second Property, Ayala North Exchange is a newly constructed building, which was fully completed in the third quarter 2019. Ayala North Exchange is 100% occupied in its commercial office floor area as of June 30, 2021. These committed lessees are quality tenants, many of whom the Sponsor has had a previous or ongoing relationship with. The third Property, McKinley Exchange, which the Company is leasing from the Sponsor since February 1, 2020, has been in operation since the second quarter of 2015, and has been fully leased out since November 2014 with the Committed Lease of a single tenant in its office space, TELUS International Philippines, a pioneer in the BPO industry. The fourth Property, Teleperformance Cebu, was acquired by the Company in September 2020 from the proceeds it obtained from its Initial Public Offering. It has been in operation since 2011, and has been occupied by Teleperformance, one of the biggest BPOs in the world. The fifth Property, the 30th, was acquired by the Company in January 2021. It opened in 2017 and is 99% occupied. The 30th Corporate Center houses BPO tenants. The sixth Property, the Laguna Technopark Lots, were likewise acquired by the Company in January 2021. IMI, a leading player in global technology and manufacturing service, has been leasing the land since 2005. The Properties' tenants are acknowledged leaders in their industries, and include, among others, [the Bank of the Philippine Islands, Shell Shared Services (Asia) B.V. – Philippine Branch, Concentrix CVG Philippines, Inc., ANZ Global Services and Operations (Manila), Inc., TELUS International Philippines, Integrated Micro-Electronics, Inc., Teleperformance, PwC Service Delivery Centre Manila Limited The Company expects that these positive relationships will continue, providing the Properties, a stable tenant base. The typical commercial office leases for both of the Properties last from five to ten years, providing the Company stability in its tenant base as well as time to forge relationships with the long-term tenants.

The Company has experienced stable cash flows from rental revenue with respect to Solaris One. In the past three years, the Properties have not experienced any material defaults in payment of rent. The Company expects similar stability with respect to the current Committed Leases in Ayala North Exchange, which had its first Committed Lease as early as 2015. Since the commencement of its lease in McKinley Exchange, and the acquisition of Teleperformance Cebu, The 30th, and the Laguna Technopark Lots, there were no material

defaults in payment of rent. The Company is also not subject to the effects of seasonality or other sales cycles, as the rent terms are fixed and apply uniformly across the lease terms. Additionally, the standard lease terms incorporate steep penalties in the event of a tenant's pre-termination of its lease. Such stable cash flows have, and will continue to, allow the Company flexibility in maintaining and upgrading the Properties, to continually satisfy the tenants; in seeking further investment opportunities, whether expansion of the existing Properties or acquisition of additional properties; and in making regular distributions to the Company's Shareholders.

Opportunities for growth through rent escalation/revision, active asset management, asset enhancement, and acquisitions

The Committed Leases structurally provide the Company with opportunities for growth, which is primed to continue into the future. The total Gross Revenue from the Properties has increased during the quarter ended June 30, 2021 primarily due to inclusion of The 30th and Laguna Technopark Lots as of January 1, 2021. The Company also executed a Deed of Exchange with ALI, WCVC, and GDI on June 8, 2021 in implementation of the Property-for-Share-Swap Transaction, which it expects to also add to its total Gross Revenue. In the coming years, the Company expects the total Gross Revenue to further increase dramatically as they pursue an active leasing strategy due to the intended acquisition of assets through various modes, including property-for-share swap transactions.

In addition to benefitting from the expanded business, the Company will benefit from its active investment strategy. The Property Manager, having significant experience with the ALI Group, will actively seek to promote growth in the Company's Gross Revenue through (i) obtaining better lease terms, in particular, through securing higher rents and optimizing the use of existing leasable area at the Properties. The Fund Manager aims to grow the Company's Gross Revenue and Net Operating Income on an annual basis since the Company's listing in 2020 and beyond. As of the June 30, 2021, all of the Committed Leases for the Properties contain step-up provisions, whereby the tenant's rent is increased by a fixed percentage annually (which typically ranges from 3-10% over the preceding year) during the lease term. The Company also expects that the Property Manager, with oversight from the Fund Manager, will negotiate terms of rental rate escalation with the tenants when current leases with below-market rents expire, in order to match increased rental rates in the market.

The Company also benefits from the flexibility of the future growth plans, as determined by the Company and the Fund Manager. These plans may include optimization of the use of existing leasable area in the Properties through more efficient use of spaces and resources or by acquiring additional properties. Ongoing industry research gives the Fund Manager access to information on changes in trends and allows the Property Manager to tailor the Company's tenant mix to movements in the Philippines and global economy. The Company believes that the Properties can continue to be desirable locations for multinational corporations by combining a diverse mix of Anchor Locators and specialty retailers, competitive amenities, and responsive tenant services. The Company also has the flexibility to improve revenues by pursuing expansions and renovations of the Properties or acquisitions of additional properties. The Fund Manager will monitor the real estate market for desirable opportunities. The relationship with the Sponsor gives the Company particular insight into opportunities presented by the Group and increased knowledge about and expansive network within the Philippine real estate market. The Company will also consider potential property acquisitions from third parties, if it is able to identify attractive opportunities on the market.

Generally, above-inflation yields with stable and increasing distributions and capital appreciation

The Company believes that the income stream of the Properties is well supported by present Committed Leases and long-term tenants. Over the past three years, the Company has not experienced any material defaults from the tenants with respect to their rental payments. Given the long-term relationships with the tenants, the long lease terms they typically sign (the commercial office lease terms generally run between five and ten years), and their successful track record, the Company believes that the Properties would be resilient in the event of a downturn in the domestic, regional, or global economy. In addition, over the last three years, the Properties have benefited from high occupancy levels, with average occupancy levels for the Properties of 99.%. The ten largest tenants in terms of Gross Leasable Area in the Properties accounted for 86% of total Rental Income for the year ended December 31, 2020 and 67% of total Rental Income for the six-month period ended June 30, 2021. For the six-month period ended June 30, 2021, no more than 17.45% of total Rental Income from the Properties was derived from any one tenant. Based on BSP Data, the average inflation since 2014 is computed at 2.7%. The Company's leases are generally subject to annual escalation rate of 3-10% which is higher than the historical average inflation rates for the said period. Please note that while the leases are subject to 3-10% escalation, the rental income per audited financial statements may not exactly show an annual increase of 3-

10% due to straight-line rent adjustments required by the accounting standards.

In addition, the Company expects similar factors to provide the Company with opportunities for increased growth into the future. Rental escalation provisions built in to the current Committed Leases, and the potential addition of high-quality properties to the portfolio, will boost the revenue significantly and allow us to provide increasing dividend distributions to the Shareholders.

Experienced, committed, and professional management team with over 80 years of accumulated experience

The Company's management team is comprised of individuals who have spent their careers in the Philippine real estate industry and have gained valuable experience as long-time employees of the ALI Group. Combining leading-edge product innovation with prudent and effective risk management practices, the ALI Group manages a complex portfolio of projects and developments and is able to thrive and prosper through the cyclical nature of the real estate industry. The ALI Group employs a proven and highly-credible management talent pool across all levels of the organization, most with experience across multiple business lines. Indeed, Ayala Land consistently ranks among the top Philippine companies in terms of corporate governance standards and best practices. The valuable experience gained in management positions throughout the Group enhance the Company's management team's ability to understand the dynamic Philippine real estate market and to coordinate seamlessly with the Company's Related Parties, including the Sponsor.

BUSINESS STRATEGIES

The Company's principal investment strategy is to invest in income-generating real estate that meet a select set of criteria. Through the performance of services, the Fund Manager, following the requirements of the REIT Law, and together with the Company, will seek to procure and secure growing income that provides a competitive investment return to investors. Further to this, the Fund Manager intends to maximize the Company's investment returns by increasing the gross revenues and the net operating income of the properties over time through active management. Both the Fund Manager and the Property Manager have significant experience with the extensive property business of the ALI Group and will work together to ensure that the Company fulfils the objectives of its investment strategy.

The Fund Manager plans to achieve its key objectives for the Company through the following strategies:

- ***Pro-active asset management and asset enhancement strategy.*** The Fund Manager will actively manage AREIT's property portfolio to achieve growth in revenue and net operating income and maintain optimal occupancy levels. The Fund Manager and the Property Manager will help drive organic growth, build strong relationships with the customers of the Properties, and seek enhancement and growth opportunities within the existing Properties.
- ***Investments and acquisition growth strategy.*** The Fund Manager will acquire quality income-producing commercial properties situated in high-growth areas that fit within AREIT's investment criteria to enhance returns for investors and increase potential opportunities for future income and capital growth. In executing this strategy, the Company will endeavor to acquire properties situated in high-growth areas, whether from the Sponsor or third-parties, to cater to economic growth.
- ***Capital and risk management strategy.*** The Fund Manager 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, monitor and implement hedging arrangements and assess 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.

These strategies are discussed in additional detail below.

Pro-active Identification of Asset Growth Opportunities

To enhance the value of the Company's portfolio, the Fund Manager, pursuant to the Fund Management Agreement and consistent with the Company's investment strategy and the REIT Law, is primarily required to, among other things:

1. Determine asset allocation to allowable investment outlets to enable the Company to improve yields
2. Objectively evaluate whether properties targeted for acquisition meet the Company's rigorous investment criteria, and provide advice and recommendations to the Company accordingly;
3. Continuously measure, monitor, and assess asset performance and valuation; and
4. Perform all such acts necessary to ensure that the Company can maximize the value of its assets and deliver higher returns in line with its investment strategy.

The Fund Manager will rely on the experience of its management to implement the pursued strategies. See the section entitled "The Fund Manager and the Property Manager"

Pro-active Asset Management

To enhance the value of the Properties, the Property Manager, pursuant to the Property Management Agreement and consistent with the Company's investment strategy and the REIT Law, is primarily required to, among other things:

1. Formulate and implement leasing and marketing strategies to minimize vacancies and optimize occupancy levels;
2. Administer, negotiate, execute, and enforce lease contracts;
3. Plan, analyze, and optimize tenant mixes, rental rates, and policies in relation to industry and market standards;
4. Continuously seek and implement asset enhancement and improvement opportunities and initiatives;
5. Supervise billing and collections activities, enforce tenancy conditions, monitor past-due accounts, and manage rental arrears to minimize bad debts; and
6. Perform all acts and functions relating to property management, including, but not limited to, providing routine property management services, conducting building management operations, ensuring compliance with applicable laws and regulations, and addressing all key operational issues to ensure alignment with the Company's strategy.

The Property Manager will rely on the experience of its management to implement the pursued strategies. See the section entitled "The Fund Manager and the Property Manager". The Property Manager will also rely on the market information and institutional knowledge available to it and the Company due to the nature and experience of the Sponsor.

Active Leasing Strategy

While the Properties currently enjoy very high occupancy levels, the Fund Manager will work with the Property Manager to manage lease renewals and new leases diligently in order to minimize void periods arising due to either lease expiries or early terminations. This may be achieved through the following strategies:

1. Advance lease negotiations with tenants whose leases are about to expire;
2. Preparing to have new tenants lined up in preparation for vacant space; and
3. Monitoring rent arrears to minimize defaults by tenants.

In addition, the Fund Manager will work with the Property Manager towards growing the Net Operating Income earned through pursuing an active leasing strategy. The Company expects this strategy to be implemented in two principal ways:

1. Maintaining and expanding the fixed increases in the rental rates of tenants during the course of the term, which are already present in most of the Properties' leases. The Company expects that this feature will also be present in most, if not all, future lease contracts; and
2. Negotiating increased rental rates, when current leases with below-market rents expire.

As leases expire, the Company will have the opportunity to change rental rates, to revise lease terms and conditions, to relocate existing tenants, and to reconfigure or expand tenant spaces.

Continued Improvement of Tenant Mix

Ongoing industry research gives the Fund Manager access to information on changes in trends and allows the Company, through the Property Manager, to tailor its tenant mix to movements in the Philippines and global economy. The connection with the Sponsor gives us insight into the knowledge and experience of the ALI Group.

The Company believes that the Properties can continue to be desirable destinations for well-established, stable multinational corporations by combining:

1. A diverse group of Anchor Locators and specialty retailers;
2. A prime location in the financial center of the Philippines;
3. Grade A, HQ Office and BPO office space;
4. PEZA-accreditation;
5. Ample car-parking space; and
6. Responsive building management.

In order to enhance each Property's appeal to a broad range of companies, the Property Manager will monitor the mix of tenants in each of the Properties in relation to industry or market standards and requirements. Generally, the Company targets well-established, corporate and retail clients. Most of the Properties' current tenants were sourced through the Company's direct relationship with the tenant or through real estate brokers, whereby it was able to be selective with the chosen tenants. The Property Manager's goal will be for each Property to generate high levels of interest in companies seeking corporate locations, thereby increasing both the potential for the relevant Property to receive a higher percentage of income from returning lessees and the likelihood of the relevant Property receiving higher rents from new tenants.

Delivering Superior Service to Tenants

To maintain the Company's reputation among the current tenants and potential future tenants it expects the Fund Manager, in accordance with the investment strategies, to work with the Property Manager to ensure that the tenants in the Properties continues to receive superior services, such as:

1. Providing high quality asset management services to maintain high retention rates;
2. Facilitating relocation or expansion of tenants according to their operational requirements; and
3. Rapidly responding to tenants' feedback and enquiries.

Minimization of Operating Costs

In order to deliver optimal returns, the Company expects that the Property Manager, in accordance with the investment strategies, will strive to keep property operating expenses at each of the Properties low without compromising quality of services. These costs will include maintenance of common areas, property taxes, and property insurance. To minimize cost, the Company expects the Fund Manager, in coordination with the Property Manager, to exploit the benefits of scale from operating a portfolio of assets by, for example, organizing

programs for bulk purchases of supplies and introducing systems to share successful cost-savings programs among the Properties. The Property Manager will continue the existing conservation efforts in place in each of the Properties as well as explore implementing additional energy conservation initiatives to improve the efficiency of building operations and to reduce utilities costs.

Growth through Potential Investments

The Fund Manager will actively consider and solicit opportunities, consistent with the investment strategies, to grow the portfolio and invest in commercial buildings as well as pursue other types of real estate opportunities, including potential investments in the retail, residential, industrial, warehouse, etc. real property sectors, that meet the Company's investment criteria for Grade A, centrally located, stably occupied and income producing properties.

The association between the Company and the Sponsor offers various growth avenues for AREIT. Working together with the Sponsor, the Company is committed to growing AREIT through acquisition of relevant assets from the Sponsor or third-parties under mutually acceptable terms. In the future, the Company will continuously seek to leverage the Sponsor's market knowledge, its established industry relationships, and its vast repository of real estate expertise, as well as to jointly explore potential synergies with the Sponsor, including possible opportunities with its extensive product lines, to grow the Company.

Pursuant to the investment policy, while the current investment focus is on properties in Metro Manila and other key urbanized provinces in the Philippines, as with the assessment of various types of real estate, the focus is not limited, and the Fund Manager, consistent with the investment strategies, will assess and pursue attractive opportunities that arise through the connection with the Sponsor, third parties, and throughout the wider market.

In pursuing the growth strategy, the Company intends to use its existing cash, issue additional capital, and use leverage, whichever may be necessary, to acquire new properties. Use of these capital raising measures would depend on the specific transaction.

The Company plans to hold the Properties and other potential investments on a long-term basis. In the future, however, if the Fund Manager considers that any property affords a limited scope for income growth, the Fund Manager may consider and pursue various exit options and make corresponding strategic recommendations to the Company to sell or otherwise divest of its rights in the property and use the proceeds from such divestment to invest in new yield-accretive properties with greater potential for growth. Factors such as the national and international economic climate, trends in the retail industry, the quality and strategy of management, competition for tenants, changes in market rental rates, the inability to collect rent due to bankruptcy of tenants or otherwise, the need to periodically renovate, repair, and re-let space, and the costs thereof, the ability of the Property Manager to provide adequate maintenance and insurance, increased operating costs, and changes in laws and governmental regulations in relation to real estate could impact upon the performance of the Properties as well exit options and make corresponding strategic recommendations to the Company.

Capital and Risk Management

The expectation is that the Fund Manager, pursuant to the investment strategies, will endeavor to employ an appropriate mix of debt and equity in financing operations and maintenance of the Properties as well as of any future acquisitions. As such, the Fund Manager will adopt financing policies to optimize risk-adjusted returns to Shareholders. Depending on the situation, such policies may entail the Company accessing various capital markets to source appropriately priced and structured debt and equity as well as assessing alternative forms of capital and other capital management strategies where appropriate.

INVESTMENT POLICY

Investment Criteria

1. The Company's principal investment strategy is to invest in income-generating real estate. A core tenet of the investment policy is to capitalize on properties that meet a select set of criteria designed to provide a competitive investment return to investors. These are the following: **High quality, Grade A commercial assets in prime locations, including freehold, logistics/industrial properties.** These are properties that are strategically located in central business districts, with convenient access to public transportation. The Grade A classification of

buildings is determined based on industry criteria and is often in high-demand due to its location, facilities, layout and finishing among other factors. While focus will continue to be on the resilient office sector, AREIT will be acquiring freehold and other asset classes such as logistics and industrial properties to diversify investor risk.

2. **Stable occupancy with long term leases.** AREIT's future acquisitions will ensure its very stable cashflow profile is preserved from long-term leases and minimal expiries in the next 2 years. Typical office lease terms are fixed for a period of five to ten years and renewable for another five to ten years.
3. **Strong, high-credit grade tenant locators.** Stable income and cashflows will be derived from AREIT's solid tenant mix of top multinational and local BPO and traditional headquarter office locators.
4. **Attractive growth and dividend accretive through contracted rental escalations and potential acquisitions.** Organic growth can be achieved through annual rental escalations at a range of three to five percent from contracted leases. AREIT's capacity to leverage up to 35% of its deposited property value will result to yield accretive acquisitions.

Investment Limitations

The Company's business activities and investments are, however, subject to certain limitations under the REIT Law.

Allowable Investments

Pursuant to the REIT Law (and in many instances subject to the approval of the SEC), the Company generally may invest only in:

- Real estate and real estate-related assets;
- Evidence of indebtedness of the Philippines and other evidence of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Philippines;
- Bonds and other forms of indebtedness issued by:
 - The government of any foreign country with which the Philippines maintains diplomatic relations, with a credit rating obtained from a reputable credit rating agency or a credit rating agency acceptable to the SEC that is at least two notches higher than that of Philippines bonds; and
 - Supranationals (or international organizations whose membership transcends national boundaries or interests, e.g., International Bank for Reconstruction and Development, Asian Development Bank);
- Corporate bonds of non-property privately-owned domestic corporations duly registered with the SEC with a current credit rating of at least "A" by an accredited Philippine rating agency;
- Corporate bonds of a foreign non-property corporation registered in another country provided that said bonds are duly registered with the SEC and the foreign country grants reciprocal rights to Filipinos;
- Commercial papers duly registered with the SEC with a current investment grade credit rating based on the rating scale of an accredited Philippine rating agency at the time of investment;
- Equities of a non-property company listed in a local or foreign stock exchange, provided that these stocks shall be issued by companies that are financially stable, actively traded, possess a good track record of growth, and have declared dividends for the past three years;

- Cash and cash equivalents;
- Collective investment schemes, duly registered with the SEC or organized pursuant to the rules and regulations of the BSP; provided however that:
 - the collective investment scheme must have a track record of performance at par with or above the median performance of pooled funds in the same category as appearing in the prescribed weekly publication of the net asset value per unit of the collective investment scheme units; and
- new collective investment schemes may be allowed provided that its fund manager has at least a three-year track record in managing pooled funds;
- Offshore mutual funds with rating acceptable to the SEC; and
- Synthetic investment products (i.e., derivatives and other such securities), provided that:
 - synthetic investment products shall not constitute more than 5% of the investible funds of the REIT;
 - the REIT shall avail of such synthetic investment products solely for the purpose of hedging risk exposures of the existing investments of the REIT;
 - the synthetic investment products shall be accounted for in accordance with PFRS;
 - the synthetic investment products shall be issued by authorized banks or non-bank financial institutions in accordance with the rules and regulations of the BSP and/or the SEC; and
- the use of synthetic investment products shall be disclosed in this Prospectus and under special authority from the SEC derivatives and other such securities.

At least 75% of the Deposited Property must be invested in, or consist of, income generating real estate which is held for the purpose of generating a regular stream of income such as, but not limited to, rentals, toll fees, user's fees, ticket sales, parking fees, and storage fees. Geographically, at least 35% of the Deposited Property should be invested in property located in the Philippines, and in no case may the Company's investments in such property fall below 35% of the Deposited Property. Additionally, the Company may invest in income generating real estate located outside of the Philippines, however, such an investment must not exceed 40% of the Deposited Property. Investment in such foreign properties is also subject to special authorization from the SEC. In issuing such authorization, the SEC shall consider, among other things, satisfactory proof that the valuation of assets is fair and reasonable.

As described above, a REIT may also invest in real estate-related assets, wherever the issuers, assets, or securities are incorporated, located, issued, or traded. However, not more than 15% of the funds of the REIT that can be placed in investment vehicles other than income-generating real estate, as allowed under these REIT Law, may be invested in any one issuer's securities or any one managed fund. If the REIT's investment is in Philippine government securities, then the limit is raised to 25%.

Borrowing

Pursuant to the REIT Law, the total borrowing and deferred payments of a REIT should not exceed 35% of the Deposited Property. A REIT that has a publicly disclosed investment grade credit rating by a duly accredited or internationally recognized rating agency, however, may exceed this 35% limit, but in no circumstances may its total borrowing and deferred payments exceed 70% of the Deposited Property. In the event that the Company intends to borrow beyond 35% of the Deposited Property, it shall achieve such a rating and publicly disclose it, as required by the REIT Law. Under no circumstances may the Fund Manager borrow on behalf of the Company from any of the funds under its management.

As of the date of this Prospectus, the Company has a PRS Aaa (corp.) issuer credit rating from PhilRatings, which effectively increases its Aggregate Leverage Limit to not more than 70% of its Deposited Property. Nevertheless, the Fund Manager manages and intends to source capital to maximize overall returns, which includes accessing the capital markets to source appropriately priced and structured debt and equity offerings,

monitor and implement hedging arrangements, and assess alternative forms of capital and other capital management strategies where appropriate. The Company's net gearing ratio as of September 30, 2021 is 0.12:1. Future acquisitions will be funded via debt and equity. The Company intends to limit its gearing ratio at 30% of its Deposited Property.

Property Development

Pursuant to the REIT Law, a REIT shall not undertake property development activities whether on its own, in a joint venture with others, or by investing in unlisted property development companies, unless:

- It intends to hold in fee simple the developed property for at least three years from date of completion;
- The purchase agreement of the property is made subject to the completion of the building with proper cover for construction risks;
- The development and construction of the real estate shall be carried out on terms which are the best available for the REIT and which are no less favorable to the REIT than an arm's length transaction between independent parties; and
- The prospects for the real estate upon completion can be reasonably expected to be favorable.

EXIT STRATEGY

As a general practice, the Company arranges for the terms of the land and building leases from the Sponsor to be coordinated with the useful life of the Properties in the portfolio.

The Company has no current joint ownership arrangement. In the event that such an arrangement arises in the future, the Company will provide for an appropriate means of exiting that relationship.

AREIT is an important milestone for the Sponsor. The Sponsor is committed to growing and supporting the long-term viability of the Company. Thus, the Sponsor intends to maintain ownership of a minimum of 51% of the capital stock of the Company, with the possibility of increasing its ownership interest to up to 67%.

If the Sponsor were to divest its ownership in the Company, the ability to grow would be affected because the relationship with the Sponsor provides us access to other prime properties for potential acquisition and inclusion in the property portfolio. In the unlikely event of divestment, it expects to be self-sufficient and would continue to pursue the investment strategies of the Company. See discussion on "Risk Factor and Other Considerations".

The Company's principal investment strategy is to invest in income-generating real estate properties that meet a select set of criteria. To meet the Company's investment criteria, a potential new property should (1) be located in a prime location in either Metro Manila or other key provinces in the Philippines; (2) be primarily (but not exclusively) focused on commercial properties, but may be other types of real estate properties available in the market; and (3) have stable occupancy, tenancy, and income operations. Please see the sections entitled "Description of Properties – Business Strategies and Investment Policy".

Regardless of the Sponsor's divestment and expiration of the land lease agreements with it, the Company shall continue to pursue viable business opportunities that meet the high investment standards, including growing the portfolio. The pursuit for growth is not anchored on the Sponsor participation as a stakeholder nor hinged on the continued life of the land and building lease agreements with Ayala Land.

CONTRIBUTIONS TO REVENUE

For the years ended December 31, 2020, 2019, 2018 and six months ended June 30, 2021 and 2020, AREIT derives its revenues wholly from domestic operations.

TENANCY AGREEMENTS AND LEASE MANAGEMENT

The tenancy agreements entered into for each of the Properties are largely based on standard form agreements which contain terms and conditions commonly found in commercial tenancy agreements in the Philippines. In some of the major tenants' tenancy agreements, changes to the standard form agreements have been made to permit the tenants flexibility in subletting or assigning the tenancy or to fix the minimum and maximum limits on rent in the event of renewal of the tenancies or, for certain tenants, a right of first refusal to lease any other office space that becomes available within the Properties.

Tenants typically pay a security deposit equal to three months' base rent and pay rent for the last three months in advance, upon handover of the physical possession of the leased premises or signing of the lease agreement, whichever comes first. Security deposits are generally unsecured and do not bear interest. Office tenants generally pay quarterly rent in advance. The majority of the leases match these models, but with quarterly payments of rent, a security deposit equal to three months' base rent, and payment of the last three months rental in advance.

The lease rates are based on the market studies of the property landscape and rental prices in properties location and surrounding areas, and the Company typically specifies an average annual fixed rental escalation rate of 5% per annum, which the Company believes is in line with industry standards. With respect to lease renewals, most lease agreements provide that the rental rate for the initial year of the renewal term will be the fair market value, but in no instance shall the rent for the initial year of the renewal term be 10% lower or higher than the rental rate for year of the preceding lease term.

Pursuant to the lease agreements, the tenants take physical possession of the leased premises on or before a particular date specified in the contract. It is common practice for tenants at each of the Properties to occupy their premises after they have signed their lease contract but before the formal term of the lease period has commenced so the tenants can do fit-out of the leased premises.

In addition, the Property Manager has the right to terminate leases upon the occurrence of certain events, such as non-payment of rent or breach of covenants by the tenants.

INSURANCE

The Company has insurance for the Properties that the Fund Manager believes is consistent with industry practice in the Philippines. This includes property all risk insurance, business interruption policies, and property damage coverage. There are no significant or unusual excess or deductible amounts required under such policies. There are, however, certain types of risks that are not covered by such insurance policies, including losses resulting from wars, acts of terrorism or related activities.

EMPLOYEES

All employees of AREIT, Inc. are seconded from Ayala Land and receive no compensation or salary from AREIT. AREIT has no plans to augment its employees within the next twelve (12) months organically. If at all, employees will continue to be seconded from Ayala Land.

AREIT pays management fees to Ayala Land to cover part of the compensation of the executive officers of AREIT.


The Sponsor provides compensation and benefits mandated by national labor laws and its own performance incentives program. The company rejects any form of forced and compulsory labor. All of its 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.

The Company believes that it, the Property Manager, and the Fund Manager are in compliance with all minimum compensation and benefit standards, as well as applicable labor and employment regulations.

INTELLECTUAL PROPERTY

As of June 30, 2021, the Company has obtained the following trademarks:

Design mark/ logo	Serial Number of Application	Registration No.	Trademark/ Intellectual Property	Status	Date of application	Expiration Date
ALRI	42019007829	7829	ALRI	Registered September 5, 2019	May 14, 2019	September 5, 2029
AREIT, Inc.	42019007831	7831	AREIT, Inc.	Registered September 5, 2019	May 14, 2019	September 5, 2029
AREIT	42019007828	7828	AREIT	Registered September 5, 2019	May 14, 2019	September 5, 2029
	42019007830	7830	Pantone 3425 (Green) and Cool Gray 9 (Gray)	Registered September 5, 2019	May 14, 2019	September 5, 2029

The Company is also the owner of one domain name: www.aret.com.ph.

REGULATORY COMPLIANCE

The Property Manager is responsible for ensuring the continued compliance with applicable laws and regulations, including any changes or updates that may materially impact or adversely affect the operations and business. As of the date of this Prospectus, the Company had obtained, or is in the process of renewing, all governmental approvals, permits and licenses issued by the appropriate Government agencies or authorities, which are necessary to conduct the business and operations. As of the date of this Prospectus, the Company has applied and paid the necessary fees for the issuance of material licenses, permits, and certifications. The Company is awaiting issuance of some of the permits from the appropriate government agencies.

The material licenses, permits, and certifications are as follows:

General Licenses, Permits, and Certifications

Issuing agency	Permit/License/ Certification	Issued to	Date issued	Date of expiration
SEC	Certificate of Registration No. CS200613870	One Dela Rosa Property Development Inc.	September 4, 2006	N/A
SEC	Certificate of Approval of Increase of Capital Stock (Amended AOI and By-Laws)	One Dela Rosa Property Development Inc.	December 13, 2018	N/A
SEC	Certificate of Filing of Amended Articles of Incorporation SEC	One Dela Rosa Property Development Inc.	April 12, 2019	N/A

Description of Business

	Registration No. CS200613870			
Bureau of Internal Revenue – Regional Division Office	Certificate of Registration	One Dela Rosa Property Development Inc.	September 4, 2006	N/A
Bureau of Internal Revenue	Permit to use Computerized Accounting System No. 050-CAS-030107-000327	One Dela Rosa Property Development Inc.	2007	N/A
National Privacy Commission	Data Privacy Act Registration No. PIC-000-703-2019	One Dela Rosa Property Development Inc.	March 8, 2020	N/A
PEZA	Certificate of Registration No. EZ 08-33 as developer/operator of Solaris One	One Dela Rosa Property Development Inc.	June 16, 2009	N/A
PEZA	Certificate of Registration No. EZ 08-33 as developer/operator of Dela Rosa E-Services Building	One Dela Rosa Property Development Inc.	August 21, 2008	N/A
PEZA	Certificate of Registration No. EZ 18-09 as developer/operator of Ayala North Exchange	Ayala Land, Inc.	March 19, 2018	N/A
PEZA	Certificate of Registration No. EZ 14-33 as developer/operator of McKinley Exchange	Ayala Land, Inc.	November 10, 2014	N/A
PEZA	Certificate of Registration No. EZ 21-05 as Developer/Operator of The 30 th Corporate Center	AREIT, Inc.	April 20, 2021	N/A
City of Makati	Building Permit No. 006-07-0785	Ayala Land, Inc.	July 2, 2007	N/A
DENR - EMB	Environmental Compliance Certification ("ECC") No. ECC-NCR-2007-05-07-040-220	Ayala Land, Inc. (E-Services 3 Dela Rosa Building Project)	May 7, 2007	N/A
DENR - EMB	Hazardous Waste Generator Registration Certificate No. GR-NCR-76-00421	Ayala Land, Inc. (Solaris One)	March 1, 2017	N/A
DENR - EMB	Hazardous Waste Generator Registration DENR ID	One Dela Rosa Property Development, Inc. (E-Services 3)	June 27, 2011	N/A

Description of Business

Department of Public Works and Highways ("DPWH")	No. GR-13-76-0986 Occupancy Permit	Ayala Land, Inc. (E-Services 3 Tower 1)	December 11, 2008	N/A
Office of the Building Official of the City of Makati	Building Permit No. C08-15-1211	Ayala Land, Inc. (City Gate)	August 28, 2015	N/A
Office of the Building Official of the City of Makati	Certificate of Electrical Inspection No. EOC-03-18-1362-1365	Ayala Land, Inc. (City Gate)	March 15, 2018	N/A
Office of the Building Official of the City of Makati	Certificate of Occupancy No. OP-03-18-0303	Ayala Land, Inc. (City Gate)	March 15, 2018	N/A
DENR - EMB	ECC No. ECC-NCR-1404-0154	Ayala Land, Inc. (Makati North Gateway)	May 13, 2014	N/A
DPWH	Occupancy Permit	Ayala Land, Inc.	March 15, 2018	N/A
Office of The Building Official City of Makati	Building Permit C07-13-1248	Ayala Land, Inc.	August 06, 2013	N/A
Department of Public Works and Highways	Certificate of Occupancy	Ayala Land, Inc.	November 05, 2014	N/A
Office of the Building Official City of Makati	OP-10-14-1297			
DENR – EMB	ECC No. ECC-NCR-1102-0042	Ayala Land, Inc.	February 11, 2011	N/A
City of Makati (Business Permits Office)	Business Permit No. 15095	AREIT, Inc.	May 04, 2021	December 31, 2021
City of Makati (Business Permits Office)	Business Permit No. 11835	AREIT, Inc.	January 22, 2021	December 31, 2021
City of Makati (Business Permits Office)	Business Permit No. 11836	AREIT, Inc.	January 22, 2021	December 31, 2021
City of Makati (Business Permits Office)	Business Permit No. 15096	AREIT, Inc.	May 04, 2021	December 31, 2021

DESCRIPTION OF PROPERTIES

As of June 30, 2021, the Company's Properties include six (6) real estate properties. These are known as Solaris One, Ayala North Exchange, Teleperformance Cebu, the Laguna Technopark Lots, and The 30th, via freehold (*i.e.*, which are owned by the Company), and McKinley Exchange, via leasehold (*i.e.*, which is leased by the Company). The Company's property portfolio consists of four commercial buildings in Metro Manila, one commercial building in Metro Cebu, and four (4) parcels of land in Laguna, Philippines, which all meet the Company's investment criteria. The lands on which the buildings are built are not owned by the Company but are subject of long-term, arms-length land lease agreements between the Company and the legal owners thereof – Ayala Land for Solaris One, McKinley Exchange, Teleperformance Cebu and The 30thTeleperformance Cebu, HLC Development Corp.,¹¹ a wholly-owned Subsidiary of the Sponsor, for Ayala North Exchange, and MBS Development Corp. for The 30th. The lease rates for the lease of McKinley Exchange, and the land-leases over the land on which the Properties stand are all entered into at arms-length.

In 2006, the Company, in conjunction with Ayala Land, agreed to develop a building on a parcel of land owned by the latter. This project later became known as Solaris One. The Company has owned the building since its construction. Ayala North Exchange was previously owned by the Sponsor and was acquired by the Company pursuant to a Deed of Assignment effective on October 5, 2018. On January 31, 2020, the Company entered into a Contract of Lease with the Sponsor for the lease of McKinley Exchange which lease commenced on February 1, 2020. As undertaken during its initial public offering, the Company purchased Teleperformance Cebu from ALO Prime Realty Corp., a wholly-owned Subsidiary of the Sponsor, through a Deed of Absolute Sale dated September 15, 2020, which became effective October 1, 2020. Pursuant to the respective Deeds of Absolute Sale for the Laguna Technopark Lots and The 30th, the Company acquired the economic interests over the Properties since January 1, 2021. See the section entitled "Certain Agreements relating to The Company and the Properties – Description of the Agreements to Acquire the Properties" for a more detailed description of the Company's acquisition of the Properties.

For an explanation of how certain historical profit data relating to the Properties, see the section entitled "Management's Discussion and Analysis of Financial Conditions and Results of Operations".

The table below sets out certain information with respect to each of the Properties as of June 30, 2021:

Property	Total GLA	Construction Completion Due Date ⁽¹⁾	Completion of most recent expansion/ renovation	Land/Building Lease Expiry Date
	(sq.m.)	(Year)	(Year)	(Year)
Solaris One	46,768	2008	2017	2048
Ayala North Exchange	95,300	2019	N/A	2058
McKinley Exchange	10,688	2014	N/A	2054
Teleperformance Cebu	18,093	2010	N/A	2051
Laguna Technopark Land	98,179	N/A	N/A	N/A
The 30 th	74,704	2017	N/A	2056
Total	343,732			

Notes:

- (1) Completion date refers to the date of the necessary government approval for the purpose of business occupation.
- (2) Ayala North Exchange has not undergone any expansion or renovation as it was completed in the third quarter 2019.

¹¹ While HLC is the beneficial owner of the entire 7,657 sq.m. lot where Ayala North Exchange stands, the transfer of the Certificate of Title covering the 4,475 sq.m. portion of the lot is currently pending transfer in the name of HLC from BPI Corporation with the Registry of Deeds of Makati City.

Description of Properties

The Properties generated total Gross Revenue of ₱1,952 million for the year ended December 31, 2020. For that year, Solaris One accounted for 40% of the Properties' Gross Revenue, Ayala North Exchange accounted for 51% of Gross Revenue, McKinley Exchange which was added to the Company's portfolio on February 1, 2020 accounted for 6% of Gross Revenue while Teleperformance Cebu accounted for 3% of Gross Revenue which was acquired effective October 1, 2020.

The table below sets out certain financial and other details for each of the Properties as of December 31, 2020:

Property	Gross Revenue ⁽¹⁾	Gross Revenue as a percentage of total Gross Revenue	Direct Operating Expenses excluding Depreciation Expense	Net Operating Income ⁽⁵⁾	Net Operating Income as a percentage of total Gross Revenue ⁽⁴⁾	Number of tenants ⁽³⁾	Percentage leased ⁽²⁾
	(₱ million)	(%)	(₱ million)	(₱ million)	(%)	(count)	(%)
Solaris One	781	40%	127	654	34%	13	99%
McKinley Exchange	119	6%	7	112	6%	8	100%
Ayala North Exchange	1,000	51%	220	780	40%	69	100%
Teleperformance Cebu	52	3%	7	46	2%	2	100%
Total	1,952	100%	360	1,592	82%	92	99.73%

Notes:

- (1) Gross revenue composed of rental income, dues and interest income from finance lease receivables
- (2) Based on the date of lease commencement specified in the relevant Committed Leases.
- (3) This number reflects all tenants, including all commercial office and retail tenants.
- (4) Total percentage reflects a differential of 1% due to rounding off.
- (5) Net Operating Income is derived from Gross Revenue less Direct operating expenses excluding depreciation.

Comparatively, the Properties generated total Gross Revenue of ₱1,365 million for the six-month period ended June 30, 2021. The table below sets out certain financial and other details for each of the Properties as of June 30, 2021:

Property	Gross Revenue ⁽¹⁾	Gross Revenue as a percentage of total Gross Revenue ⁽⁴⁾	Direct Operating Expenses excluding Depreciation Expense	Net Operating Income ⁽⁵⁾	Net Operating Income as a percentage of total Gross Revenue ⁽⁴⁾	Number of tenants ⁽³⁾	Percentage leased ⁽²⁾
	(₱ million)	(%)	(₱ million)	(₱ million)	(%)	(count)	(%)
Solaris One	382	28%	75	307	23%	12	100%
McKinley Exchange	67	5%	6	61	4%	8	99%
Ayala North Exchange	501	36%	137	364	27%	69	100%
Teleperformance Cebu	105	8%	14	91	7%	2	100%

Description of Properties

The 30 th	273	20%	52	221	16%	15	99%
Laguna Technopark Lots	37	3%	2	35	3%	1	100%
Total	1,365	100%	286	1,079	79%	107	99.8%

Notes:

- (1) Gross revenue composed of rental income, dues and interest income from finance lease receivables.
- (2) Based on the date of lease commencement specified in the relevant Committed Leases.
- (3) This number reflects all tenants, including all commercial office, flexible office, serviced apartment, and retail tenants
- (4) Total percentage reflects a differential of 1% due to rounding off
- (5) Net Operating Income is derived from Gross Revenue less Direct operating expenses excluding depreciation.

RENTAL RATES

Rental rates for the Properties are generally fixed in advance for the tenure of the lease term and are subject to review and renegotiation on expiry of the lease. In line with market practice in the Philippines, the lease agreements with tenants for the Properties generally do not provide for rent reviews during the period of the lease. In addition, a significant proportion of leases include a step-up provision negotiated at the time of the entering into of a lease, whereby the base rent is increased by a fixed quantum/percentage annually during the lease term. With respect to lease renewals, most lease agreements provide that the rental rate for the initial year of the renewal term will be the fair market value, but in no instance shall the rent for the initial year of the renewal term be 10% lower or higher than the rental rate for year of the preceding lease term. As of June 30, 2021, the yearly rental escalation for the Office GLA of the Properties ranges from 3%-10%.

From 2017 to 2019, Solaris One has generated 69.0% of the Gross Revenue of the Properties. Because Ayala North Exchange had only been completed in the third quarter of 2019, it only generated significant Gross Revenue in 2020. In late-2018 Ayala North Exchange, which had already secured Committed Leases, began generating rental revenue. Those Committed Leases for Ayala North Exchange contain a provision which provided for the tenants' initial quarterly rent – in addition to an advance rent equivalent to three months – to be immediately payable upon either signing of the lease contract or transfer of physical possession of the leased space to the tenant, whichever came earlier. As of December 31, 2020, the Company generated 51% of the Gross Revenue from Ayala North Exchange. In the same period, the Company generated 6.1% of the Gross Revenue from McKinley Exchange, given that the building lease over the same commenced only on February 2020. Similarly, Teleperformance Cebu generated 2.7% of the Gross Revenue of the Properties as of December 31, 2020, considering that it was only acquired in September 2020. Considering that The 30th and the Laguna Technopark Lots were only acquired in January 2021, the Properties have not generated significant Gross Revenue as of December 31, 2020.

The tables below set out information on the Gross Leasable Area, Gross Revenue, and Gross Revenue per sq.m. derived from each of the Properties for the years ended December 31, 2018, 2019, and 2020 and for the period ended June 30, 2021:

Property	GLA as at December 31, (sq.m.) ⁽¹⁾			Total Gross Revenue for year ended December 31, (₱ million) ⁽²⁾⁽³⁾		
	2018	2019	2020	2018	2019	2020
Solaris One	46,767.95	46,767.95	46,767.95	714.10	701.00	781.17
Ayala North Exchange	46,359.01	95,300.35	95,300.35	151.20	815.20	999.52
McKinley Exchange	–	–	10,687.50	–	–	118.70
Teleperformance Cebu	–	–	18,092.66	–	–	52.16

Description of Properties

Total	93,126.96	142,068.30	170,848.46	865.30	1,516.20	1,951.55
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Properties	GLA as at June 30, 2021 (sq.m.) ⁽¹⁾	Total Gross Revenue for period ended June 30, 2021 (₱ million) ⁽²⁾⁽³⁾
Solaris One	46,768	382.10
Ayala North Exchange	95,300	501.04
McKinley Exchange	10,688	66.74
Teleperformance Cebu	18,093	105.11
Laguna Technopark Lots	98,179	272.59
The 30th	74,704	37.11
Total	343,732	1,364.70

Notes:

- (1) Refers to GLA dedicated to office, retail use, serviced apartment and flexible office.
- (2) The financial information in this table is based on audited financial figures for the years ended December 31, 2018, 2019, 2020 and June 30, 2021.
- (3) Includes income from straight-line method of recognizing rental income.

In addition to the Properties described above, the Company intends to expand the building portfolio through the Property-For-Share Swap Transaction with its Sponsor. Pursuant to the Deed of Exchange, ALI, WCV, and GDI will transfer ownership of the following Swap Properties to the Company in exchange for shares:

Swap Properties	Registered Owner	Fair Market Value (Appraised Value) (in ₱ million) ³	Transfer Value (in ₱ million)
Vertis North Commercial Development	ALI	14,166.53	11,975.70
BPI-Philam Life Makati	ALI	212.68	238.18
BPI-Philam Life Alabang	ALI	58.57	63.39
Bacolod Capitol Corporate Center	Westview ¹	897.95	897.94
Ayala Northpoint Technohub	Westview ¹	300.31	300.25
One Evotech and Two Evotech	GDI ²	1,989.23	1,988.69
Total		17,625.27	15,464.14

Notes:

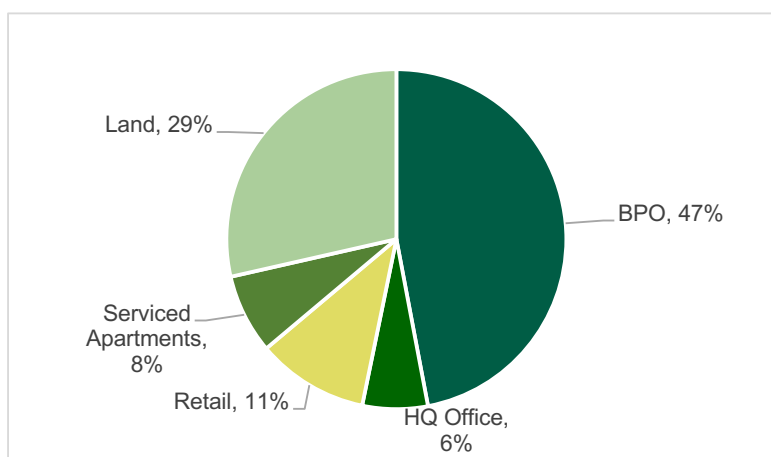
- (1) 100% owned by ALI
- (2) 100% owned by ALOI
- (3) Vertis North Appraised value based on Appraisal report dated October 07, 2020; BPI-Philam Life Makati, BPI-Philam Life Alabang, Bacolod Capitol, Ayala Northpoint, One and Two Evotech appraised values based on appraisal reports dated February 18, 2021

The Company's Related Party Transaction Committee and the Board of Directors have reviewed Isla Lipana & Co.'s, a member firm of PricewaterhouseCoopers, fairness opinion on the Shares and the Swap Properties as well as the appraisal reports issued by Asian Appraisal Company, Inc. Appraisal Reports and a Fairness Opinion have been issued by Asian Appraisal Company, Inc. and PwC, to establish the fairness of the valuation of the Shares and the Swap Properties. The Company's Fund Manager endorsed the Property-For-Share Swap Transaction to the Company on March 15, 2021.

The breakdown of shares to be issued to ALI, WCV, and GDI are as follows:

Stockholder	Number of Shares
ALI	383,664,531
Westview	37,443,313
GDI	62,146,531
TOTAL	483,254,375

Assuming the Company acquires the properties included in the transaction, the breakdown of the GLA across the tenant sectors (based on Committed Leases and the existing committed lease at Teleperformance Cebu) is set out in the chart below:



TENANT PROFILE

As of June 30, 2021, commercial office space comprised approximately 53.2% of the total Gross Leasable Area of the Properties. The major tenants of the Properties include major, international corporations, such as the Bank of the Philippine Islands, Shell Shared Services (Asia) B.V. – Philippine Branch, Concentrix CVG Philippines, Inc., and Oracle Netsuite (Philippines), Inc. The ten largest tenants in terms of total Gross Leasable Area accounted for 67.1% of total Rental Income for the six months ended June 31, 2021 and 88.5% of total Rental Income for the year ended December 31, 2020. For the six-month period ended June 30, 2021, no more than 79.9% of total Rental Income was derived from any one industry sub-sector while, no more than 17.4% of total Rental Income was derived from any one tenant.

The table below sets out details of the ten largest tenants of the Properties (including those with Committed Leases in Ayala North Exchange, McKinley Exchange, Teleperformance Cebu, Laguna Technopark land, and The 30th), in terms of total Gross Leasable Area, as of June 30, 2021:

	Tenant	Industry Sector	Property	Total GLA	Percentage of total GLA
1	Integrated	Manufacturing	Laguna	98,179	28.6%

Description of Properties

	Microelectronics, Inc. ¹		Technopark Lots		
2	Shell Shared Services (Asia), B.V.	Shared service	Solaris One	33,073	9.6%
3	North Eastern Commercial Corporation (Ayala Malls The 30th)	Retail	The 30th	26,833	7.8%
4	Makati North Hotel Ventures, Inc. (Seda Residences Makati)	Serviced Apartments	Ayala North Exchange	26,034	7.6%
5	Concentrix CVG Philippines, Inc.	Outsourcing	Ayala North Exchange	24,280	7.1%
6	TPPH-FHCS, Inc.	Outsourcing	Teleperformance Cebu	17,682	5.1%
7	Oracle Netsuite (Philippines), Inc.	Shared service	Ayala North Exchange	10,099	2.9%
8	Telus International (Philippines), Inc.	Outsourcing	McKinley Exchange	9,633	2.8%
9	Bank of the Philippine Islands	Banking and finance	Solaris and Ayala North Exchange	8,480	2.5%
10	PricewaterhouseCoopers Service Delivery Centre (Manila) Limited	Outsourcing	The 30th	7,987	2.3%
Total of ten largest tenants				262,280	76.3%
Other tenants, including vacancies				81,452	23.7%
Total				343,732	100%

Notes:

- (1) Subsidiary of Ayala Corporation
- (2) Subsidiary of Ayala Land, Inc.
- (3) Subsidiary of Ayala Hotels and Resorts Corporation

The ten largest tenants in terms of total Gross Leasable Area accounted for 67.1% of total Rental Income for the six months ended June 31, 2021 and 88.5% of total Rental Income for the year ended December 31, 2020. For the six-month period ended June 30, 2021, no more than 79.9% of total Rental Income was derived from any one industry sub-sector while, no more than 17.4% of total Rental Income was derived from any one tenant. IMI occupies 28.6% of the Company's total GLA which lease accounts for a 3% revenue contribution, and 1% cost contribution for the period ending June 30, 2021. The Properties have a diversified tenant mix that is consistent with the movements in the Philippines and the global market. The Company's business is not dependent upon one tenant nor a single industry.

The table below sets out details of the Properties' overall distribution of the Properties' leasable area, in terms of office type, and overall tenant diversification, in terms of industry sector, as of June 30, 2021:

Office type and industry sector	Gross Leasable Area ⁽¹⁾ (sq.m.)	Percentage of total GLA ⁽²⁾ (%)
BPO Office		
Shared service	64,883	18.9%
Outsourcing	79,895	23.2%
Admin	1,983	0.6%
HQ Office		
Banking & finance	10,120	2.9%
Insurance	4,923	1.4%
Healthcare & pharmaceuticals	9,877	2.9%

Description of Properties

Real Estate	2,856	0.8%
Manufacturing	98,179	28.6%
Flexible office	7,837	2.3%
Serviced apartment	26,034	7.6%
Retail	36,046	10.5%
Total	342,632	99.7%

Notes:

- (1) Based on Committed Leases which have commenced on the specified lease term.
(2) Based on total combined GLA of the Properties of 343,732 sq. m. as of June 30, 2021.

The table below sets out details of lease expiration in respect of the commercial office Committed Leases for the Properties which are scheduled to take place in the future:

Period/Year ended December 31,	Expiring GLA	Expiring GLA as a percentage of total GLA⁽¹⁾	Percentage of expiring Rental Income to total Rental Income⁽²⁾
	(sq.m.)	(%)	(%)
2021	2,515.60	0.7%	0.9%
2022	6,232.85	1.8%	1.6%
2023	38,685.07	11.2%	19.9%
2024	29,918.21	8.7%	14.0%
Average	19,337.93	5.6%	9.1%

Notes:

- (1) The total Gross Leasable Area for these periods will be 115,850.75 sq.m. This figure does not include GLA dedicated to retail space, flexible office, and serviced apartments.
(2) Rental Income from commercial offices leases (excluding parking fees) in respect of the expiring leases for the periods mentioned is calculated on the basis of Rental Income payable for 2020.

With respect to retail Committed Leases as of June 30, 2021, which make up only 2.6% sq.m. of the GLA of the Properties, the lease terms generally range from two to three years. The retail leases, however, are generally staggered, and the Company has historically high levels of continued occupancy with the retail lessees.

The commercial office Committed Leases of the Properties have a WALE of 3.6 years (by GLA) as of June 30, 2021.

The Committed Leases for the Properties (including the lease to Makati North Hotel Ventures, Inc. for 100% of the serviced residence portion of Ayala North Exchange) has a WALE of 9.4 years (by GLA) as of June 30, 2021.

Tenant Profile for Property-for-Share Swap Properties

As of June 30, 2021, commercial office space comprised approximately 80.8% of the total Gross Leasable Area of the Swap Properties.

The table below sets out details of the ten largest tenants of the Swap Properties, in terms of total Gross Leasable Area, as of June 30, 2021:

Tenant	Industry Sector	Property	Total GLA⁽¹⁾	Percentage of total GLA
1 Google Services Philippines, Inc.	Shared service	Vertis	42,352	20.5%
2 North Eastern Commercial Corporation	Retail	Vertis	39,306	19.1%

Description of Properties

3	Telus International (Philippines), Inc.	Outsourcing	Vertis	21,500	10.4%
4	TPPH-FHCS, Inc.	Outsourcing	Vertis	20,472	9.9%
5	Global Payments Process Centre, Inc.	Banking & finance	Vertis	13,683	6.6%
6	ARB Call Facilities, Inc.	Outsourcing	Bacolod Capitol	11,313	5.5%
7	Home Credit	Banking & finance	Vertis	9,992	4.8%
8	Concentrix CVG Philippines, Inc.	Outsourcing	Evotech	9,293	4.5%
9	Techlog Center Philippines	Outsourcing	Evotech	7,132	3.5%
10	RMS Collect Philippines, Inc.	Outsourcing	Bacolod Ayala Northpoint	4,654	2.3%
Total of ten largest tenants				179,697	87.2%
Other tenants, including vacancies				26,429	12.8%
Total				206,127	100%

Notes:

(1) Total GLA of Swap Properties

The table below sets out details of the Swap Properties' overall distribution of the Swap Properties' leasable area, in terms of office type, and overall tenant diversification, in terms of industry sector, as of June 30, 2021:

Office type and industry sector	Gross Leasable Area ⁽¹⁾ (sq.m.)	Percentage of total GLA ⁽²⁾ (%)
BPO Office		
Shared service	42,352	20.5%
Outsourcing	78,907	38.3%
Admin		
HQ Office		
Banking & finance	30,241	14.7%
Real Estate	1,147	0.6%
Professional services	519	0.3%
Power	1,010	0.5%
Water service provider	929	0.5%
Software & Tech services	133	0.1%
Telco	224	0.1%
Construction	17	0.01%
Government	5,164	2.5%
Manufacturing	1,695	0.8%
Flexible office	827	0.4%
Retail	39,481	19.2%
Total	202,644	98.3%

Notes:

- (1) Based on Committed Leases which have commenced on the specified lease term.
 (2) Based on total combined GLA of the Swap Properties of 206,127 sq m. as of June 30, 2021.

The table below sets out details of lease expiration in respect of the commercial office Committed Leases for the Properties which are scheduled to take place in the future:

Period/Year ended December 31,	Expiring GLA	Expiring GLA as a percentage of total GLA ⁽¹⁾
	(sq.m.)	(%)
2021	17,797.48	3.2%
2022	22,601.79	4.1%
2023	108,763.03	19.8%
2024	30,384.51	5.5%
Average	44,886.70	8.2%

Notes:

- (1) The total Gross Leasable Area for these periods will be 549,858.60 sq.m. This figure does not include GLA dedicated to retail space, flexible office, and serviced apartments.

With respect to retail Committed Leases as of June 30, 2021, which make up 19.2% sq.m. of the GLA of the Swap Properties, the lease terms generally range from 1 to 35 years.

The commercial office Committed Leases of the Swap Properties have a WALE of 3.9 years (by GLA) as of June 30, 2021.

The Committed Leases for the Swap Properties has a WALE of 10 years (by GLA) as of June 30, 2021.

Under the lease agreements, tenants are required to notify the Company in writing of their intention to renew the lease at least six months prior to the expiration of the lease term. The Company and the tenant shall then negotiate and endeavor to sign a new contract of lease at least 90 days prior to the expiration of the lease period. In the event that the parties are unable to complete negotiations on the terms of renewal prior to the lapse of the original term, the original lease term is deemed automatically extended for such period until the renewal contract is executed, but does not exceed six months from the expiration of the original term of the lease. If no renewal contract is signed within such six-month period, then the lease contract shall expire on the last day of such period.

In addition, the Fund Manager intends to work with the Property Manager towards growing the net operating income earned through pursuing an active leasing strategy. The Fund Manager expects to implement its strategy in two principal ways: first, the Company will maintain and expand the fixed increases in the rental rates of tenants during the course of the term, which are already present in most of the Properties' leases. The Company expect that this feature will also be present in most, if not all, future lease contracts. Second, the Company will attempt to negotiate increased rental rates when current leases with below-market rents expire. As leases expire, the Company will have the opportunity to change rental rates, to revise lease terms and conditions, to relocate existing tenants, and to reconfigure or expand tenant spaces. For the portion of GLA designated for retail, the Property Manager may negotiate to expand a successful retailer's space or to take back space from an underperforming retailer or may seek to obtain commitments from new retailers for existing available space or planned expansions.

The Company believes that the Properties can continue to be desirable locations for multinational corporations by combining a diverse mix of Anchor Locators and specialty retailers, competitive amenities, and responsive tenant services.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE INITIATIVES

The Company is committed to ensure high standards of Environmental, Social, and Corporate Governance (ESG) practices for all its stakeholders. Earlier this year, the Company released its maiden Integrated Report which was prepared in accordance with the International Integrated Reporting <IR> Framework developed by

the International Reporting Council. The report follows sustainability indicators set by the Global Reporting Initiative Standards, Sustainability Accounting Standards Board, and Task Force on Climate-related Financial Disclosures. It has outlined measures to ensure safety of its Properties and personnel amidst the pandemic, as well as high standards of ESG practices.

Environment and Social

Consistent with the Sponsor's goal of bolstering sustainable development in the Philippines by integrating eco-efficient practices into its developments, and the Sponsor's commitment to achieve carbon neutrality in all commercial properties by 2022, the Company has initiated efforts to make the Properties greener, lessening the carbon footprint, and ensuring environmental efficiency for the Properties. As of June 30, 2021, AREIT is on-track to achieve carbon neutrality by yearend and targets net zero emission by end 2022 for its current Properties, contributing to Ayala Land's carbon neutrality in the same year.

Sustainability in AREIT is focused on four areas of Site Resilience, Pedestrian Mobility and Transit Connectivity, Resource Efficiency, and Local Economic Development.

- **Site Resilience.** The Company strengthens readiness of the Properties to recover quickly from climate change impacts and geohazards, reduces vulnerability of communities to the effects of climate change and natural disasters. The Company's Properties have allocated open and green spaces that provide healthful environments during regular operations and sufficient areas for use in emergencies. Under its current portfolio, Teleperformance Cebu is Gold LEED-Certified, while Ayala North Exchange's LEED certification is on-going. Upon approval of the Property-for-Share Swap Transaction, two other LEED-Certified properties will be added into the Company's portfolio – One Evotech which is Silver LEED-Certified, and Vertis North Corporate Centers 1 to 3 which are Gold LEED-Certified.

In addition, the Property Manager regularly conducts regular emergency and readiness drills to ensure continuity of operations. The Properties are part of the ALI Group's Crisis Management activities and monitored through the APMC Operations Center in Makati City.

To address, the current COVID-19 pandemic, all Properties established and implemented COVID-19 protocols and guidelines to ensure security and safety of the Properties and its occupants.

- **Pedestrian Mobility and Transit Connectivity.** The Company provides facilities to enhance pedestrian comfort and connectivity to and from the Properties, and thereby improve urban mobility. Most of the Properties are strategically located in the mixed-use, integrated, and sustainable estates of Ayala Land and are thus readily accessible to commuters and pedestrians. In the Makati Central Business District, Ayala North Exchange and Solaris One are both connected to the elevated walkway and underpass network of the estate, providing access to the main transport hub in Ayala Center. Both buildings are also near the bus and jeepney stops along Ayala Avenue.

McKinley Exchange is strategically located at the intersection of Ayala Avenue and EDSA, Metro Manila's main thoroughfare connecting the northern and southern sections of the metropolis. Located on the northbound side of EDSA, it also houses a terminal for public utility vehicles going into Bonifacio Global City (BGC) in Taguig, thereby serving as a main entry point in BGC. The terminal serves 42 buses and 80% of the bus services' total daily ridership. McKinley Exchange is also connected to the Ayala Center on the other side of EDSA through an elevated covered walkway.

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

The 30th is a grade A, PEZA-certified commercial development composed of a 19-storey office tower with GLA of 47,871 sq.m. supported by a four (4)-storey retail podium with a GLA of 26,833 sq.m.. It is strategically located along Meralco Avenue in Pasig City, which is readily accessible to public transportation. The office building is predominantly leased to BPOs (87% of GLA) and other locators (13% of GLA) wherein AREIT will derive stable leasing income. Standard office lease terms are fixed for a period of five (5) years and renewable for another five (5) years. The retail podium is operated by North Eastern Commercial Corp. ("NECC"), a wholly-owned subsidiary of ALI under the Ayala Malls brand. NECC will pay a monthly guaranteed building lease to AREIT for a period of 36 years, in line

with the land lease term of the property. With this transaction, AREIT will not be subjected to volatility risk from retail operations.

The 9.8-hectare LTI Lots are located in Laguna Technopark, a premiere PEZA accredited industrial park spanning portions of Biñan and Santa Rosa in the province of Laguna currently managed by AyalaLand Logistics Holdings Corp. (“ALLHC”), a listed subsidiary of ALI. Laguna Technopark is home to top global and local companies’ logistics, manufacturing and industrial operations.

- **Resource Efficiency.** The Company manages energy, water, and waste to reduce its environmental footprint and address the continuing loss of natural resources. The 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 wastes in the Properties.

As of December 31, 2020, total energy consumption of AREIT properties declined by 14% owing to 24 million kWh due to fewer tenant personnel on-site owing to the community quarantines. Energy consumption of leased areas and the organization likewise dropped by 9% and 19%, effectively. Electricity intensity in both common areas and tenant areas, measured as kWh consumption per sq.m. of occupied floor area has also decreased over the years.

Similarly, and within the same period, water consumption of the Properties also saw a significant reduction due to fewer tenant employees on the premises. Within AREIT common areas, water consumption likewise declined, as well as consumption in lease areas. Consequently, common area and tenant water intensity, measured as cubic meter consumption per sq.m. of occupied floor area also decreased.

AREIT has adopted a circular waste management model, in line with Ayala Land’s practice. With the help of Ayala Property Management Corporation, waste generated by the Properties are sent either to recyclers or to the landfill. As of December 31, 2020, 7,692 kilograms of waste was diverted and sent to recyclers. Total waste generated decreased due to lower tenant occupancies in 2020. The Company, through Ayala Property Management Corporation, complies with the requirements of proper hazardous waste management in accordance with the relevant laws and regulations.

- **Local Economic Development.** The Company is committed to create employment opportunities for the communities where it operates in and seeks to alleviate socio-economic imbalances. The Company prioritizes local hiring with 90% of property managers and service providers coming from within the cities where the Properties are located. The Properties likewise attracted international and local business locators, and generated around 56,000 Filipino jobs, particularly BPO workers across all Properties, prior to the pandemic.

The goal of ensuring ecological efficiency for the Properties, the Company initiated measures to address the continuing loss of natural resources, by using them judiciously and efficiently, reducing consumption and emissions. In terms of energy conservation, Solaris One is currently using renewable energy as certified by the International RES Standard since 2019, and The 30th since 2020. Likewise, Ayala North Exchange has shifted to renewable energy sources earlier this year, and its cooling needs is supplied by a District Cooling System (“DCS”) resulting in 20 to 35% reduction in electricity consumption. The Property Manager shall continue to promote programs and mechanisms pursuant to the goal of making all the Properties sustainable.

In addition, the Company has a Sustainability Committee which shall regularly review the Company’s composition, taking into consideration the progressing standard of the Company, and best practices in sustainable development. The Sustainability Committee provides oversight, and identifies and assesses significant social, ethical, and environmental interdependencies that might impact on the long-term business objective of the Company to be recognized as a responsible and sustainable corporation in the property sector. This governance structure would allow the Company to improve the methods, manage the resources prudently, always mindful of the environmental footprint.

The following are the costs incurred by the Company on the necessary permits and certifications secured for the purpose of complying with environmental laws and regulation:

Description of Properties

Property	Permits/Certifications/Other	Cost
Ayala North Exchange	DENR Permit to Operate	9,640.00
Ayala North Exchange	Environmental Compliance Certificate	40,015.00
Ayala North Exchange	Hazardous Waste Generator Registration Certificate	1,500.00
Ayala North Exchange	Water Discharge Permit	2,095.00
Ayala North Exchange	CMR (Compliance Monitoring Report) Notary	400.00
Ayala North Exchange	SMR (Self-Monitoring Report) Quarterly Notary	400.00
Ayala North Exchange	Sanitary Permit	780.00
Ayala North Exchange	Genset Emission Test	139,500.00
Ayala North Exchange	Waste Water / Effluent Monthly Test	3,110.00
Ayala North Exchange	STP Maintenance and Operations (Monthly)	73,810.00
Ayala North Exchange	STP Maintenance - Chlorine Supply	20,000.00
Ayala North Exchange	Hazardous Waste Hauling & STP Siphoning	430,080.00
Ayala North Exchange	Bioaugmentation	7,000.00
Ayala North Exchange	Property PCO Accreditation	500.00
Solaris One	Genset Permit to Operate	15,000.00
Solaris One	Waste Water Test	9,922.40
Solaris One	Hazwaste PTT	2,080.00
Solaris One	ERC Certificate of Compliance	10,000.00
Solaris One	CMR (Compliance Monitoring Report)	400.00
Solaris One	Self-Monitoring Report DENR	800.00
Solaris One	Genset Emission Testing	80,000.00
Solaris One	Property PCO Accreditation	500.00
The 30th	LLDA Discharge Permit	20,545.09
The 30th	DENR Permit to Operate	18,428.57
The 30th	Property PCO Accreditation	650.00
The 30th	Semi-Annual Compliance Monitoring Report DENR Notary	300.00
The 30th	Quarterly Self-Monitoring Report DENR Notary	600.00
The 30th	HAZWASTE PIT	149,632.00
The 30th	ERC Certificate of Compliance	10,000.00
The 30th	Smoke Emission Test	55,357.16
The 30th	Monthly Water Testing Analysis	1,300.00
McKinley Exchange	Self-Monitoring Report DENR	800.00
McKinley Exchange	CMR (Compliance Monitoring Report)	400.00
McKinley Exchange	Genset Permit to Operate	15,000.00
McKinley Exchange	Pollution Control Officer	500.00
McKinley Exchange	Genset Emission Testing	31,000.00
McKinley Exchange	Hazwaste PTT	2,080.00
McKinley Exchange	Waste Water Disposal	7,504.00
McKinley Exchange	ERC Certificate of Compliance	10,000.00
TOTAL		1,171,629.22

Governance

Since 2019, the Company has adopted a Manual for Corporate Governance which conform to the SEC's Corporate Governance Code, and the requirements of the REIT Law. See the section entitled "Directors, Executive Officers and Control Persons"

MAINTENANCE

Over the course of the useful life of the Properties, the Property Manager will continue to maintain the Properties. The Company endeavors to keep the Properties in good working order, subject to high commercial standards, and acceptable to the tenants. These efforts mean expending funds to complete routine maintenance, including maintenance of elevators, air-conditioning, and restrooms, repainting, parking improvement, landscape enhancement, waterproofing, building refurbishment, and equipment upgrades, as well as extraordinary maintenance, in the event of damage from weather disturbances, such as typhoons, earthquakes, or floods, and from other unforeseen events. The Company has, in the past, and expects to, in the future, fund such necessary maintenance by the Property Manager with cash. Accordingly, the Company intends to maintain a cash reserve, representing capital expenditure of 3-5% of Gross Rental Income, to fund all routine and extraordinary maintenance.

Solaris One has undergone some refurbishment since its construction. In 2017, Solaris One had ramps for persons with disabilities installed in its common areas. While there are currently no major planned renovations, the Company annually allocates a certain percentage of its revenues for capital expenditures to ensure regular upkeep and improvement of the properties, which will be funded through cash from operations. As Ayala North Exchange was completed only in the third quarter 2019, it has not needed any renovation to date. The Company's projections for future refurbishments of the Properties are included in the allocated capital expenditure provision.

MARKETING

The Company, through the Property Manager, expends funds on marketing activities. Marketing expenses primarily comprise advertising and promotion expenses, selling expenses, and tenant renovation allowances. The Company plans to continue to improve the marketing and promotional activities for the Properties with the goal of maximizing the pool of eligible and desirable tenants. To achieve this, the Property Manager will assemble an experienced group of marketing and advertising professionals, who will develop customized marketing plans for each Property. These plans will address the Properties' tenant mix, market characteristics, and cost of available media. Please see the section entitled "The Fund Manager and the Property Manager – the Property Manager".

SOLARIS ONE

Solaris One is a Grade A, commercial office building in the heart of Metro Manila's preeminent financial business district. The building, which was built in 2008 and was previously known as E-Services 3 Dela Rosa Building, is located on Dela Rosa Street in the high-density commercial area of Makati City, Metro Manila's main CBD. Makati City has the highest concentration of multinational and local corporations in the Philippines, including major banks, conglomerates, and department stores as well as foreign embassies. It is comprised of 46,767.95 sq.m. of Gross Leasable Area and incorporated seven stories of car parking lots and 16 stories of commercial office space on a plot of land with an area of 3,612 sq.m. Of the total Gross Leasable Area, 46,026.91 sq.m. is designated for office leases. Solaris One also features a mini-park and 741.04 sq.m. of Gross Leasable Area for retail purposes.

As of December 31, 2019, Solaris One was 96.2% leased, with 13 individual leases, and as of December 31, 2020, it was 100% leased, with 13 individual leases, making it an important part of the Makati CBD. As of June 30, 2021, it was 100% leased, with 12 individual leases. Solaris One is positioned for major multinational corporations as well as local businesses and banks. Reflecting this, Solaris One's Anchor Locators include recognizable names such as Shell Shared Services (Asia) B.V. – Philippine Branch, and ANZ Global Services and Operations (Manila), Inc.

Located at 130 Dela Rosa Street, Solaris One is present in the heart of the Philippines financial center, Makati City. In a central location, Makati City is accessible to and from the other districts of Metro Manila. According to a recent market study, the total population of Makati City as of 2015 was approximately 582,602, giving corporations with offices in Solaris One a large population from which to draw their employees.

Solaris One has car parking facilities in seven podium levels, comprising 671 car parking spaces in total. Car Park lots are available to tenants and visitors, and generated revenue of ₱26.7 million, ₱26.2 million, ₱33.1 million, and ₱30.1 million, for the years ended December 31, 2020, 2019, 2018, and 2017, respectively. For the six-month period ended June 30, 2021, car park lots generated revenue of ₱13.2 million. The Company does not specifically target any particular client segment for Solaris One, the Company believes that Solaris One is particularly attractive to BPOs. The Company has obtained PEZA accreditation for the building, thereby allowing BPOs to enjoy tax incentives and making Solaris One a more attractive leasing opportunity to such businesses. PEZA accreditation enables the tenants to enjoy available fiscal and non-fiscal incentives under this tax regime such as a special tax rate of 5% on gross income, Income Tax Holidays and Exemption from creditable withholding taxes, among others. To achieve PEZA's technical requirements, Solaris One features amenities and technology that cater to the high-speed fiber-optic data telecommunications systems of telecommunications providers. Solaris One also has clean and uninterrupted power supply with backup generators, and building monitoring and maintenance systems. Solaris One's largest tenant, Shell Shared Services (Asia) B.V. – Philippine Branch, which has been leasing space in the building since 2008 and as of June 30, 2021 is the largest contributor of the Company's total Gross Revenue, is a BPO company.

For the year ended December 31, 2020, 13 companies leased space in Solaris One. In the same year, Solaris One generated ₱781 million in Gross Revenue. For the six-month period ended June 31, 2021, 12 companies leased commercial space in Solaris One. For the same period, Solaris One generated ₱382 million in Gross Revenue.

The Company, in conjunction with Ayala Land, agreed to develop a building on a parcel of land owned by Ayala Land. This development later became known as Solaris One. The Company has owned the building since its construction.

Tenant Profile

Solaris One's largest tenants include Philippine and international corporations with strong brand recognition globally. The majority of the lease commitments of Solaris One's tenants are for a term of five years or more, with options for the tenant to renew.

Reflecting its positioning within Metro Manila's main CBD, Solaris One caters to a variety of different businesses engaged in a number of different industries. For the six-month period ended June 30, 2021, the BPO industry was the most significant contributor to the Rental Income of the Property, accounting for 67.2% of Property's

Rental Income.

The table below sets out information on the Anchor Locators of Solaris One in terms of Gross Leasable Area and contribute more than 20% of the Property's revenue as of June 30, 2021:

	Tenant	Industry Sector	Total GLA	Percentage of total Solaris One GLA
1	Shell Shared Services (Asia) B.V. – Philippine Branch	Shared service	33,073	70.8%
2	ANZ Global Services and Operations (Manila) Inc.	Shared service	6,953	14.9%
	TOTAL		40,026	85.6%

The Property's Anchor Locators are Shell Shared Services (Asia) B.V. – Philippine Branch and ANZ Global Services and Operations (Manila), Inc., both of which hold offices in Solaris One. For the six-month period ended June 30, 2021, the Property's Anchor Locators contributed approximately 83% of the Property's Rental Income.

Related Party Tenants

The Company's related party tenants are Alveo Land Corporation and the Bank of the Philippine Islands, which are leasing, in the aggregate, approximately 1.0% of GLA of Solaris One.

Lease Expiries and Renewals

Since Solaris One was completed in 2008 and typical commercial office lease terms for the building run between five and ten years, a number of the building's leases expired between 2013 and 2020.

The table below sets out details of lease expirations in respect of the commercial office Committed Leases for Solaris One which, as of the date of this Prospectus, are scheduled to take place during the years ended December 31, 2021, 2022, 2023 and 2024:

Year ended December 31,	Expiring GLA	Expiring GLA as a percentage of total GLA ⁽¹⁾	Percentage of expiring Rental Income to total Rental Income ⁽²⁾
	(sq.m.)	(%)	(%)
2021	-	-	-
2022	356.14	0.8%	0.9%
2023	-	-	-
2024	107.57	0.2%	0.4%
Average	115.93	0.3%	0.3%

Notes:

(1) Calculated using the current Gross Leasable Area of Solaris One for office space: 46,026.91 sq.m.

(2) Rental Income from commercial offices leases (excluding parking fees) in respect of the expiring leases for the periods mentioned is calculated on the basis of Rental Income payable for 2020

AYALA NORTH EXCHANGE

Ayala North Exchange is a Grade A, mixed-use commercial building in the heart of Metro Manila's preeminent financial business district, Makati City. It was previously known as project City Gate and construction of its total available Gross Leasable Area was completed in September 2019. Ayala North Exchange is located on Ayala Avenue in the high-density commercial area of Makati City, Metro Manila's main CBD. As mentioned above, Makati City has the highest concentration of multinational and local corporations in the Philippines, including major banks, conglomerates, and department stores as well as foreign embassies. Ayala North Exchange consists of two office towers, one 12-stories high and the other 20-stories high, on a plot of land with an area of 7,657 sq.m., which represents a total of 95,300.35 sq.m. of Gross Leasable Area.

The Company envisions Ayala North Exchange as a fully mixed-use development, and its current Committed Leases reflect this strategy. Of the 95,300.35 sq.m. of GLA available in Ayala North Exchange, 61,723.96 sq.m. is designated as HQ Office, BPO Office, and flexible office space, 7,542.39 sq.m. is reserved as retail shop space, and 26,034 sq.m. is set aside for a collection of serviced apartments and associated amenities branded as Seda Residences Makati. The building also incorporates six levels of basement car parking, totaling 1,058 parking slots.

In 2018, although Ayala North Exchange has not yet been fully constructed, the Company has secured committed lessees for the building. As of June 30, 2021, Ayala North Exchange has Committed Leases for 100% of the building's office GLA. Some of these leases were perfected as early as 2015 and commenced as early as May 2018, but the bulk of these leases commenced in the second half of 2018. Ayala North Exchange is positioned for major multinational corporations as well as local BPO businesses, serviced apartments, and banks. The majority of Ayala North Exchange's tenants are engaged in the BPO industry or the banking and finance industry. Ayala North Exchange's Anchor Locators include reputable businesses such as Makati North Hotel Ventures, Inc., Concentrix CVG Philippines, Inc., Oracle Netsuite (Philippines), Inc., and the Bank of the Philippine Islands.

Located at 6796 Ayala Avenue corner Salcedo Street, Ayala North Exchange is present in the heart of the Philippines financial center, Makati City. In a central location, Makati City is accessible to and from the other districts of Metro Manila. According to publicly available information, the total population of Makati City as of 2015 was approximately 582,602, giving corporations with offices in Ayala North Exchange a large population from which to draw their employees.

Although the Company does not specifically target any particular client segment for Ayala North Exchange, it believes that Ayala North Exchange is particularly attractive to BPOs, and anticipates that 40,356.20 sq.m. of its Gross Leasable Area will be taken up by BPO companies. Ayala North Exchange is a PEZA-accredited building, thereby allowing BPOs to enjoy tax incentives in the building and making it a more attractive leasing opportunity to such businesses. PEZA accreditation enables the tenants to enjoy available fiscal and non-fiscal incentives under this tax regime such as a special tax rate of 5% on gross income, Income Tax Holidays and Exemption from creditable withholding taxes, among others. To achieve PEZA's technical requirements, Ayala North Exchange's BPO Office space features amenities and technology that cater to the high-speed fiber-optic data telecommunications systems of telecommunications providers. Ayala North Exchange also has clean and uninterrupted power supply with backup generators, and building monitoring and maintenance systems.

Based on the Committed Leases for Ayala North Exchange, for the year ended December 31, 2020, the commercial office tenants leased space in Ayala North Exchange and generated for the Company ₱1,000.00 million in Gross Revenue. For the six-month period ended June 30, 2021, nine commercial office tenants leased space in Ayala North Exchange and generated for the Company ₱501 million in Gross Revenue. Please see the section entitled "Selected Financial and Operating Information" in this Prospectus.

The Company acquired Ayala North Exchange from the Sponsor on October 2, 2018 pursuant to a Deed of Assignment which became effective on October 5, 2018. See the section entitled "Certain Agreements relating to The Company and the Properties – Description of the Agreements to Acquire the Properties"

Tenant Profile

Ayala North Exchange's largest tenants include Philippine and international corporations with strong local and

international brand recognition. The majority of the lease commitments of Ayala North Exchange's tenants are for a term of five years or more, with options for the tenants to renew.

Reflecting its positioning within Metro Manila's main CBD and its focus as a mixed-use development, Ayala North Exchange caters to a variety of different businesses engaged in a number of different industries. For the six-month period ended June 30, 2021, [the BPO industry and the banking and finance industry] were the most significant contributors to the Rental Income of the Property, accounting for approximately 59.2 and 17.1% of Rental Income, respectively:

The table below sets out information on the commercial office tenants of Ayala North Exchange in terms of Gross Leasable Area as of June 30, 2021:

	Tenant	Industry Sector	Total GLA	Percentage of ANE total GLA
1	Concentrix CVG Philippines, Inc.	Outsourcing	24,280	25.5%
2	Oracle Netsuite (Philippines), Inc.	Shared service	10,099	10.6%
3	Bank Of The Philippine Islands	Banking & finance	10,012	10.5%
	Total		44,390	46.6%

The Property's Anchor Locators are Makati North Hotel Ventures, Inc., Concentrix CVG Philippines, Inc., Oracle Netsuite (Philippines), Inc., and the Bank of the Philippine Islands. For the six-month period ended June 30, 2021, the Property's Anchor Locators contributed approximately 66.8% of the Property's Rental Income.

Ayala North Exchange has a strong mix of commercial office lessees and thus has limited exposure to any particular industry. In addition, many of the tenants of Ayala North Exchange, including Concentrix CVG Philippines, Inc., Institutional Shareholders Services, Inc., Pru Life Insurance Corporation, and the Bank of the Philippine Islands, have previously been tenants of other buildings owned by the Sponsor. The ALI Group's familiarity with these tenants increases the confidence in the strength and stability of Ayala North Exchange's tenant base.

Related Party Tenants

The Bank of the Philippine Islands, a related party of the Company, is leasing approximately 10.5% of the GLA of Ayala North Exchange. Makati North Hotel Ventures, Inc., a wholly-owned Subsidiary of AyalaLand Hotels and Resorts Corp., which in turn, is a wholly-owned Subsidiary of the Sponsor, leases 100% of the serviced residences portion of Ayala North Exchange.

Lease Expiries and Renewals

As Ayala North Exchange has only been completed in the third quarter of 2019, it has not yet needed to deal with any lease expirations or renewals. However, similar to Solaris One, many of the current Committed Leases for Ayala North Exchange have five-year terms for commercial office space. The Company therefore expects that Ayala North Exchange's leases will begin to expire on a five-year cycle. As a result, the Company expects lease expiry rates to be slightly higher in 2023 and 2024 once the first wave of leases which commenced in 2018 and 2019, begins to expire. For the year 2023, the Company anticipates that 21.7% of Ayala North Exchange's GLA for office space will be up for renewal. The Fund Manager and Property Manager believe that the majority of these expiring leases will be successfully renewed.

The table below sets out details of lease expirations in respect of the commercial office Committed Leases for Ayala North Exchange which, as of June 30, 2021 are scheduled to take place during the periods indicated:

Year ended December 31,	Expiring GLA	Expiring GLA as a % of total GLA ⁽¹⁾	% of expiring Rental Income to total Rental Income ⁽²⁾
	(sq.m.)	(%)	(%)
2021	0	0%	0%
2022	0	0%	0%
2023	20,634	33.4%	37.4%
2024	11,737	19.0%	19.7%
Average	8,093	13.1%	14.3%

Notes:

- (1) Gross Leasable Area of Ayala North Exchange will be approximately 61,723.96 sq.m. This does not include GLA dedicated as serviced apartments, and retail space.
- (2) Rental Income from commercial offices leases (excluding parking fees) in respect of the expiring leases for the periods mentioned is calculated on the basis of Rental Income payable for 2020.

MCKINLEY EXCHANGE

McKinley Exchange is a Grade A commercial building, located along McKinley Road corner EDSA in Makati, Metro Manila's preeminent financial business district. McKinley Exchange consists of one 5-storey tall tower, on a plot of land with an area of 4,513 sq.m. McKinley Exchange has 10,687.50 sq.m. of Gross Leasable Area, 9,633.32 sq.m. of which is designated for commercial office leasing, and GFA of 14,598.40 sq.m. The building also incorporates two basement levels for car parking, offering a total of 120 parking slots.

While McKinley Exchange first began operations in March 2015, it was fully leased to tenants as early as November 2014. As of June 30, 2021, McKinley Exchange was 100% leased out, with a single individual lease. McKinley Exchange's current tenant is TELUS International Philippines, a pioneer in the BPO industry. A leading BPO service provider, TELUS International Philippines has five sites in the country and over 12,000 employees delivering customer service to its clients around the world. Its parent company, TELUS, is Canada's fastest-growing national telecommunications company with millions of its own customer connections. For the year ended December 31, 2020 and six months ended June 30, 2021, McKinley Exchange generated ₱100.00 million and ₱56.34 million in Rental Income, respectively.

Located at the corner of McKinley Road, one of the gateways to Bonifacio Global City, and EDSA, Metro Manila's major thoroughfare, McKinley Exchange also serves as a transport hub connecting bus lines going to and from Bonifacio Global City, and Makati City, as well as the serving as a connection to the MRT-3 line, making it accessible to commuters. According to available public information, the total population of Makati City as of was approximately 582,602, giving corporations with offices in McKinley Exchange a large population from which to draw their employees.

McKinley Exchange has car parking facilities in two basement floors, comprising 120 car parking spaces in total.

Although the Company does not specifically target any particular client segment for McKinley Exchange, the Company believes that McKinley Exchange is particularly attractive to BPOs, such as TELUS International Philippines. The Sponsor has obtained PEZA accreditation for the building, thereby allowing BPOs to enjoy tax incentives and making McKinley Exchange a more attractive leasing opportunity to such businesses. PEZA accreditation enables the tenants to enjoy available fiscal and non-fiscal incentives under this tax regime such as a special tax rate of 5% on gross income, Income Tax Holidays and Exemption from creditable withholding taxes, among others. To achieve PEZA's technical requirements, McKinley Exchange features amenities and technology that cater to the high-speed fiber-optic data telecommunications systems of telecommunications providers. McKinley Exchange also has clean and uninterrupted power supply with backup generators, and building monitoring and maintenance systems. TELUS International Philippines has been leasing 100% of the office spaces in McKinley Exchange since it started operations in March 2015.

The Sponsor commenced the construction of McKinley Exchange in 2013 which was completed in March 2015. On January 31, 2020, the Company leased McKinley Exchange from the Sponsor, which lease became effective on February 1, 2020. See the section entitled "Certain Agreements Relating to The Company and the Properties – Description of the Agreements to Acquire the Properties".

Tenant Profile

McKinley Exchange's sole office tenant is TELUS International Philippines, a pioneer in the BPO Industry. TELUS International Philippines has five sites in the country and over 12,000 employees delivering customer service to its clients around the world. Its parent company, TELUS, is Canada's fastest-growing national telecommunications company with millions of its own customer connections. TELUS International Philippines' lease in McKinley Exchange is for a period of 8 years, commencing on December 12, 2014 until November 30, 2022, with an option to renew. TELUS International Philippines occupies a total gross leasable area of 9,633.32 sq.m., and accounts for 85% of McKinley Exchange's Rental Income as of June 30, 2021.

Lease Expiries and Renewals

Since McKinley Exchange was completed in March 2015, all of its office's spaces are fully occupied by TELUS International Philippines ("Telus"), whose lease runs until January 31, 2023. As such, McKinley Exchange has yet to deal with any lease expiration or renewals for its office spaces. For the year 2023, the Company

Description of Properties

anticipates that the entire office space of McKinley Exchange will be up for renewal. The Property Manager shall commence renewal negotiations with TELUS Philippines as early as the July 2022.

TELEPERFORMANCE CEBU

In accordance with the investment strategy, the Company used the net proceeds from the Primary Offer to acquire Teleperformance Cebu from the Sponsor on September 15, 2020, pursuant to a Deed of Absolute Sale which became effective on October 1, 2020. See the section entitled “Certain Agreements relating to The Company and the Properties – Description of the Agreements to Acquire the Properties”.

Teleperformance Cebu, formerly Aegis Towers 1 and 2, is a Grade A mixed-use development, which consists of two PEZA-accredited BPO offices, completed in 2011 with a combined GLA of 18,093 sq.m., constructed on a 3,261 sq.m. parcel of land owned by Ayala Land, and located in Inez Villa Street, Cebu I.T. Park, Barangay Apas, Cebu City. The property is a 12-storey reinforced concrete framed commercial space with two (2) basement parking levels with a total of 237 parking slots, a penthouse, and roof deck.

Teleperformance Cebu is particularly attractive to BPOs, such as TPPH-FHCS, Inc., owner of Teleperformance, a leading BPO service provider. The Property’s PEZA accreditation enables the tenant to enjoy available fiscal and non-fiscal incentives under this tax regime such a special tax rate of 5% on gross income, Income Tax Holidays and Exemption from creditable withholding taxes, among others. To achieve PEZA’s technical requirements, Teleperformance Cebu feature amenities and technology that cater to high-speed fiber-optic data telecommunications systems of telecommunications providers. Teleperformance Cebu benefits from clean and uninterrupted power supply with backup generators, and building monitoring and maintenance systems.

Based on the Committed Leases for Teleperformance Cebu, for the year ended December 31, 2020, Teleperformance’s lease generated for the Company ₱52.16 million in Gross Revenue. For the six-month period ended June 30, 2021, Teleperformance’s lease generated for the Company ₱105.11 million in Gross Revenue.

Tenant Profile

Teleperformance Cebu’s Anchor Locator and sole tenant is TPPH – FHCS, Inc., more commonly known as Teleperformance, which is an international corporation with global strong brand recognition.

Lease Expiries and Renewals

The two PEZA-accredited BPO offices occupied by TPPH-FHCS, Inc. have leases which will expire on October 2026 (11,258.33 sq.m. of occupied GLA) and March 31, 2028 (6,423.99 sq.m. of occupied GLA), respectively.

LAGUNA TECHNOPARK LOTS

The Company acquired four parcels of land located within Laguna Technopark from TLI, a subsidiary of Ayala Corporation, pursuant to a Deed of Absolute Sale which became effective on January 1, 2021.

AREIT's principal investment strategy is to invest in income-generating real estate properties that meet a select set of criteria designed to provide competitive returns to its investors. While focus is on the resilient office sector, AREIT will also acquire freehold and other asset classes to diversify investor risk. The 9.8-hectare Laguna Technopark lots are located in Laguna Technopark, a premiere PEZA-accredited industrial park spanning portions of Biñan and Santa Rosa in the province of Laguna currently managed by AyalaLand Logistics Holdings Corp. ("ALLHC"), a listed subsidiary of ALI. Laguna Technopark is home to top global and local companies' logistics, manufacturing and industrial operations. See the section entitled "Certain Agreements relating to The Company and the Properties – Description of the Agreements to Acquire the Properties".

The sole tenant of the Laguna Technopark lots is Integrated Micro-Electronics, Inc. ("IMI"), a subsidiary of Ayala Corporation. IMI is a leading player in global technology and manufacturing solutions. It has been leasing the land from TLI since 2005. TLI assigned the land lease contract of IMI to AREIT which has a remaining seven (7) year term commencing January 1, 2021 until December 31, 2027, escalating annually at a rate of 5%. The lease may be renewed at the option of the lessor with terms subject to the agreement of both parties.

For the six-month period ended June 30, 2021, IMI leased space in Laguna Technopark lots and generated for the Company ₱37.11 million in Gross Revenue.

The 30th

The 30th is a mixed-use development, planned and developed by Ayala Land and completed in 2017. The 30th is a commercial building located along Meralco Avenue in Pasig City. It has a total gross leasable area of 74,704 sq.m., composed of an office tower and a retail podium. The office tower currently has an average occupancy of 94% and is predominantly leased to BPOs, and other locators wherein AREIT derives stable leasing income. The retail podium is operated by North Eastern Commercial Corp. (NECC), a wholly-owned subsidiary of Ayala Land under the Ayala Malls brand.

The 30th Corporate Center is a grade A, PEZA-certified commercial development composed of a 19-storey office tower with GLA of 47,871 sq.m. supported by a four (4)-storey retail podium with GLA of 26,833 sq.m. This site also provides convenient access to public transportation, support retail establishments and a large talent pool, which are all important considerations for office and manufacturing locators.

The Company acquired The 30th from the Sponsor, on January 15, 2021 pursuant to a Deed of Sale which became effective on January 1, 2021. Simultaneously, AREIT entered into a building lease with NECC for a guaranteed monthly rent for the retail podium.

See the section entitled "Certain Agreements relating to The Company and the Properties – Description of the Agreements to Acquire the Properties"

For the six-month period ended June 30, 2021, 15 commercial office tenants leased space in The 30th and generated for the Company ₱272.6 million in Gross Revenue.

Tenant Profile

The 30th's largest tenants include Philippine and international corporations with strong brand recognition globally. The majority of the lease commitments of The 30th's tenants are for a term of five years or more, with options for the tenant to renew.

Reflecting its positioning within the heart of Metro Manila's Ortigas Business District, The 30th caters to a variety of different businesses engaged in a number of different industries. For the six-month period ended June 30, 2021, the BPO industry was the most significant contributor to the Rental Income of the Property, accounting for 71.4% of Property's Rental Income.

The Property's Anchor Locators are PriceWaterhouseCoopers Service Delivery Centre (Manila) Limited and IQVIA Solutions Operations Center Philippines, Inc., both of which hold offices in The 30th. For the six-month period ended June 30, 2021, the Property's Anchor Locators contributed approximately 30.9% of the Property's Rental Income.

Related Party Tenants

The Company's related party tenant is North Eastern Commercial Corporation, which is leasing the retail podium of The 30th, covering approximately 2.5% of office GLA of The 30th and leases 100% of The 30th retail GLA.

Lease Expiries and Renewals

Since The 30th was completed in 2017 and the typical commercial office lease terms for the building run between five and ten years, a number of the building's leases expired between 2021 and 2024.

The table below sets out details of lease expirations in respect of the commercial office Committed Leases for The 30th which, as of the date of June 30, 2021 are scheduled to take place during the years ended December 31, 2021, 2022, 2023 and 2024:

Period/Year ended December 31,	Expiring GLA	Expiring GLA as a percentage of total GLA ⁽¹⁾	Percentage of expiring Rental Income to total Rental Income ⁽²⁾
	(sq.m.)	(%)	(%)
2021	2,515.60	5.3%	5.1%
2022	5,876.71	12.3%	13.0%
2023	8,417.72	17.6%	16.7%
2024	18,073.64	37.8%	41.2%
Average	8,720.92	18.2%	19.0%

Notes:

- (1) Calculated using the current Gross Leasable Area of The 30th for office space: 47,870.96 sq.m.
(2) Rental Income from commercial offices leases in respect of the expiring leases for the periods mentioned is calculated on the basis of Rental Income payable for 1H2021.

The Swap Properties

At the special meeting of the Board of Directors of the Company held last March 16, 2021, and the annual stockholders' meeting of AREIT held last April 23, 2021, the Board of Directors and AREIT's stockholders approved the issuance of 483,254,375 primary common shares of stock in the Company (the "Shares") to ALI, WCVC, and GDI, at an issue price of ₱32.00 per share in exchange for identified properties valued at ₱15,464,140,000.00. The Shares will be issued out of the increase in AREIT's authorized capital stock to ₱29,500,000,000.00, which was also approved by the Company's Board of Directors on March 16, 2021, and stockholders on April 23, 2021.

On June 8, 2021, the Company and ALI, and ALI's subsidiaries WCVC and GDI, executed a Deed of Exchange implementing the Property-for-Share Swap Transaction whereby the Company will issue the Shares to ALI, WCVC and GDI (as illustrated in Table 2 below) in exchange for the following identified properties valued at ₱15,464,140,000.00, at a transaction price of ₱32.00 per share:

Table 1 – Swap Properties

Property	Registered Owner	Fair Market Value (in ₱)
Vertis North Corporate Center 3 Office Towers and Retail Podium	ALI	11,975,700,000
BPI-Philam Life Makati	ALI	238,175,000
BPI-Philam Life Alabang	ALI	63,390,000
Bacolod Capitol Corporate Center	Westview ¹	897,939,000
Ayala Northpoint Technohub		300,247,000
One Evotech and Two Evotech	GDI ²	1,988,689,000
Total		15,464,140,000
¹ 100% owned by ALI		
² 100% owned by ALOI		

Table 2 – Breakdown of Shares to be Issued to ALI and the Subsidiaries

Stockholder	Number of Shares
ALI	383,664,531
Westview	37,443,313
GDI	62,146,531
TOTAL	483,254,375

The Swap Properties will be used as ALI's, WCV's and GDI's payment for the Shares and to support the increase in the Company's authorized capital stock from ₱11,740,000,000.00 to ₱29,500,000,000.00. The Property-for-Share Swap Transaction will be implemented as a tax-free exchange, and is subject to the Fairness Opinion on the valuation of the Shares and of the Swap Properties prepared and issued by PwC Philippines – Isla Lipana & Co. ("PwC"), an independent fairness opinion provider accredited by both the SEC and the PSE.

On October 08, 2021, AREIT received the approval of the SEC on the Property-For-Share-Swap Transaction, pursuant to the Deed of Exchange executed on June 08, 2021. The Company also received approval from the SEC on the amendment of its Articles of Incorporation and By-Laws to increase the Company's authorized capital stock from ₱11,740,000,000.00 to ₱29,500,000,000.00. In line with these developments, the parties executed an Amendment to Section 4.2 of the Deed of Exchange on October 07, 2021 so that the recognition of income from the new assets will accrue to AREIT beginning October 01, 2021, instead of November 01, 2021. This will enable shareholders to fully benefit from the contribution of the new assets starting in the fourth quarter of the year.

AREIT will also apply for the issuance of the Certificate Authorizing Registration for the Swap Properties from the Bureau of Internal Revenue and the listing of the shares in favor of ALI and the Subsidiaries within the year.

The infusion of the Swap Properties into AREIT through the Property-for-Share Swap Transaction is in line with the objective of both AREIT, and its Sponsor, ALI, to grow the asset base of AREIT through the infusion of several high-quality assets. From the outset, it is the objective of both AREIT and ALI to grow AREIT's portfolio to maximize the value accretion of AREIT's shareholders including its minority retail investors.

Rationale for the Property-for-Share Swap Transaction

The Company's principal investment strategy is to invest in income-generating real estate properties that meet a select set of criteria. To meet the Company's investment criteria, a potential new property should (1) be located in a prime location in either Metro Manila or other key provinces in the Philippines, (2) be primarily (but not exclusively) focused on commercial properties, but may be other types of real estate properties available in the market, and (3) have stable occupancy, tenancy, and income operations.

As the first Philippine REIT which successfully listed amidst the COVID-19 pandemic, AREIT aspires to further grow its leasing portfolio with prime and stable assets. The Property-for-Share Swap Transaction will increase AREIT's portfolio from 344,000 sq.m. to 549,000 sq.m. of gross leasable area; increase AREIT's assets under management from Thirty Billion Pesos to Fifty-Two Billion Pesos; and at the transaction price of ₱32.00 per share, the assets to be infused are yield accretive to AREIT at a capitalization rate of 6%.

The Swap Properties are expected to contribute further to the Company's operating cashflows, boosting dividends per share. Specific to this new infusion, at an exchange price of ₱32.00 per share, the assets for infusion have a projected yield of 6%. At this same price, AREIT's yield is approximately 5.4% from its existing assets. Hence, the asset for share swap would be accretive and potentially increase the overall yield from 5.4% to 5.7% after the new assets are in place. Estimated yields are subject to actual operating performance and market conditions.

The Swap Properties that will be transferred to the Company, including the gross leasable area, location, building owner, occupancy, major tenants, weighted average lease expiry, and average rent, is as follows:

	Vertis North Mall and Corporate Centers 1, 2, and 3	BPI-Philam Life Makati	BPI-Philam Life Alabang	Bacolod Capitol Corporate Center	Ayala Northpoint Technopark	One Evotech and Two Evotech
Location	Quezon City	Makati	Alabang	Bacolod City	Talisay City, Negros Occidental	Sta. Rosa, Laguna
Building Owner	ALI			WCV		GDI

Description of Properties

GLA (sq.m)	Office – 125k Mall – 39k	1k	0.5k	11k	5k	23k
Occupancy	97%	100%	100%	100%	100%	100%
Major Tenants	Google, Teleperformance, Telus, Global Payments	Oberthur Card Systems	Amaia	ARB	RMS	Concentrix, IBM, Techlog
Right Over Land	Leased	Office Condominium Units	Office Condominium Units	Leased	Leased	Leased

The properties involved are as follows:

- **Vertis North Commercial Development** – A mixed-use development located at the heart of Quezon City. It is composed of three (3) office towers with a total GLA of 125,507.39 sq. m. and a retail podium with a GLA of 39,305.76 sq.m. The Property caters to both small and enterprise businesses. The three office buildings are 97% occupied and are leased to large BPO locators including Google Services Philippines, Teleperformance, Telus and Global Payments. The retail component is operated by NECC, a wholly-owned subsidiary of ALI under the Ayala Malls brand.
- **Evotech One and Two** – Evotech One and Two consists of two (2) office buildings situated in Lakeside Evozone, Nuvali, Laguna. The property caters to the special demands of IT and BPO companies looking to establish themselves in the south of Metro Manila. The campus type development has a combined total GLA of 23,723.27 sq. m. of office space. The buildings are 100% occupied and leased to Concentrix CVG Philippines and IBM Business Services
- **Bacolod Capitol Corporate Center** – A five-storey PEZA-accredited corporate center in Bacolod City comprised of 11,313.14 sq. m. of leasable office space and 100% occupied by ARB Call Facilities.
- **Ayala Northpoint Technohub** – A two-storey PEZA-accredited technohub in Bacolod City with a GLA of 4,653.50 sq. m. of office space and 100% occupied by Iqor.
- **BPI-Philam Life Makati** – BPI Philam Life Makati Building is a 32-storey office tower at the intersection of Ayala Avenue and Gil Puyat Avenue. The Company is acquiring office condominium units with a total GLA of 1,072 sq.m. and currently being leased to Oberthur Card Systems.
- **BPI-Philam Life Alabang** – BPI Philam Life Alabang is a corporate center in Madrigal Business Park, Alabang, Muntinlupa City. The Building is a 14-storey corporate center office that caters to all employees, primarily corporate professionals. The Company is acquiring office condominium units with a total GLA of approximately 551 sq. m. currently being leased to Amaia Land Corp., a wholly-owned subsidiary of Ayala Land.

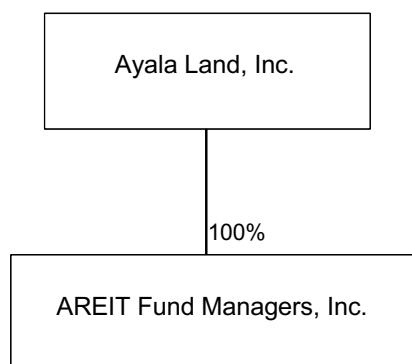
THE FUND MANAGER AND PROPERTY MANAGER

The Fund Manager of the Company

The Fund Manager, AREIT Fund Managers, Inc., is a corporation, incorporated under the laws of the Philippines. Formerly named AyalaLand Commercial REIT, Inc., the Fund Manager changed its name and primary purpose on February 27, 2020. Its registered office is at 32nd Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City, the Philippines.

The Fund Manager is a wholly-owned Subsidiary of Ayala Land, Inc.

The chart below sets out the ownership structure of the Fund Manager as of the date of this Prospectus:



Save as is disclosed in this Prospectus, the Fund Manager is not engaged in any property fund business in the Philippines.

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 the Company and the Fund Manager. See the section entitled "Certain Agreements Relating to the Company and the Properties – Fund Management Agreement. Pursuant to the Fund Management Agreement, the Fund Manager's main responsibility is to manage the Company's assets and liabilities for the benefit of the Shareholders and Bondholders. The Fund Manager will manage the assets of the Company with a focus on generating Rental Income and, if appropriate, increasing the Company's assets over time so as to enhance the returns from the investments of the Company and, ultimately, the distributions to the Shareholders and Bondholders. For a more detailed discussion on the Company's strategy, see the section entitled "Description of Business – Business Strategies".

The Fund Manager shall, pursuant to the provisions of the REIT Law and the Fund Management Agreement, perform the following general functions:

- implement the investment strategies of the Company by:
 - determining the allocation of the Company's assets to the allowable investment outlets in accordance with this Prospectus and the investment strategies of AREIT; and
 - selecting income-generating real estate in accordance with the investment strategies of AREIT;

For this purpose, however, notwithstanding the written instructions of the Company, it shall be the fiduciary responsibility of the Fund Manager to objectively evaluate the desired investments,

and formally advise the Company of its recommendation, even if contrary to the Company's instructions;

- oversee and coordinate property acquisition, leasing, operational and financial reporting (including operating budgets), appraisals, audits, market review, accounting and reporting procedures, as well as financing and asset disposition plans;
- cause a valuation of any of the real estate and other properties of the Company to be carried out by the Company's appointed property valuer once a year and whenever the Fund Manager believes that such valuation is appropriate;
- take all necessary measures to ensure:
 - that the Net Asset Value per Share of the Company is calculated as and when an annual valuation report is issued by the Company's appointed property valuer for the relevant period, and that such Net Asset Value per share is disclosed in the annual reports;
 - that the investment and borrowing limitations set out in this Prospectus and the conditions under which the REIT was authorized are complied with;
 - that all transactions carried out by or on behalf of the Company are conducted at arm's length;
 - that at all times the Company has proper legal title to the real estate it owns, as well as to the contracts (such as property contracts, rental agreements, joint venture or joint arrangement agreements, and any other agreements) entered into on behalf of the scheme with respect to its assets and that each such contract is legal, valid, and binding and enforceable by or on behalf of the Company;
 - that the Property Manager obtains adequate property insurance for the real properties of the Company from insurance companies approved by the Fund Manager;
- take custody of all relevant documents supporting the insurance taken on real properties of the Company;
- provide research and analysis on valuation and market movements of the Company's assets, including the monitoring of the real estate market for desirable opportunities and recommend, from time to time, to the Board, the formulation of new, additional, or revised investment policies and strategies;
- recommend the appropriate capital structure for the Company;
- manage assets and liabilities, including investment of corporate funds in money market placements and arrangement of debt for the Company;
 - negotiate and finalize loan documents on behalf of the Company and determine debt drawdowns;
- recommend to the Board when to make capital calls and, where appropriate, enforce or cause the enforcement of remedies for failure of Shareholders to deliver capital contributions;
- open, maintain, and close accounts, including custodial accounts with banks, and subject to applicable Philippine law, including banks located outside the Philippines, and draw checks or other orders for the payment of monies;

- submit periodic reports to the Company: (i) on an annual basis, audited financial statements of the Company; and (ii) on a quarterly basis, (1) unaudited financial statements of the Company and (2) status reports on the proposed investments of the Company;
- do such other acts as is necessary or advisable in connection with the maintenance and administration of the assets of the Company including ensuring that all investors of the Company are provided with appropriate and relevant information and communications as well as supervising all consultants and other service providers of the Company;
- negotiate for and implementing the purchase of assets to be held by the Company for investment;
- perform legal review, documentation, structuring, and due diligence on assets to be acquired;
- where necessary in the reasonable determination of the Fund Manager, retain persons, firms or entities to provide certain management and administrative services, including tax, corporate secretarial, and accounting services;
- pursue various exit options and make necessary strategic recommendations to the Company;
- accredit insurance companies for purposes of providing a list of approved insurance companies to the Property Manager for the real properties of the Company;
- fully, properly, and clearly record and document all procedures and processes followed, and decisions made in relation to whether or not to invest in a particular property;
- establish and understand the investment objectives, instructions, risk profile, and investment restrictions of the Company prior to making any investment recommendations or carrying out any transactions for or on behalf of the Company;
- do any and all acts on behalf of the Company as it may deem necessary or advisable in connection with the management and administration of the Company's assets, including without limitation, the vetting of assets, participation in arrangements with creditors, the institution and settlement of compromise of suits and administrative proceedings and other like or similar matters, and to perform all acts and enter into and perform all contracts and other undertakings that it may deem necessary or advisable or incidental thereto; and
- perform all such functions necessary and incidental to asset management.

In summary, the Fund Manager will set the strategic direction of the Company and make recommendations to the Board on the acquisition, divestment, or enhancement of assets of the Company in accordance with its investment strategy as stated in this Prospectus. The research required for these purposes will be coordinated and carried out by the Fund Manager.

The Fund Manager will supervise the Property Manager, which will perform day-to-day property management functions at the Properties, including leasing, accounting, marketing, promotion, and insurance functions.

Further, the Fund Manager will prepare property plans on a regular basis which may contain proposals and forecasts on net income before tax, capital expenditure, sales and valuations, explanation of major variances to previous forecasts, written commentary on key issues and underlying assumptions on inflation, annual turnover, occupancy costs, and any other relevant assumptions. The purpose of these plans is to explain the performance of the Company's assets.

In the absence of fraud or negligence by the Fund Manager, it shall not incur liability by reason of any error of law or any matter or thing done or suffered or omitted to be done by it in good faith under the Fund Management Agreement.

Fund Management Fee

Under the Fund Management Agreement, the Fund Manager will receive a Management Fee, equivalent to 0.10% of the Deposited Property Value plus 3.5% of the EBITDA before deduction of fees payable to the Fund Manager and Property Manager and after deducting interest expense on lease liabilities for the relevant period, exclusive of value-added taxes. The Fund Manager shall likewise be entitled to an Acquisition Fee equivalent to 1% of the acquisition price, for every acquisition made by it on behalf of the Company, exclusive of value-added taxes, as well as a Divestment Fee of 0.50% of the sales price for every property divested by it on behalf of the Company, exclusive of value-added taxes. The total amount of the management fee, acquisition fee, and divestment fee, paid to the Fund Manager in any given year shall not exceed 1% of the Net Asset Value of the properties under management (the Management Fee, Acquisition Fee, and Divestment Fee shall be collectively referred to as "Fund Management Fee"). The Fund Management Fee is structured to align the interests of the Fund Manager and the Shareholders. As such, the Fund Management fee is calculated based on the Deposited Property Value plus the Company's EBITDA prior to deduction of the fees payable to the Fund Manager and the Property Manager and after deducting interest expense from lease liabilities. For the avoidance of doubt, the Company's EBITDA includes interest income from finance lease. For the purposes of calculating the Fund Management Fee, Deposited Property Value is defined as the total value of the Company's assets reflecting the fair market value of the total assets held by the Company and under management by the Fund Manager. In computing the Fund Management Fee, the formula to be used shall be as follows:

$$\begin{aligned} \text{Fund Management Fee} = & (0.0010 \times \text{Deposited Property Value for the relevant period}) \\ & + (0.035 \times \text{EBITDA before deduction of fees payable to the Fund Manager and} \\ & \text{Property Manager and after deducting interest expense from lease liabilities for} \\ & \text{the relevant period}) \\ & + (0.01 \times \text{acquisition price for every acquisition made, if applicable}) \\ & + (0.0050 \times \text{sales price for every property divested, if applicable}) \end{aligned}$$

The Fund Management Fee) shall be due and payable to the Fund Manager in quarterly installments. The relevant period refers to the quarter for which the Fund Management Fee is to be applied.

For purposes of determining EBITDA, the Fund Manager shall be paid the Management Fee based on an unaudited computation of AREIT's EBITDA for the relevant quarter. For purposes of determining Deposited Property Value on a quarterly basis, the Deposited Property Value of AREIT's assets as of the last day of the immediately preceding calendar quarter divided by four (4) shall be used as the basis. In the event that there is a discrepancy in the unaudited and audited figures of EBITDA and in the valuation of AREIT's assets, the Management Fee paid to Fund Manager for the relevant calendar year shall be correspondingly adjusted.

Termination of the Fund Management Agreement

Either the Company or the Fund Manager, as the case may be, may terminate the Fund Management Agreement on the following grounds:

1. a material breach, default, or failure of either party to comply with its obligations and undertakings under Fund Management Agreement;
2. the cessation of the corporate existence of the Fund Manager, or the failure of the Fund Manager to obtain or maintain any license required by applicable Philippine law for its appointment as Fund Manager and the performance of services;

3. the cessation of the corporate existence of the Company, or the change of the principal stockholders of the Company;
4. the insolvency of either party, or suspension of payment of its debts, or the commission by either party of any act of bankruptcy under applicable Philippine law; and
5. the suspension or withdrawal or revocation of any material license or permit necessary for either party's performance of its obligations under the Fund Management Agreement, or any adverse decision rendered by any court or government agency permanently affecting either party's performance of its obligations under Fund Management Agreement, and the effects of such suspension, withdrawal, or revocation of license or permit, or such adverse decision cannot be remedied or persists or continues to remain un-remedied.

Conflict of Interest

If the Fund Manager has a material interest in a transaction with or for the Company, or a relationship which gives rise to an actual or potential conflict of interest in relation to such transaction, it shall neither advise, nor deal in relation to the transaction unless it has fully disclosed that material interest or conflict to the Company and has taken all reasonable steps to ensure fair treatment of the Company.

The Fund Manager shall establish, maintain, and implement policies and procedures to ensure fair and equitable allocation of resources among its clients, including the Company. It shall ensure that the amount of commission or management fee earned from any particular client or transaction shall not be the determining factor in the allocation of resources, and that there is an effective system of functional barriers (firewalls) in place to prevent the flow of information that may be price sensitive or material and non-public between the different areas of operations. Finally, the Fund Manager shall establish, maintain, and implement written policies and procedures to ensure that the interest of related parties shall not supersede the interests of the Company. It shall fully disclose such policies to the Company.

The Fund Manager has adopted its "Policy and Procedure on Confidentiality" to protect the integrity and confidentiality of the information relating to the funds and properties of the Company. It has also adopted its "Related Party Transactions Policy" which defines related party relationships and transactions and sets out guidelines and categories that will govern the review, approval and ratification of these transactions by the Board of Directors or Shareholders to ensure the related party relationships have been accounted for, and disclosed, in accordance with International Accounting Standard 24 on Related Party Disclosures and in accordance with the rules of the SEC on material related party transactions.

Directors and Executive Officers of the Fund Manager

The Fund Manager's board of directors is entrusted with the responsibility for the overall management of the Fund Manager, while the Fund Manager's executive officers are responsible for implementation. The current position, role, and business and working experience of each of the directors and executive officers of the Fund Manager is set out below:

Name	Age	Nationality	Position
Ma. Luisa D. Chiong	49	Philippines	Director and Chairman
Patricia Gail Y. Samaniego	41	Philippines	Director, President and Chief Executive Officer
Ma. Angela E. Ignacio	47	Philippines	Independent Director
Eduardo F. Saguil	58	Philippines	Independent Director
Jessie D. Cabaluna	63	Philippines	Independent Director

Bianca Camille B. Catolico	33	Philippines	Treasurer
Ma. Florence Therese DG. Martinez-Cruz	35	Philippines	Corporate Secretary
Rizza Anne O. Sy	32	Philippines	Assistant Corporate Secretary

Ma. Luisa D. Chiong, *Director & Chairman*

Ms. Ma. Luisa D. Chiong is a director and Chairman of the Fund Manager. Ms. Chiong is currently a Vice President and Comptroller of Ayala Land, and has been with the ALI Group for more than twenty-two (22) years. Prior to this role, she was the Chief Finance Officer and Chief Compliance Officer of Cebu Holdings, Inc., a publicly-listed affiliate of Ayala Land, and Chief Finance Officer of Ayala Land's Estates Group from 2017 to 2020. She likewise served as the Chief Finance Officer of the Hotels, Resorts, Offices, and ALI- Capital Group. She likewise serves as a Director and President of Aprisa Business Process Solutions, Inc.; Director and Chief Finance Officer of ALINet.com, Inc.; Treasurer and Chief Finance Officer of Taft Punta Engano Property, Inc.; Trustee, Treasurer and Data Protection Officer of Altaraza Town Center Estate Association, Inc.; and Trustee and Treasurer of Lakeside Evozone Association, Inc. and North Point Estate Association, Inc. Ms. Chiong obtained her Bachelor in Commerce Major in Accounting, and Masters in Business Administration degrees from the De La Salle University. She is a Certified Public Accountant, garnering 5th place in the May 1992 CPA Board Examinations, and is a member of the Philippine Institute of Certified Public Accountants (PICPA).

Patricia Gail Y. Samaniego, *Director, President & Chief Executive Officer*

Ms. Patricia Gail Y. Samaniego is the President and Chief Executive Officer of the Fund Manager, as well as a director. Since 2008, Ms. Samaniego has worked for the ALI Group as a Business Development Manager. In that role, she has conducted business and project development for several Ayala Land Subsidiaries, including AyalaLand Offices, ALI Capital Corporation, and Ayala Malls Group. She has acted as the Head of Business Development, Senior Division Manager, since 2017. Ms. Samaniego also serves as a director for a number of companies in the ALI Group, including AyalaLand Offices, Inc., First Gateway Real Estate Corp., UP North Property Holdings, Inc., Glensworth Development, Inc., Hillsford Property Corporation, ALO Prime Realty Corp., and Sunnyfield E-Office Corp. Ms. Samaniego obtained her Bachelor of Arts degree in Management Economics from Ateneo de Manila University and her Master's in Business Administration from the Asian Institute of Management.

Ma. Angela E. Ignacio, *Independent Director*

Ms. Angela E. Ignacio acts as an independent director of the Fund Manager. She is also Managing Director of both Polestrom Consulting, Inc. and Avisez Asia, Inc. She is a director and Executive Vice President of RAICON Development Corporation as well as a director of ESNA Financing & Investment Corp., ESNA Realty Corp., and ESNA Holdings. She further works part time as a consultant for Congressman Victor Yap. Previously, Ms. Ignacio has served as an independent director of Ayala Land, an international consultant for the World Bank, and a consultant for Lincoln Indicators Australia. She has also previously worked for the Government, serving as undersecretary for the Governance Commission for Government Corporations, as special assistant to the Secretary of Finance, and as Vice President of the Philippine Deposit Insurance Corp.

Ms. Ignacio attained a Bachelor of Science in Applied Economics and a Bachelor of Science in Commerce from De La Salle University. She then acquired her Masters in Applied Finance from the University of Melbourne. In addition, she has undergone the Emerging Leaders Program at Harvard University's John F. Kennedy School of Government and the Professional Directors Program at the Institute of Corporate Directors.

Eduardo F. Saguil, *Independent Director*

Mr. Eduardo F. "Loy" Saguil is a director of the Fund Manager. In addition, he is currently the Managing Partner of Redpeak Capital Holdings, Inc., a real estate and private equity advisory firm located in Makati where he has worked since 2007. Prior to 2007, Mr. Saguil served as the Country Head for Capmark Philippines (formerly

GMAC Commercial Mortgage), the U.S. real estate investment subsidiary of General Motors; the Country Head of Merrill Lynch Global Principal Investments (Asia Pacific); the Executive Director – Real Estate Finance and Securitization of CIBC World Markets, the U.S. investment banking division of the Canadian Imperial Bank of Commerce; the Vice President of Prudential Securities in New York; and as a research and sales associate for Nomura Securities International. Mr. Saguil attended Boston University where he obtained his Bachelor of Science in Business Administration, with a concentration in Finance. He then achieved his MBA from the Wharton School of Business at the University of Pennsylvania. He is also the author of a chapter on CMBS structure and valuation in the textbook “Trends in Commercial Mortgage-Backed Securitization” by Frank Fabozzi.

Jessie D. Cabaluna, *Independent Director*

Ms. Jessie D. Cabaluna is an independent director of the Fund Manager. She is Certified Public Accountant and a member of the Philippine Institute of Certified Public Accountants. She has accumulated over twenty years of experience as a partner in the accounting firm, SGV & Co., where she was Partner-in-Charge of the Bacolod Branch. Ms. Cabaluna holds a Bachelor of Science in Commerce (Major in Accounting) from the University of St. La Salle. She has also completed advanced management development programs conducted by the Asian Institute of Management and Harvard Business School.

Bianca Camille B. Catolico, *Treasurer*

Ms. Bianca Camille B. Catolico is the Fund Manager’s Treasurer. In addition to this position, Ms. Catolico acts as a Manager of Business and Project Development for AyalaLand Offices. She began her tenure with AyalaLand Offices in 2012 as a Finance Analyst, and before becoming Associate Manager also acted as a Business and Project Development Associate. She has also worked previously as an Insurance Advisor for Sun Life of Canada (Philippines), Inc. and a Tax Associate at SGV & Co. Ms. Catolico is a graduate of the University of the Philippines where she obtained her Bachelor of Science in Administration and Accountancy. She is Certified Public Accountant, having gained her certification in 2010.

Ma. Florence Therese DG. Martinez-Cruz, *Corporate Secretary*

Ms. Ma. Florence Therese de Guzman Martinez-Cruz is the Corporate Secretary of the Fund Manager. She also serves as the Head of Legal of AyalaLand Offices, Inc. and AREIT. Prior to joining AyalaLand Offices, Inc. in 2021, she was a Senior Counsel for AG Counselors Corporation, a role she has held since 2019. Prior to joining the ALI Group, she worked as an associate lawyer at the Leynes Lozada-Marquez Law Offices. She also has previously worked as a legal consultant in the Office of Senator Maria Lourdes Binay. Ms. Martinez-Cruz holds a Bachelor of Arts degree in Public Administration from the University of the Philippines (Diliman) – National College of Public Administration and Governance. She obtained her Juris Doctor in 2011 from the University of the Philippines College of Law. She finished the Program on Negotiation and Leadership at Harvard Law School in 2019.

Rizza Anne O. Sy, *Assistant Corporate Secretary*

Ms. Rizza Anne O. Sy is the Assistant Corporate Secretary of the Fund Manager. She also serves as a Senior Counsel for the AG Counselors Corporation, a role she has held since 2021. Prior to joining the Ayala Group, she worked as an associate lawyer at Sycip Salazar Hernandez Gatmaitan Law Offices. Ms. Sy holds a Bachelor of Science in Management, Major in Legal Management and Minor in Chinese Studies from the Ateneo de Manila University. She obtained her Juris Doctor in 2014 from the Ateneo Law School.

Corporate Governance

The Fund Manager is currently subject to the principles of corporate governance required by the SEC. In addition, the Fund Manager’s application for licensing as a fund manager of a REIT was approved by the SEC on July 2, 2020. The Fund Manager will strive to meet all requirements for corporate governance as set forth in the rules for secondary license.

The board of directors of the Fund Manager (the “Fund Manager’s Board”) is responsible for the overall corporate governance of the Fund Manager including establishing goals for management and monitoring the achievement of these goals. The Fund Manager is also responsible for the strategic business direction and risk management of the Company. All Fund Manager’s Board members participate in matters relating to corporate governance, business operations and risks, financial performance, and the nomination and review of directors. The Fund Manager’s Board has established a framework for the management of the Fund Manager and the Company, including a system of internal control and a business risk management process. Following Memorandum Circular No. 1, Series of 2020 issued by the SEC, the Fund Manager’s Board comprises five members, three of whom are independent directors, with at least one (1) of them have a working knowledge of the real estate industry, fund management, corporate finance, or other relevant finance-related functions. The directors of the REIT and the Sponsor, jointly or separately, do not occupy more than 49% of the board of directors of the Fund Manager.

As of the date of this Prospectus, the Fund Manager has over 33 years of accumulated experience in the areas of fund management, corporate finance, other relevant finance-related functions, property management in the real estate industry or in the development of the real estate industry. Its Chairman and President, and at least two of its full-time professionals have track records and experience in financial management and real estate industry for at least 8 years prior to joining the Fund Manager.

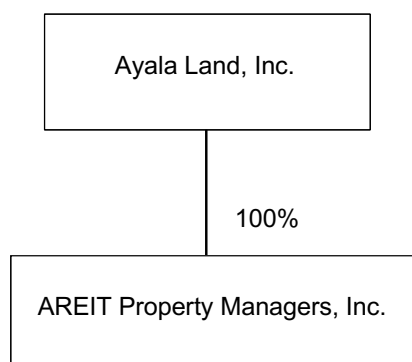
The Property Manager of the Company

The Property Manager, AREIT Property Managers, Inc., is a corporation, incorporated under the laws of the Philippines. Formerly named Next Urban Alliance Development, Corp., the Property Manager changed its name on April 16, 2019. Its registered office is at 31st Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City.

The Sponsor/Promoter, through a subsidiary, Ayala Property Management Corp. (“APMC”) has managed the Properties prior to the appointment of the Property Manager. Currently, APMC is engaged by the Property Manager as a sub-contractor for property management services for the Properties.

The Property Manager is a wholly-owned Subsidiary of the Sponsor. The directors and executive officers of the Property Manager have over 47 years of accumulated experience in commercial real estate operations, leasing, and property management. The directors and executive officers of the Property Manager collectively have experience in managing over one million sq.m. of office floor space in the Philippines, which has generated in total over ₱8 billion. The Property Manager’s executive officers will be primarily responsible for the day-to-day management of the Properties, pursuant to the Property Management Agreement. For other services, such as janitorial, technical, and security services, the Property Manager may engage third-party companies. The Property Manager expects to contract APMC for some of these functions, in particular with respect to management of the physical buildings, equipment, and common area services. APMC is a wholly-owned Subsidiary of Ayala Land with a 43-year track record and expertise in such maintenance services. Notwithstanding the expected contract with APMC, the Property Manager shall remain fully responsible to the Company for the proper performance of its functions under the Property Management Agreement.

The chart below sets out the ownership structure of the Property Manager as of the date of this Prospectus:



Operations

The Property Manager performs day-to-day property management functions at the Properties pursuant to the Property Management Agreement, a five-year, renewable agreement defining the relationship between the Company and the Property Manager. See the section entitled “Certain Agreements Relating to the Company and the Properties – Property Management Agreement”. These functions include managing the execution of new leases and renewing or replacing expiring leases as well as the marketing and promotion of the Properties. In addition, the Property Manager will oversee the overall management of, maintenance and repair of the structure and utilities of the Properties; formulation and implementation of policies and programs in respect of building management; maintenance and improvement; secure and administer routine management services, including security control, fire precautions, communication systems and emergency management; and oversee building management operations.

Property Management Fee

Under the Property Management Agreement, the Property Manager will receive an annual management fee equivalent to 3% of the Company’s Gross Rental Income and Interest Income from finance lease per year, plus 2% of the Company’s EBITDA before deducting fees payable to the Fund Manager and Property Manager and after deducting interest expense from lease liabilities for the relevant period, provided that such fee shall not exceed 1% of the Net Asset Value of the properties being managed, as provided under the rules of the REIT Law (the “Property Management Fee”). The Property Management Fee is structured to ensure that the Property Manager provides superior service to the Company and the Properties the Property Manager oversees. As such, the Property Management Fee is calculated based on the Company’s Gross Rental Income and EBITDA. For the avoidance of doubt, the Company’s EBITDA includes interest income from finance lease. For the purposes of calculating the Property Management Fee, Gross Rental Income is defined as the total amount payable by all tenants and licensees pursuant to a lease or license, which includes rent and fees payable under such lease or license agreement and related service charges. In computing the Property Management Fee, the formula to be used shall be as follows:

$$\begin{aligned} \text{Property Management Fee} = & (0.03 \times \text{Gross Rental Income and Interest Income from finance lease for} \\ & \text{the relevant period}) \\ & + (0.02 \times \text{EBITDA before deducting fees for Fund Manager and Property} \\ & \text{Manager and after deducting interest expense from lease liabilities for the} \\ & \text{relevant period}) \end{aligned}$$

The Property Management Fee shall be due and payable to the Property Manager in quarterly installments. The relevant period refers to the quarter for which the Property Management Fee is to be applied.

For purposes of determining Gross Rental Income and EBITDA, the Property Manager shall be paid the Property Management Fee based on an unaudited computation of AREIT’s Gross Rental Income and EBITDA for the relevant quarter. In the event that there is a discrepancy in the unaudited and audited figures of the Gross Rental Income and EBITDA, the Property Management Fee paid to the Property Manager

Termination of the Property Management Agreement

Either the Company or the Property Manager, as the case may be, may terminate the Property Management Agreement on the following grounds:

1. a material breach, default, or failure of either party to comply with its obligations and undertakings under the Property Management Agreement;
2. the cessation of the corporate existence of either party, or the change of the principal stockholder(s) of either party;
3. the insolvency of either party, or suspension of payment of its debts, or the commission by either party of any act of bankruptcy under applicable Philippine law; and

4. the suspension or withdrawal or revocation of any material license or permit necessary for either party's performance of its obligations under the Property Management Agreement, or any adverse decision rendered by any court or government agency permanently affecting either party's performance of its obligations under Property Management Agreement, and the effects of such suspension, withdrawal, or revocation of license or permit, or such adverse decision cannot be remedied or persists or continues to remain un-remedied.

Conflict of Interest

If the Property Manager has a material interest in a transaction with or for the Company, or a relationship which gives rise to an actual or potential conflict of interest in relation to such transaction, it shall neither advise, nor deal in relation to the transaction unless it has fully disclosed that material interest or conflict to the Company and has taken all reasonable steps to ensure fair treatment of the Company.

The Property Manager shall establish, maintain, and implement policies and procedures to ensure fair and equitable allocation of resources among its clients, including the Company. It shall ensure that the amount of commission or management fee earned from any particular client or transaction shall not be the determining factor in the allocation of resources, and that there is an effective system of functional barriers (firewalls) in place to prevent the flow of information that may be price sensitive or material and non-public between the different areas of operations. Finally, the Property Manager shall establish, maintain, and implement written policies and procedures to ensure that the interest of related parties shall not supersede the interests of the Company. It shall fully disclose such policies to the Company.

The Property Manager has adopted its "Policy and Procedure on Confidentiality" to protect the integrity and confidentiality of the information relating to the funds and properties of the Company. It has also adopted its "Related Transactions Policy" which defines related party relationships and transactions and sets out guidelines and categories that will govern the review, approval and ratification of these transactions by the Board of Directors or Shareholders to ensure the related party relationships have been accounted for, and disclosed, in accordance with International Accounting Standard 24 on Related Party Disclosures and in accordance with the rules of the SEC on material related party transactions.

Directors and Executive Officers of the Property Manager

The Property Manager's board of directors is entrusted with the responsibility for the overall management of the Property Manager, while the Property Manager's executive officers are responsible for implementation. The current position, role, and business and working experience of each of the directors and executive officers of the Property Manager is set out below:

Name	Age	Nationality	Position
Francisco Ma. D. Roxas	55	Philippines	Director and Chairman
Benjamin S. Borja III	44	Philippines	Director, President and Chief Executive Officer
Alfonso Victorio G. Reyno, III	50	Philippines	Independent Director
Abelardo M. Tolentino, Jr.	55	Philippines	Independent Director
Joselito N. Luna	57	Philippines	Independent Director
Beverly S. Espina	27	Philippines	Treasurer
Maria Paula G. Romero-Bautista	36	Philippines	Corporate Secretary
Rizza Anne O. Sy	32	Philippines	Assistant Corporate Secretary

Information on the business and working experience of the Property Manager's directors is set out below:

Francisco Ma. D. Roxas, *Director and Chairman*

Mr. Francisco Ma. D. Roxas is a director as well as the Chairman of the Property Manager. Mr. Roxas is also the Chief Operating Officer of AyalaLand Offices, Inc., since 2021 and the Head of Operations and Leasing for Ayala Land. He has held this position since 2014. Prior to that role, he served as Ayala Land's Head of Corporate Sales and Marketing. Mr. Roxas studied at the Ateneo De Manila University and later completed an MBA at the Asian Institute of Management.

Benjamin S. Borja, III, Director, *President & Chief Executive Officer*

Mr. Benjamin S. Borja, III is a director as well as the President and Chief Executive Officer of the Property Manager. He is also currently a director of Ayala Property Management Corporation. Prior to becoming director at Ayala Property Management Corporation, Mr. Borja served as a Property Manager and then an Associate Director. Mr. Borja acquired his B.S. in Architecture in 2000 from the University of Santo Tomas.

Alfonso Victorio G. Reyno, III, Independent Director

Atty. Alfonso Victorio G. Reyno, III acts as an independent director of the Property Manager. He is also the President and Chief Operating Officer, and member of the Board of Directors of Manila Jockey Club, Inc. He is also the Vice President, and member of the Board of Directors of MJC Investments Corporation, and Arco Management and Development Corporation. Concurrently, he is also the President, and a member of the Board of Directors of Palos Verdes Realty Corporation, Arco Equities, Inc., and Arco Ventures, Inc. Likewise, he is a member of the Board of Directors, and is the Corporate Secretary for Bonaventure Development Corporation. He is also the Treasurer, and a member of the Board of Directors of PGR Development Corporation, Prime YGR Investments, Inc., and Siera Prime Properties Corporation. He also holds the position of Chairman of the Board of Directors of Aldelcar Holdings, Inc. He also serves as the President, and Chairman of the Board of Directors of Golden Griffin Prime Holdings Corp., and ARJ Prime Resources, Inc. He is also a member of the Board of Directors of Don Diego Foods, Inc., and is a Partner at Reyno Tiu Domingo & Santos Law Offices.

Atty. Reyno obtained his Bachelor of Arts and Commerce from the De La Salle University, and finished his Bachelor of Laws in the University of the Philippines College of Law. He then acquired his Master of Laws in Commercial Law from the New York University School of Law.

Abelardo M. Tolentino, Jr., Independent Director

Mr. Tolentino acts as an independent director of the Property Manager. He presently is also the President and CEO of AIDEA Integrated Technologies, Inc., AIDEA Design Foundation, and AIDEA, Inc. Similarly, he acts as a trustee for Architectural Center Club, Inc. and a vice president for Forbes Tower Condominium Corp. Mr. Tolentino previously was employed as a senior architect with John Lei Architects. He is also currently a member of a number of professional organizations, including the Singapore Institute of Architects, the Council for New Urbanism, the Urban Land Institute, the Society of Environmental Graphic Design, the Council on Tall Buildings and Urban Habitat, the Entrepreneurs' Organization (International), the Guild of Real Estate Entrepreneurs and Professionals and the National Real Estate Association.

Mr. Tolentino holds a Bachelor of Science in Architecture from the University of Santo Tomas. Additionally, he studied Business Development for Architects with a focus on high-rise building design at Harvard University, and he has completed the Advanced Management Development Program in Real Estate at Harvard University's Graduate School of Design. He has also undergone training in Financial Management for Architects at Harvard University and in Elevating Finance and Operations at the University of Pennsylvania's Wharton School of Business.

Joselito N. Luna, Independent Director

Mr. Joselito N. Luna acts as an independent director of the Property Manager. He is also the Founder and Principal of J. N. Luna Architectural Design and Planning. Previously, Mr. Luna was a Vice President and Chief Architect of Ayala Land. He served as a Director of Vesta Properties, Inc., Aurora Properties, Inc., and Anvaya Beach and Nature Club until 2016, and the Philippine Green Building Council until 2018.

Mr. Luna attained his Bachelor of Science in Architecture from the University of the Philippines (Diliman), and his Masters in Urban and Regional Planning at the University of the Philippines – School of Urban and Regional Planning. He also attended the Management Development Program conducted by Ann Arbor of the University

of Michigan.

Beverly S. Espina, *Treasurer*

Ms. Beverly S. Espina is the Treasurer of the Property Manager. She currently works as a Finance Associate Manager for AyalaLand Offices as well. Ms. Espina's prior work experience includes her time as a Finance Analyst at AyalaLand Offices and as a Finance Associate at Aprisa Business Process Solutions, Inc. Ms. Espina attended Polytechnic University of the Philippines where she achieved a Bachelor of Science in Business Administration and Accountancy.

Maria Paula G. Romero-Bautista, *Corporate Secretary*

Ms. Maria Paula G. Romero-Bautista is the Property Manager's Corporate Secretary. Ms. Romero-Bautista is a member of the Integrated Bar of the Philippines, and she has previously worked as an associate attorney at the law office of Cruz, Marcelo & Tenebrancia. She is currently a Counsel at AG Counselors Corporation. She attended De La Salle University (Manila), obtaining her Bachelor of Science in Legal Management in 2005. She subsequently obtained her J.D. from Ateneo Law School in 2009.

Rizza Anne O. Sy, *Assistant Corporate Secretary*

Ms. Rizza Anne O. Sy is the Assistant Corporate Secretary of the Property Manager. She also serves as Senior Counsel for AG Counselors Corporation, a role she has held since 2018. Prior to joining the Group, she worked as an associate lawyer at Sycip Salazar Hernandez Gatmaitan Law Offices. Ms. Sy holds a Bachelor of Science in Management, Major in Legal Management and Minor in Chinese Studies from the Ateneo de Manila University. She obtained her Juris Doctor in 2014 from the Ateneo Law School.

CERTAIN LEGAL PROCEEDINGS

As of the date of this Prospectus, to the best of the knowledge and belief and after due inquiry, none of the Company, the Fund Manager, or the Property Manager is currently involved in any material litigation claims or arbitration, either as plaintiff or defendant, which could be expected to have a material and adverse effect on the financial position. In addition, to the best of either the Company's or the Fund Manager's or the Property Manager's knowledge and belief and after due inquiry, none of the directors, nominees for election as director, or executive officers of the Company, the Fund Manager, or the Property Manager have in the five year period prior to the date of this Prospectus been convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses; nor have they been subjected to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, or from acting as a director, officer, employee, consultant, or agent occupying any fiduciary position. To the Company's or the Fund Manager's and Property Manager's knowledge and belief and after due inquiry, none of the directors, nominees for election as director or executive officers of the Company, the Fund Manager, or the Property Manager have been convicted by final judgment of any violation of the REIT Act, the Corporation Code, the General Banking Law, the Insurance Code, the Securities Regulation Code, or any other related laws and any rules or regulations, or orders thereunder; nor have they been found insolvent or incapacitated to contract. Similarly, to the best of either the Company's or the Fund Manager's or Property Manager's knowledge and belief and after due inquiry, none of the Properties are the subject of any pending material litigation, claims or arbitration, which could be expected to have a material and adverse effect on the financial position.

CERTAIN AGREEMENTS RELATING TO THE COMPANY AND THE PROPERTIES

DESCRIPTION OF THE AGREEMENTS TO ACQUIRE THE PROPERTIES

Solaris One

In 2006, the Company, in conjunction with Ayala Land, agreed to develop a building on a parcel of land owned by Ayala Land. This project later became known as Solaris One. The Company has owned the building since its construction.

The Company subsequently entered into a 33-year lease with Ayala Land for the land where Solaris One is situated. Please see further discussion of this arrangement below in the section entitled “Certain Agreements Relating to the Company and the Properties – Land Lease Agreements.”

Ayala North Exchange

The Company purchased Ayala North Exchange from Ayala Land pursuant to a Deed of Assignment signed on October 2, 2018. The purchase of Ayala North Exchange from the Sponsor was completed on October 5, 2018 for a total cash consideration of roughly ₱6.9 billion exclusive of VAT, paid in two installments: (i) ₱3.2 billion and (ii) ₱3.7 billion. Pursuant to the transaction, the following were assigned to the Company: (i) the Ayala North Exchange building, (ii) the corresponding permits and licenses, and (iii) the construction/fit-out contract with Makati Development Corporation.

Through a separate deed of assignment, Ayala Land also assigned to the Company its rights and obligations as a lessee in a 44-year land lease with HLC Development Corporation over the land where Ayala North Exchange was built to the Company. Please see further discussion of this arrangement below in the section entitled “Certain Agreements Relating to the Company and the Properties – Land Lease Agreements”

McKinley Exchange

The Company leases McKinley Exchange from Ayala Land pursuant to a Contract of Lease dated January 31, 2020. The lease covers (i) a parcel of land with a total land area of roughly 4,513 sq.m. situated on the corner of EDSA and McKinley Road in Makati, Metro Manila, (ii) a 5-storey building, inclusive of two basement parking levels with 120 parking slots, with a Gross Leasable Area of 10,804.02 sq.m., 9,633.32 sq.m. of which is designated for commercial office lease, and with a GFA of 14,598.40 sq.m., constructed on that land, and (iii) various capital equipment in the building. The lease of McKinley Exchange from the Sponsor commenced on February 1, 2020 and will expire on December 31, 2054. Certain material terms of the lease are as follows:

- i. A lease term of approximately 34 years from February 1, 2020 to December 31, 2054, unless earlier terminated according to the terms of the long-term Lease Contract;
- ii. An initial lease rate of ₱2,733,078 per month, subject to an annual escalation of 5% from the previous year's rent. The Company must pay the rent on a quarterly basis, on or before the tenth (10th) day of the month following the end of the quarter for which the rent corresponds; and
- iii. A provision that restricts the use of McKinley Exchange to (a) retail stores, (b) restaurants, hotels, (d) offices, (e) parking spaces and terminals, and (f) other commercial uses as may be allowed under the classification or zoning of the relevant property. The Company will not be allowed to divert the use of McKinley Exchange without the written consent of the Sponsor.

Pursuant to the Contract of Lease, the same may only be renewed through mutual agreement of Ayala Land and the Company as set out in writing.

Teleperformance Cebu

On September 15, 2020, the Company entered into a Deed of Absolute Sale with ALO Prime Realty Corporation for the acquisition of Teleperformance Cebu for a purchase price of ₱1.45 billion (VAT-exclusive), payable in two installments. Pursuant to the transaction, the following were assigned to the Company: (i) the Teleperformance Cebu building; (ii) the Tenant Lease Contracts and Permits covering the Property; and (iii) the Contract of Land Lease with ALI as lessor. The valuation of the Property is aligned with the appraisal report issued by Asian Appraisal. Asian Appraisal used the Cost Approach method of valuation which considers the cost to reproduce or replace the assets based on current market prices for similar assets, with allowance for accrued depreciation based on physical wear and tear and obsolescence. Please see further discussion of this arrangement below in the section entitled “Certain Agreements Relating to the Company and the Properties – Land Lease Agreements.”

Laguna Technopark Lots

On January 5, 2020, the Company entered into a Deed of Absolute Sale with Technopark Land, Inc. for the acquisition of four (4) parcels of land located at Barrio Biñan, Biñan, Laguna with an aggregate area of 98,179 sq.m., and more particularly described under Transfer Certificates of Title Nos. T-624093, T-624904, T-624905, and T-624906 of the Registry of Deeds of Calamba, Laguna, for a purchase price of ₱987.98 million (VAT-exclusive), payable in two installments. Pursuant to the transaction, the following were assigned to the Company: (i) the Laguna Technopark Lots; and (ii) the Land Lease Agreement with IMI, with the latter as the lessee of the Laguna Technopark Lots. The valuation of the Property is aligned with the appraisal report issued by Asian Appraisal. Asian Appraisal used the Market Approach to estimate the value of the property based on the land prices of comparable actual market transactions and listings at the time of the acquisition. Please see further discussion of this arrangement below in the section entitled “Certain Agreements Relating to the Company and the Properties – Land Lease Agreements.”

The 30th

On January 15, 2020, the Company entered into a Deed of Absolute Sale with Ayala Land for the acquisition of The 30th. for a purchase price of ₱4.56 billion (VAT-exclusive), payable in two installments. Pursuant to the transaction, the following were assigned to the Company: (i) the 30th building; (ii) PEZA registration for the building; (iii) Permits and Service Contracts for the Building; and (iv) the Contract of Land Lease with MBS Development Corporation. Please see further discussion of this arrangement below in the section entitled “Certain Agreements Relating to the Company and the Properties – Land Lease Agreements”. Simultaneous with the execution of the Deed of Absolute Sale, ALI and NECC cancelled the Contract of Lease covering the sub-lease of the land, and the lease of the Building by NECC from ALI. On the other hand, AREIT and NECC executed the Contract of Lease over the retail portion of The 30th. The valuation of the Property is aligned with the appraisal report issued by Asian Appraisal. Asian Appraisal used the Discounted Cashflows (“DCF”) Approach or Income Approach as the primary method to estimate the fair value of the building. Under the DCF approach, the asset was valued using the future cashflows of the property, discounted based on a weighted average cost of capital (WACC) using the Capital Asset Pricing Model.

Swap Properties

On June 8, 2021, the Company, ALI, WCVF, and GDI executed the Deed of Exchange implementing the Property-for-Share Swap Transaction. By virtue of the Deed of Exchange, ALI, WCVF, and GDI assigned in favor of the Company the following properties: (i) Vertis North Commercial Development; (ii) BPI-Philam Life, otherwise known as the Ayala Life-FGU Makati condominium units; (iii) BPI-Philam Life Alabang condominium units; (iv) Bacolod Capitol Corporate Center; (v) Ayala North Point Technohub; (vi) One and Two Evotech Buildings. In exchange for the Swap Properties, the Company shall issue in favor of ALI, WCVF, and GDI, in the aggregate, 483,254,375 primary common shares in the Company. By virtue of the Deed of Exchange, and upon approval of the SEC, the following were assigned to the Company: (i) the Swap Properties; (ii) PEZA registration over the Swap Properties; (iii) economic interest over the Swap Properties effective on the first day of the month following the approval of the SEC; (iv) land lease contracts over the parcels of land where the Swap Properties are located; (v) Tenant Lease Contracts and Permits over the Swap Properties, except for Vertis North Commercial Development. The assignment of Tenant Contracts and Permits covering Vertis North Commercial Development is covered by a separate Deed of Assignment. Likewise, the Contract of Lease between the Company and NECC, as well as the land lease for the land on which Vertis North Commercial

Development stands were separately but simultaneously executed with the Deed of Exchange. There are no ongoing financial commitments as a result of the Property-for-Share Swap Transaction. Appraisal Reports and a Fairness Opinion have been issued by Asian Appraisal Company, Inc. and PwC to establish the fairness of the valuation of the shares and the Swap Properties. The assets were valued using the Discounted Cashflows ("DCF") Approach as the primary method to estimate the fair value of the AREIT shares and Properties. Under the DCF approach, Asian Appraisal and PwC discounted the future cashflows of the Properties based on a weighted average cost of capital (WACC) using the Capital Asset Pricing Model. The Direct Capitalization Approach and Market Approach were also used as secondary methods by PwC to cross-check the value of the Properties and the value of AREIT shares, respectively. Please see further discussion of this arrangement below in the section entitled "Certain Agreements Relating to the Company and the Properties – Land Lease Agreements".

LAND LEASE AGREEMENTS

Solaris One

Ayala Land owns the title to the plot of land on which Solaris One currently stands. On December 28, 2015, the Company entered into a long-term lease contract with Ayala Land for the land. The lease has a term of 33 years, commencing on January 1, 2016, which will expire on December 31, 2048, unless earlier terminated according to the provisions of the long-term lease contract. Pursuant to the agreement, the long-term lease contract can be renewed only through mutual agreement of Ayala Land and the Company set out in writing.

As consideration for the lease, the Company pays Ayala Land 7% of gross lease revenue gained from Solaris One every month from the lease of office spaces, retail shops, and parking slots, whether or not actually received and collected. The Company must pay the rent within the first five business days of the month following the calendar quarter. For the year ended 2018, the Company paid a total of ₱36.3 million for this long-term lease.

Interest for late payment is 1% with an accompanying penalty at the rate of 1.5% per month both based on the unpaid amount and computed from the date the payment falls due until payment of the outstanding amount is paid in full. Ayala Land's right to collect said interest and penalty is without prejudice to the exercise of any right or remedy available to it under the long-term lease contract and applicable law.

Under the lease terms, the Company is responsible for all real property taxes, and all other fees, charges, dues, and taxes due on the land and any default in payment thereof shall constitute a breach of the long-term lease contract by the Company. The long-term lease contract contains the usual force majeure provisions.

Both the Company and Ayala Land have the right to cancel the lease for any cause by serving written notice to the other party at least 12 months from the date of intended cancellation. Upon the cancellation of the lease, the Company must immediately vacate the leased premises and deliver to Ayala Land the full and vacant possession of the same. In this instance, Ayala Land may, at its sole option, cause the demolition or removal of any improvement constructed without the necessity of a court order and charge the Company the cost. Except when the cancellation is made in compliance with the foregoing, in case of cancellation, all deposits and other payments made by the Company shall be forfeited in favor of Ayala Land as damages for Ayala Land's lost business opportunities, and costs incurred by Ayala Land in entering into the contract. A hold-over rate in the amount equivalent to twice the current monthly lease shall be paid to Ayala Land should the Company fail to surrender the land as required and continue to occupy it beyond the end of the lease term without the benefit of a formal written extension of the lease. The obligation of the Company to pay the hold-over rate ceases only after the Company has vacated the land and turned it over to Ayala Land. During this period, all the terms and conditions of the long-term lease contract remain in force and effect. Furthermore, this provision in no way prevents Ayala Land from ejecting the Company from the land any time after the end of the lease term. In addition to Ayala Land's right to eject the Company and its entitlement to the hold-over rate, Ayala Land is entitled to judicial costs and attorney's fees of 20% of the hold-over rate and/or lease rentals due which in no case can be less than ₱1.5 million. The above penalties are without prejudice to cases of termination of the long-term lease contract on the ground of default or breach by the Company.

The following events constitute events of default under the long-term lease contract:

1. The Company fails to pay on time the full amount of any rental, utility and service charges, common area maintenance dues, and other fees and charges or financial obligation of the Company under the long-term lease contract;

2. Unless the parties agree otherwise, the Company pre-terminates the long-term lease contract;
3. The Company violates any of the terms and conditions of the long-term lease contract, and such violation, if curable, is not cured or remedied by the Company within three days from the date of receipt of notice pertaining to its violation; petition is filed by or against the Company to declare it bankrupt or insolvent or to delay, reduce or modify its debts or obligation or it is unable to pay its debts as they fall due; or a petition is presented or meeting convened for the purpose of winding up the Company; or it enters into liquidation whether compulsory or voluntarily or compounds with its creditors generally; or has a receiver appointed for all or any part of its assets or takes or suffers any similar action in consequence of debt;
4. The Company abandons the land and the building by keeping the same closed, deserted, or vacated for at least ten continuous days for no justifiable reason during the term of the lease; or
5. The Company assigns the building for the benefit of its creditors; or a receiver or trustee is appointed for the Company or its property.

For violations of the long-term lease contract, the Company is liable for double the rental, utility and service charges, common area maintenance dues, and all other financial obligations accruing on the land until the time the Company actually vacates it. If Ayala Land files a case against the Company for breach of the long-term lease contract or for ejectment, the Company must, in addition to the aforementioned damages, pay Ayala Land's attorney's fees equivalent to 20% of the its outstanding obligation plus costs and expense of litigation.

The long-term lease contract is not assignable without the prior written consent of the other party, which consent shall not be unreasonably withheld, provided that both parties shall have the right to assign the long-term lease contract or any benefits or rights, in whole or in part, to its affiliates or subsidiaries.

Ayala North Exchange

HLC Development Corp. ("HLC") owns the plot of land where Ayala North Exchange currently stands. While HLC is the beneficial owner of the entire 7,657 sq.m. lot where Ayala North Exchange stands, the transfer of the Certificate of Title covering the 4,475 sq.m. portion of the lot is currently pending transfer in the name of HLC from BPI Corporation with the Registry of Deeds of Makati City. On April 10, 2017, Ayala Land entered into a contract of lease with HLC. On October 5, 2018, Ayala Land entered into an agreement on assignment of lease with the Company. Pursuant to that agreement, Ayala Land assigned, transferred, and conveyed to the Company all its rights under the contract of lease between HLC and Ayala Land. On April 27, 2019, the Company entered into an agreement, amending the terms of the contract of lease with HLC, with the amended terms and provisions scheduled to take effect on October 5, 2019.

Under the lease terms, the period of lease shall be for 44 years, having commenced from the initial turnover date on June 9, 2014, with an expiry date on June 9, 2058. The Contract of Lease does not permit extension of the lease period unless otherwise renewed by the parties in writing. Except for an assignment to an affiliate or subsidiary of Ayala Land as the lessee under the Contract of Lease, and subject to prior written notice to HLC as the lessor, Ayala Land cannot assign or transfer its right under the Contract of Lease without the prior written consent of the Lessor. Failure by the Company to return the land at the end of the lease term would obligate the Company to pay a sum equal to three times the rental rate then in place for as long as the Company retains possession of the land. Upon expiration or termination of the lease, the building and the improvements constructed, but excluding movable properties belonging to the Lessee which can be removed without causing damage to the building or any part thereof, shall, at the sole option of HLC Development Corp., either: (a) become the absolute property of HLC Development Corp. without need for reimbursing or compensating Ayala Land or (b) be demolished by, or at the expense of Ayala Land.

As consideration for the lease of the premises, the Company must pay rent for the conduct of certain 'authorized activities' (including retail, office, and serviced apartment use) commencing from either the relevant start of commercial operations or the relevant deadline for start of operations indicated in the lease contract, whichever is earlier ("Rental Commencement Date"). The deadlines for the start of commercial operations for each of the authorized activities are as follows: (i) office use – July 30, 2018, (ii) retail use – March 31, 2019, and (iii) serviced apartment use – September 1, 2019. The Company is required to provide HLC with a security deposit amounting to ₱745,350 covering retail use, ₱5,148,845 for office use, and ₱1,692,210 for serviced apartment

use at the earliest Rental Commencement Date. The security deposit is subject to annual escalation of 5% for retail use, 5% for office use, and 2% for serviced apartment use, which is payable within 30 calendar days from the anniversary of the respective Rental Commencement.

The Company is obligated to pay rent to HLC for each of the authorized activities, depending on the type of usage of the leasable premises. The rent is based on a percentage of the annual gross Rental Income, or annual total serviced apartment revenues, from Ayala North Exchange, as applicable. The applicable rental rate for each authorized activity is: (i) retail – 5.5%, (ii) office – 9.5%, and (iii) serviced apartment – 3.2%. The Company pays rent quarterly, based on the estimated gross Rental Income or total serviced apartment revenues within the first ten days of the relevant quarter. Any additional rent due, based on the actual gross Rental Income or total serviced apartment revenues, must be paid within 30 calendar days following the anniversary of the relevant Rental Commencement Date.

The additional terms and conditions appended to the lease contract limit the maximum area for certain types of use of the leased premises, with retail use limited to 14,907 sq.m., office use limited to 79,213 sq.m., and serviced apartment use limited to 26,034 sq.m. of GLA. The Company's use of the leased premises for other uses, without the prior written consent of HLC, shall give the latter the right to cancel the contract upon tendering a notice of cancellation, or compel the lessee to stop the unauthorized activities. The Company is also not allowed to make any additions or improvements not in line with the authorized activities under the lease contract, without the prior consent of HLC.

The Company is liable to pay the following taxes due on the lease: (i) VAT, (ii) documentary stamp tax ("DST"); (iii) real property taxes on the improvements; (iv) other Government assessments on the leased premises; and (v) any and all other taxes accruing as a result of the execution of the lease contract. The Company is also liable to pay all taxes due on income received by it in connection with its authorized activities.

The Company is required to provide HLC with a security deposit in an amount equivalent to two months minimum rent for the Company's authorized activities on the rental commencement date.

HLC has the right to terminate or cancel the lease upon occurrence of certain events, including:

1. The term of the lease expiring, or the Company failing to return and surrender the leased premises in accordance with the lease contract;
2. The Company failing to pay the rent or any other amount due for a continuous period of three months;
3. The Company failing to observe or perform any of the covenants in the lease contract;
4. A breach of any of the Company's representations and warranties;
5. Insolvency or bankruptcy of the Company; and
6. The occurrence of any other event which entitles HLC to exercise its right to cancel or terminate the lease.

Contract of Lease for McKinley Exchange

Ayala Land is the owner of McKinley Exchange and the land on which it stands. McKinley Exchange consists of (i) the parcel of land with a total land area of 4,513 sq.m., more or less, situated in the corner of EDSA and McKinley Road in Makati, Metro Manila, (ii) a 5-storey building, inclusive of two basement parking levels with 120 parking slots, and (iii) various capital equipment installed in the buildings. On January 31, 2020, the Company entered into a long-term lease contract with Ayala Land for the lease of McKinley Exchange. The lease has a term of approximately 34 years, commencing on February 1, 2020, and which will expire on December 31, 2054, unless earlier terminated according to the provisions of the long-term lease contract. Pursuant to the agreement, the long-term lease contract can be renewed only through mutual agreement of Ayala Land and the Company set out in writing.

As consideration for the lease, the Company shall pay Ayala Land an initial monthly rent of ₱2,733,078 per month, subject to annual escalation of 5% from the previous year's rent. The Company must pay the rent on a quarterly basis, on or before the tenth (10th) day of the month following the end of the quarter to which the rent corresponds.

Interest for late payment is 1% with an accompanying penalty at the rate of 1.5% per month both based on the unpaid amount and computed from the date the payment falls due until payment of the outstanding amount is paid in full. Ayala Land's right to collect said interest and penalty is without prejudice to the exercise of any right or remedy available to it under the long-term lease contract and applicable law.

Under the lease terms, AyalaLand is responsible for all real property taxes, and all other fees, charges, dues, and taxes due on the land and building, including insurance premiums. The long-term lease contract contains the standard force majeure provisions for leases of this nature.

Both the Company and Ayala Land have the right to cancel the lease for breach of the contract, and for any cause by serving written notice to the other party at least 12 months from the date of intended cancellation. Upon the cancellation of the lease, the Company must immediately vacate the leased premises and deliver to Ayala Land the full and vacant possession of the same. In case of breach by the Company of the provisions of the contract, all deposits and other payments made by the Company shall be forfeited in favor of Ayala Land. Ayala Land shall also have the right to take back possession of the property, and collect from the Company the rental for the unexpired portion of the lease term and the penalty and interest charges due thereon. A hold-over rate in the amount equivalent to twice the current monthly lease shall be paid to Ayala Land should the Company fail to surrender the land as required and continue to occupy it beyond the end of the lease term without the benefit of a formal written extension of the lease. The obligation of the Company to pay the hold-over rate ceases only after the Company has vacated the property and turned it over to Ayala Land. During this period, all the terms and conditions of the long-term lease contract remain in force and effect. In addition to Ayala Land's right to eject the Company, Ayala Land is entitled to collect an amount equivalent to 20% of the amount claimed in the complaint, as attorney's fees (with a minimum of ₱50,000.00) and the costs of litigation and other expenses, in the event that Ayala Land is compelled to seek judicial relief against the Company in relation to default and termination of the contract.

The following events constitute events of default under the long-term lease contract:

1. The term (or renewal) of the lease shall have expired and the Company fails to return and surrender the property to Ayala Land;
2. The property shall be closed, deserted or unoccupied for a continuous period of sixty (60) calendar days;
3. The Company fails to pay the rent or any other amount due under the contract for a continuous period of three (3) months, provided that no part of such rent or other due is being disputed in good faith by the Company;
4. The Company fails to observe or perform any of the covenants provided under the contract;
5. The Company's representations and warranties as specified in the contract shall prove false in any material respect when made;
6. The corporate existence of the Company shall have ceased; or
7. The Company shall become insolvent or be unable to pay its debts when due or shall commit or permit any act of bankruptcy under the applicable law.

The long-term lease contract is not assignable without the prior written consent of the other party, which consent shall not be unreasonably withheld, provided that both parties shall have the right to assign the long-term lease contract or any benefits or rights, in whole or in part, to its affiliates or subsidiaries.

See the section entitled "Description of Properties" for additional details on the profile of the tenants of the Company and the material terms of their lease.

Contract of Land Lease for Teleperformance Cebu

On December 3, 2009, Aegis PeopleSupport Realty leased certain parcels of land located at Brgy. Lahug, Cebu City covering an aggregate area of 3,621 sq.m., more or less, under Transfer Certificates of Title ("TCT") Nos. T-188423, T-188424, and T-188425 of the Registry of Deeds for Cebu City, from Innovative Land Development Solutions, Inc., on which land Aegis PeopleSupport Realty constructed the Teleperformance Cebu building. The land lease was for an initial term of 20 years or until October 31, 2029. Innovative Land Development Solutions, Inc. and Aegis PeopleSupport Properties, Inc. later merged and were renamed as Aegis Philippines, Inc. On March 11, 2015, Aegis Philippines, Inc. entered into a Deed of Absolute Sale with Ayala Land covering the parcels of land thereby selling, transferring, and conveying to the latter its ownership and all appurtenant rights, title and interests to the parcels of land. The lease of Aegis PeopleSupport Realty Corporation, later renamed as ALO Prime Realty Corporation ("APRC"), was also assigned to ALI under an Assignment of Contract of Lease dated March 11, 2015. A Deed of Amendment dated September 14, 2020 was entered into between ALI and APRC for the purpose of amending the land lease term to forty-two (42) years commencing on November 1, 2009 up to and including October 31, 2051. The lease is renewable at the option of ALI for a maximum of two more terms upon the same terms and conditions of the contract, provided that the duration for each extension shall not exceed five years.

On September 16, 2020, APRC assigned to the Company the Contract of Lease for the land effective October 1, 2020. The Company agreed to take over the Contract of Lease from APRC and exercise all rights and assume all obligations as lessee beginning October 1, 2020.

As consideration for the lease, the Company shall pay ALI a variable rent equivalent to 5% of the gross rental income from the lease of space within Teleperformance Cebu. The Company must pay the rent on a monthly basis, on or before the fifteenth (15th) day of the month following the end of the month to which the rent corresponds.

Interest for late payment is 2% per month. Interest charges are computed daily and shall apply to any and all amounts which remain unpaid on the due date, including, but not limited to unpaid rent, VAT, EWT, additional security deposit or association dues.

Other than ALI's income taxes or taxes required to be withheld from the rentals due to it but which shall be credited against its income taxes, all taxes to be due by reason of the receipt of rentals by ALI, including the VAT, and all other amounts which the Company is required to pay ALI, shall be for the account of the Company. The documentary stamp taxes or other taxes accruing by reason of the execution of the contract of lease shall be for the account of ALI, provided that the Company declares its ownership of the building for purposes of real property tax declaration and payment.

The Company is required to insure the building and the land and maintain such insurance throughout the duration of the contract of lease. If the building or the leased premises is totally destroyed or rendered totally unfit for the use intended by the Company, ALI shall have the option to choose between (a) the reconstruction of the building or repair of the leased premises to continue the lease contract; or (b) the termination of the lease. If termination is chosen by ALI, all deposits and unused advance rent, if any, shall be immediately returned to the Company. If the destruction is partial, ALI may choose between a proportional reduction of the rent or a termination of the lease.

ALI has the duty to repair, at a reasonable time acceptable to the Company, any damage to the premises at its expense, and to render the same fit for the use intended by the Company.

ALI shall have the right to cancel the lease for breach of the contract and after four weeks from serving the Company with notice in which the Company failed to cure or correct the event of default complained of. The following events constitute events of default under the long-term lease contract:

1. The term (or renewal) of the lease shall have expired;
2. The property shall be closed, deserted or unoccupied for a continuous period of thirty (30) days without justifiable reason;
3. The Company fails to pay for at least two (2) months its share of electric, emergency power, water, sewerage or other public utility, Common Area and Air-conditioning charges accruing in

connection with or allocated to the leased property, or shall fail to pay the rent or any other amount due thereon on or before the due date specified for its payment;

4. The Company fails to observe or perform any of the covenants provided under the contract or the Company's representations and warranties as specified in the contract shall prove false in any material respect when made;
5. The corporate existence of the Company shall have ceased;
6. The Company shall become insolvent or be unable to pay its debts when due or shall commit or permit any act of bankruptcy under the applicable law; or
7. The Company fails to comply with any of the provisions of the lease contract which entitles ALI to exercise the right to cancel or terminate the lease pursuant to any other provision in the contract of lease and its annexes.

The Company has the option to pre-terminate the contract provided that it serves ALI a written notice at least 60 days before the actual date of termination, provided that: (a) no pre-termination shall be done within the first year of the lease, as well as at any time during the first year of any of the lease extension periods elected by ALI; and (b) pre-termination after the first year shall result in forfeiture of the lessee's security deposit.

Upon the expiration of the lease term, the Company shall have 60 days in which to vacate the leased premises as well as the building.

The long-term lease contract is not assignable nor transferable without the prior written consent of the other party, which consent shall not be unreasonably withheld. The parties are not allowed to mortgage, encumber, or create any security interest in and to the leasehold rights under the contract.

Contract of Lease for Laguna Technopark Lots

IMI entered into a Contract of Lease dated October 29, 2019 with previous owner, Technopark Land, Inc., over the Laguna Technopark Lots for a lease term of three (3) years commencing on January 1, 2020 up to December 31, 2022. The lease was amended on November 13, 2020 thereby extending the lease term for a period of eight (8) years commencing on January 1, 2020 up to December 31, 2027. The lease is renewable at the option of lessor upon such terms and conditions and upon such rental rates as the parties may agree upon at the time of the renewal, taking into consideration comparable rental rates for similar properties prevailing at the time of the renewal.

When Technopark Land, Inc. transferred the Laguna Technopark Lots to the Company, the former likewise assigned, transferred and conveyed unto the Company all its rights and interests under its contract of lease with IMI. The Company shall be subject to the same terms and agreements contained in the contract of lease.

As consideration for the use of the leased premises, the monthly rent starting January 1, 2020 is equivalent to ₱60.00 per sq.m. of leasable area (VAT-exclusive), if applicable. For the succeeding two years of the lease term, the rent shall be subject to an annual escalation rate of 5% commencing on January 1, 2021.

On or before November 30, 2022, the Company and IMI shall determine the "fair market rate" to be applied as the monthly rental rate for the period commencing on January 01, 2023 to December 31, 2023. "Fair market rate", as used in the contract of lease, shall mean the market rental rate for land comparable in size and location to the leased premises. In no instance however shall the monthly rent for the period commencing on January 1, 2023 to December 31, 2023, be lower or higher by 5% than the monthly rent for the period January 1, 2022 to December 31, 2022. Thereafter, the rent shall be subject to annual escalation of 5% beginning January 1, 2024 until the end of the lease period.

The monthly rent is payable every month on or before the tenth (10th) day of the calendar month to which the monthly rent corresponds without the necessity of demand or notice. In the event of lessee's default in the payment of the monthly rental, the whole amount due shall bear an interest at the rate of 2% per month, or a fraction thereof, to be computed on a daily basis as of the date of delinquency until fully paid, without prejudice to the right of the Company to terminate the contract of lease and to exercise such other rights under existing laws. Additionally, all arrears (whether principal and/or interest) shall be subject to a penalty equivalent to 3%

per month of the total amount payable to the Company to be computed from the date of delinquency until paid in full.

The Company shall be responsible for the payment of all real property taxes, government assessments, fire insurance charges and other charges on the leased premises, as well as any increases thereto, while IMI shall shoulder all real property taxes, government assessments, fire insurance charges and other charges due on all improvements constructed and to be constructed on the leased premises, and any increases thereto. Any and all additional/new taxes which may be imposed by law in connection with the lease transaction shall be for the account of IMI, who shall remit the same to the Bureau of Internal Revenue. Documentary stamp tax on the contract of lease shall be for the account of IMI.

The Company shall have the right of first refusal to purchase any building, fixed improvement, or any immovable constructed or installed in the leased premises by IMI.

IMI may assign or transfer its rights under the lease contract without prior written notice to the Company.

Upon termination of lease contract, IMI shall return and surrender to the Company the leased premises, unless the contract is renewed by both parties, without delay, hindrances, molestation or injury whatsoever.

Contract of Land Lease for The 30th

MBS Development Corporation ("MBS") and Ayala Land, Inc. ("ALI") executed a Contract of Lease dated 08 December 2010 over a parcel of land with an area of approximately 15,500 sq.m. forming a portion of land covered by TCT No. PT-72987 of the Register of Deeds of Pasig City. Subsequently, MBS and ALI executed another Contract of Lease notarized in counterparts on June 24, 2013 and July 30, 2013 respectively over a parcel of land with an area of approximately 4,500 sq.m. forming a portion of land covered by TCT No. PT-72987 of the Register of Deeds of Pasig City. The leases were entered into in view of the development, construction, and operation of The 30th.

MBS and ALI executed an Amendment to the Contract of lease dated November 25, 2020 to extend the term of the lease for the parcels of land covered thereby until September 1, 2056. ALI shall have the option to renew the lease for a period of forty (40) years upon mutual agreement of MBS and ALI. Effective January 1, 2021, ALI assigned, transferred and conveyed unto the Company all its rights and interests under the contract of land lease pursuant to the Deed of Absolute Sale executed by the Company and ALI for the sale of The 30th. The Company shall take over the lease from ALI and shall be subject to the same terms and agreements contained in the contract of lease.

As consideration for the use of the leased premises, the Company shall pay MBS 6% of gross rental income plus VAT. The rent, which shall be payable in arrears on a monthly basis, shall be paid without need of notice of demand on or before the fifteenth (15th) day of the month following the end of the relevant month to which the rent corresponds. In the event that any payment is not made on due date, the Company shall be liable for penalty interest at the rate of 1.5% per month or any fraction thereof until full payment is made.

Other than VAT which shall be for the account of the Company, income tax and any and all taxes on MBS' business which may accrue or arise from the contract of lease or from receipt by MBS of any amount under the contract of lease shall be for the account of MBS. The Company shall withhold taxes when so required by the government to be withheld at source all payments due to MBS and remit the same to the BIR. Real estate taxes on the leased premises shall be for the account of MBS. Documentary stamp tax on the contract of lease, real estate taxes on the Building and improvements to be introduced by the Company, real estate taxes and all other national and local taxes on the business to be operated by the Company on the leased premises shall be for the account of the Company.

In the event MBS receives an offer to purchase the leased premises from any third party, and MBS decides to sell the leased premises, the Company shall be given the right of first refusal to purchase the leased premises under such terms similar to those being offered by the third party.

The Company is given the option to purchase the leased premises under the following circumstances:

1. Upon change in ownership of MBS except transfers to subsidiaries or parent companies of the majority corporate shareholders or relatives within the fourth degree of consanguinity or affinity of

the principal individual stockholders, in the event that the principal stockholders of MBS as of the date of signing and execution of the contract of lease shall have changed or shall have ceased to own or control a majority of the outstanding shares of MBS at any time during the term of the contract of lease (or the renewal or extension thereof); provided always that, a new stockholder should not be a Restricted Person as defined in the contract of lease, the Company shall have the option to purchase the leased premises from MBS at such price as may be mutually agreed upon by MBS and the Company; provided however that, the purchase price for the leased premises shall at times be reasonable taking into account the fair market value of the leased premises and such other properties within Pasig City which are more or less similarly situated as the leased premises.

2. During the term of the lease (or the renewal or extension thereof) at a purchase price and other such terms and conditions to be agreed upon the exercise of such option.

The Company may assign any of its rights and obligations under the contract of lease to any of its affiliates by prior written notice to MBS. Subject to the conditions of the right of first refusal and option to purchase the leased premises, MBS may assign, transfer or encumber any of its rights and interests under the contract of lease to any entity subject to the prior written consent of the Company, which consent shall not be unreasonably withheld, delayed or conditions. In the event of any permitted transfer, assignment or encumbrance, MBS shall cause the transferee, assignee or mortgagee to execute an undertaking in favor of the Company confirming that it will respect all rights and interests of the Company under the contract of lease and it shall abide by all the terms and conditions of the contract of lease. In the event the leased premises is a portion of a larger area assigned, transferred or encumbered, MBS shall cause such assignment, transfer or mortgage to provide a right of way to the leased premises. The Company shall not mortgage, encumber or dispose of the Building without the written consent of MBS, which consent shall not be unreasonably withheld, delayed or conditioned.

The Company has the right to terminate the contract of lease without the need of any judicial action by giving MBS at least six (6) months' prior written notice on any of the following grounds:

1. Material and adverse market conditions such as, but not limited to, any hostilities or belligerence, revolution, insurrection, riot, public disorder, acts of terrorism, war (declared or not), closing of airports, harbors, docks, canals of other assistance to or adjuncts of the shipping or navigation of or within any place, or epidemic, strikes or lockouts, or other labor disturbances, export or import restrictions, extraordinary foreign exchange or interest rate movements, insufficient market demand or any other similar event which in the reasonable opinion of the Company would have a material and adverse effect on the use of or business conducted on the leased premises which effect continues for a period of at least six (6) months; or
2. Occurrence of a force majeure that continues for a period of thirty (30) days.

The Company shall have the right to immediately terminate the contract of lease without need of judicial action by giving a written notice to MBS upon the happening on any of the following event of default, provided that, MBS shall have failed to cure the said default (if curable) within a period of sixty (60) days after receipt of such notice from the Company

1. Breach by MBS of any of its material representations, warranties and covenants and obligations under the contract of lease resulting in the deprivation of the Company's possession and adequate enjoyment of the leased premises; or
2. Insolvency by MBS or suspension of payment of its debts or the commission by MBS of any act of bankruptcy under the applicable law.

Upon pre-termination of the lease, the Company shall have the right to demand payment of all direct costs and damages for which the Company may be held liable and MBS shall pay the Company the appraised value of the Building as determined by an independent appraiser acceptable to both MBS and the Company or the value of the Building depreciated over the life of the lease, whichever is higher; provided that, if the pre-termination of the lease is due to the fault, gross negligence or fraud of MBS, costs and damages shall include those that may reasonably attributed to pre-termination.

MBS shall have the right to terminate the contract of lease without need of judicial action by giving a written notice to the Company upon the happening on any of the following event of default, provided that, the Company

shall have failed to cure the said default (if curable) within a period of sixty (60) days after receipt of such notice from MBS:

1. Failure by the Company to pay any rental
2. Failure by the Company to perform any and all of its material obligations under the contract of lease;
3. Insolvency by the Company or suspension of payment of its debts or the commission of the Company of any act of bankruptcy under applicable law.

Upon pre-termination of the lease, MBS may immediately terminate the lease and take possession of the leased premises, and recover unpaid rent and such other amounts due under the contract of lease, provided that, when so required by the Company, MBS shall respect and abide by the sublease agreements or other arrangements entered into in good faith and on arm's length basis by the Company with the sub-lessees of the leased premises or the lessees of the building.

OTHER MATERIAL CONTRACTS FOR THE PROPERTIES

Contract of Building Lease between AREIT and NECC for Ayala Malls The 30th

NECC was the lessee of The 30th, composed of the commercial spaces for lease known as "AyalaMalls The 30th" or "The 30th Mall" and office spaces known as "The 30th Corporate Center," owned by ALI, by virtue of the Contract of Lease dated February 8, 2017. NECC and ALI agreed to terminate the Contract of Lease for the Building and ALI sold, transferred and conveyed ownership of the Building to the Company pursuant to a Deed of Absolute Sale dated January 15, 2021.

In view of the cancellation of the Contract of Lease, the Company and NECC have agreed to reinstate NECC's lease of Ayala Malls The 30th covering 26,833.44 sq.m. of gross leasable area housing retail spaces under a new Building Lease Agreement. Thus, the Company and NECC entered into a Contract of Lease dated January 15, 2021 which provided for the terms and conditions for the lease of The 30th Mall.

The term of the lease for The 30th Mall is for a term of 35 years, commencing on January 1, 2021 and ending on September 1, 2056, unless earlier terminated. Unless otherwise renewed under the conditions provided by the Building Lease Agreement, the term of the lease shall not be deemed extended beyond the date specified for its termination for any reason and there shall be no tacit renewal of the contract regardless whether NECC continues to possess the leased premises for any length of time after the term expires.

The Parties also agreed that if the land lease between MBS Development Corporation and ALI was renewed for another period of 40 years, the building lease may be renewed for the same period of 40 years upon written agreement and under such terms and conditions as may be acceptable to the Company and NECC. The parties have agreed for the delivery of The 30th Mall under "as-is" condition.

The obligation of NECC to pay rent commenced on January 1, 2021. Rent shall be the higher amount between the (a) fixed rent plus six percent (6%) of rental income, or (b) Minimum Guaranteed Rent as set forth in the Schedule under the lease contract, provided, that such Fixed Rent and Minimum Guaranteed Rent shall be subject to an escalation rate of three percent (3%) every three (3) years.

Timing of payment shall be as follows:

- (a) The fixed rent shall be liquidated and paid on an annual basis, on or before the tenth (10th) day of December before the year to which the rent corresponds.
- (b) The variable rent of six percent (6%) of Gross Rental Income shall be liquidated and paid on a monthly basis on or before the tenth (10th) of the month following the end of the month to which the rent corresponds.

Rent review is conducted after three (3) years from the execution of the building lease agreement, and every three (3) years thereafter.

The Parties agreed that in the event that at any time during the term or renewal of the lease, the real property tax on The 30th Mall is increased or there is levied any new or additional assessment or charge on The 30th Mall, then the rent in force on the date the real property tax, assessment or charge is increased or imposed, shall likewise be increased in direct proportion to the increase in or additional real property taxes, assessment or charge.

Other than the Company's income taxes or taxes required to be withheld from the rental due to the Company which shall be credited against its income taxes, all taxes due by reason of the receipt of rental and all other amounts which NECC is required to pay the Company as provided hereunder, as well as the documentary stamp taxes or other taxes accruing by reason of the execution of the building lease shall be for the account of NECC. Any VAT due on the rent shall be for the account of NECC.

In the event of delay or default on the payment of any amount required to be paid by NECC under the contract, interest shall be imposed at the rate of 1.5% per month or at the maximum prevailing interest rate allowed by law to be determined by the Company at the time the obligation is due if said maximum prevailing rate is higher than 1.5% per month, to be computed from the date of delinquency until paid in full. In addition to the interest charges, all arrears (whether principal and/or interest) shall be subject to a penalty equivalent to 3.0% per month of the total amount payable to the Company to be computed from the date of delinquency until fully paid. The interest and penalty charges shall be computed daily and compounded monthly and shall apply to any and all arrearages in the amounts herein provided to be paid by NECC including, but not limited to, rents, utility charges, share in association dues and deposits.

NECC may sublease, assign, or transfer any portion of The 30th Mall without the prior written consent of the Company. However, such written consent of the Company shall be required if NECC assigns or transfers its rights under the building lease agreement or subleases the entirety of The 30th Mall to just one sub-lessee. NECC is not allowed to mortgage, encumber or create any security interest in and to the leasehold rights granted to it under the building lease agreement.

NECC shall return and surrender The 30th Mall at the expiration of the lease term or termination of the lease in the same condition as it was found at the beginning of the lease (reasonable wear and tear excepted), without any delay whatsoever, devoid of all occupants, furniture, articles and effects of any kind, other than the alterations, additions or improvements which pertain to the Company. NECC is required to repair any damage caused to the premises which cannot be accounted for by reasonable wear and tear and restore the building to the condition it was found at the beginning of the lease.

If NECC fails to return the building to the Company at the end of lease term or by its termination date, NECC shall pay the Company as damages, a sum equal to twice the rental to be paid by NECC to the Company for the period during which NECC retains possession of the building. Additionally, if the building is not surrendered at the expiration of lease term or by its termination date, NECC shall be responsible for all damages which the Company may suffer by reason of such possession and will indemnify the Company against any and all claims made by any succeeding lessee, resulting from the delay in delivering possession of the building to such succeeding lessee or to MBS Development Corporation, the land owner, to the extent that such delay is occasioned by the failure of NECC to surrender the building on time, without prejudice to such other legal and contractual remedy available to the Company.

Save by its gross negligence or willful misconduct, the Company is not liable or responsible, whether tortious or otherwise, for any damage or disturbance suffered (whether directly or indirectly) by NECC or its Sub-Lessees or by any of their respective employees, clients, customers or any other persons whatsoever.

The Company shall be fully indemnified by NECC against all claims, demands, actions, and proceedings whatsoever made against it as lessor by any person arising as a result of or in connection with any loss, damage or injury which the Company shall not be responsible for and against all costs and expenses incurred by the Company in respect of such claims, actions or demand.

If The 30th Mall rendered inaccessible or destroyed or so damaged by Force Majeure, without any fault or omission of NECC, Sub-Lessees, their respective employees, guests, customers or clients, the damage shall be repaired at the expense of the Company, and the disturbance or discontinuance in the possession of the Leased Premises by reason of or occasioned during such repair shall confer no right of any kind to NECC against the Company except to the extent recognized by the option to rescind under the agreement.

The Company shall have the right to cancel or terminate the lease upon the occurrence of any of the following grounds: (a) the term (or renewal) of the lease shall have expired or NECC shall have failed to return and surrender The 30th Mall in accordance with the contract; (b) The 30th Mall is closed, deserted or unoccupied for a continuous period of 15 calendar days; (c) NECC fails to pay the rent or any other amount due under the contract on the date specified for its payment; (d) NECC fails to observe or perform any of the covenants provided hereunder; (e) any of NECC's representations and warranties as specified in the contract shall prove false in any material respect when made; (f) the corporate existence of NECC shall have ceased; (g) the principal stockholder(s) or owner(s) of NECC on the date of the contract shall have changed or shall have ceased to own or control a majority of shares or interest in NECC, whether through voluntary disposition, merger, consolidation, restructuring, bankruptcy, liquidation or otherwise, and the new principal stockholder(s) or owner(s) controlling NECC shall not be acceptable to the Company, or the Company shall be unwilling to continue the lease with NECC, as owned or controlled by such new stockholder(s) or owner(s) for any reason; (h) NECC becomes insolvent or be unable to pay its debts when due or shall commit or permit any act of bankruptcy under the applicable law; and (i) the occurrence of any other event which entitles the Company to exercise its right to cancel or terminate this lease pursuant to other provisions in the contract.

In the event of termination of the Land Leases, including due to Force Majeure events, the Company may request MBS Development Corporation, the land owner, to respect and abide by the Sub-Lease entered into in good faith and on arm's length basis by NECC with the Sub-Lessees of The 30th Mall.

Deed of Assignment between AREIT and NECC for the Tenant Contracts over The 30th Corporate Center

NECC was the lessee of The 30th, composed of the commercial spaces for lease known as "AyalaMalls The 30th" or "The 30th Mall" and office spaces known as "The 30th Corporate Center," owned by ALI, by virtue of the Contract of Lease dated February 8, 2017. NECC and ALI agreed to terminate the Contract of Lease for the Building and ALI sold, transferred and conveyed ownership of the Building to the Company pursuant to a Deed of Absolute Sale dated January 15, 2021.

Simultaneous with the sale, transfer, and conveyance of the ownership, rights, interests, and obligations with respect to the Building to the Company, NECC assigned, transferred and conveyed to the Company all of its rights, title, interests, and obligations on the existing Office Tenant Contracts in The 30th Corporate Center covering 47,870.96 sq.m. of gross leasable area housing office spaces under a Deed of Assignment dated January 15, 2021.

Effective January 1, 2021, the Company took over the leases under the Office Tenant Contracts from NECC and assumed all obligations as a lessor under the foregoing contracts.

Except as otherwise stated under the Deed of Assignment, all expenses incurred by either Party for the execution of this Deed and the transaction contemplated herein shall be for the respective Party's account. The following taxes, costs, and expenses to be incurred in connection with the transaction contemplated herein shall be borne as follows: (a) Documentary stamp tax and VAT shall be for the account of the Company; and (b) Creditable withholding tax accruing on the assignment of the Tenant Contracts to the Company shall be for the account of NECC.

In the event that Land Leases are terminated, including due to Force Majeure events, the Company may request MBS Development Corporation to respect and abide by the Sub-Lease entered into in good faith and on arm's length basis by NECC with the Sub-Lessees of The 30th Mall.

PROPERTY-FOR-SHARE SWAP RELATED CONTRACTS

Contract of Land Lease for Bacolod Capitol Center

The Province of Negros Occidental is the absolute and registered owner of four parcels land, all located along Lacson, North Capitol Road, and Aguinaldo Streets, Brgy. Poblacion, Bacolod City, Negros Occidental, with an aggregate area of approximately 40,481 sq.m., and more particularly described and covered by Transfer Certificates of Title Nos. T-44229, T-309978, T-316055, and T-325680, all of the Registry of Deeds of Bacolod City and is also the owner of Lot 404-A located along Aguinaldo St., Brgy. Poblacion, Bacolod City, Negros Occidental, more particularly described in Transfer Certificate of Title No. T-316444 of the Registry of Deeds of Bacolod City. The *Sangguniang Panlalawigan* of Negros Occidental under its Resolution No. 0654, Series of 2011 approved the award of the lease to ALI on a negotiated basis. Thus, the Province of Negros and ALI

entered into a Contract of Lease dated April 26, 2012 for the lease of the properties described herein for the development and operation of a retail and commercial center which may include but not be limited to: (a) retail stores, (b) restaurants, (c) hotels, (d) offices, (e) parking spaces and terminals, (f) other commercial uses and support services. The term of the land lease is for a period of 50 years from the delivery date of the properties which date was no later than three months after signing of the lease contract. The lease may be renewed by mutual agreement of the parties under such terms and conditions as may be mutually acceptable. The consideration of the lease was the payment of rent in the amount of ₱73.00 per sq.m. or a total of ₱2,955,113.00 payable on a monthly basis and throughout the term of the lease on or before the 15th day of the month following the end of the relevant month to which the rent corresponds. ALI was entitled to a rent-free period of two years commencing from the date when the properties were delivered. The rent is subject to an escalation rate of 10% every five years.

ALI may terminate the lease without need of any judicial action by giving the Province of Negros Occidental at least six months prior written notice based on (a) material and adverse market conditions; or (b) occurrence of a force majeure that continues for a period of 30 days. ALI may also immediately terminate the lease without need of judicial action by giving prior written notice to the Province of Negros Occidental when any of the following: (a) the Province of Negros Occidental fails to provide or maintain ALI in peaceful and vacant possession of the leased properties; and (b) material breach by the Province of Negros Occidental of any of its obligations under the Contract of Lease, provided that the Province of Negros Occidental fails to cure the default (if curable) within a period of 90 days after receipt of notice from ALI. On the other hand, the Province of Negros Occidental may terminate the lease without giving prior written notice to ALI upon the occurrence of any of the following events of default; provided that ALI fails to cure the said default (if curable) within a period of 90 days after receipt of notice from the Province of Negros Occidental: (a) ALI fails to pay rent and any sums due under the contract; and (b) ALI commits a material breach of any of its obligations under the lease contract.

On November 16, 2016, ALI notified the Provincial Government that it has assigned to WCVV a portion of the leased property covering approximately 2,921.20 sq.m. its rights and obligations under the Contract of Lease with respect to the development of such portion. Thus, WCVV assumed all of ALI's rights and obligations under the Contract of Lease with respect to the portion assigned to it by ALI.

By virtue of the Deed of Exchange dated June 8, 2021 entered into by and between ALI, WCVV, GDI and the Company, WCVV assigned, transferred, and conveyed to the Company all of its rights and interests under the Contract of Lease effective on the first day of the succeeding month after the SEC approves the Increase of the Company's authorized capital stock. Thus, the Company shall take over the land lease of WCVV on the first day of the succeeding month after the SEC approves the Increase of the Company's authorized capital stock. Any and all taxes, costs, and expenses arising from the assignment of WCVV's land lease are for the account of the Company.

Contract of Land Lease for Ayala Northpoint Technohub

ALI and WCVV executed a Contract of Lease on December 3, 2010 over a parcel of land located at General Aniceto Lacson Estate, Barangay Zone 15, Talisay City, Negros Occidental, with an aggregate area of approximately 8,165 sq.m. and more particularly described under and covered by Transfer Certificates of Title Nos. T-242230, T-242231, and T-242239, all of the Registry of Deeds for the Province of Negros Occidental, for the construction and operation of office buildings. The lease term was 40 years commencing upon the execution of the Contract of Lease, and renewable for another 20 years subject to terms mutually agreed upon by the parties. The monthly rent is 10% of the gross rental income of each month from office buildings, retail shops and parking slots located within the office buildings and open parking areas. Rent shall be paid by WCVV no later than the 15th day of the month. Interest on unpaid charges is 2.0% per month computed from the date of delinquency until paid in full while penalty charges are 3% per month computed from the date of delinquency until paid in full. For purpose of the construction of the building on the land, WCVV submitted to ALI a cash construction bond for the reconstruction or repair of any damage to the leased property, and which if unutilized will be refunded by ALI at a later date.

Real property taxes accruing on the land shall be paid by ALI while WCVV shall pay the real property tax and assessments accruing on the Ayala Northpoint Technohub building, common areas, and common parking areas.

No right, title or interest to, in and under the land lease agreement, the building or land shall be deemed conferred or vested in any person other than WCVV without ALI's prior written consent.

On June 1, 2021, the Contract of Lease was amended to extend the term of the land lease up to December 2, 2058.

By virtue of the Deed of Exchange dated June 8, 2021 entered into by and between ALI, WCVF, GDI and the Company, WCVF assigned, transferred, and conveyed to the Company all of its rights and interests under the Contract of Lease effective on the first day of the succeeding month after the SEC approves the Increase of the Company's authorized capital stock. Thus, the Company shall take over the land lease of WCVF on the first day of the succeeding month after the SEC approves the Increase of the Company's authorized capital stock. Any and all taxes, costs, and expenses arising from the assignment of WCVF's land lease are for the account of the Company.

ALI may terminate or cancel the land lease contract upon the occurrence of any of the following events:

1. The term (or renewal) of the lease shall have expired or the Company shall have failed to return and surrender leased premises in accordance with the contract;
2. The land or the building is closed, deserted or unoccupied for a continuous period of 15 calendar days;
3. The Company fails to pay the rent or any other amount due under the contract on the date specified for its payment;
4. The Company fails to observe or perform any of the covenants provided under the contract including the obligations provided by the article on Records of Leases; provided that with regard to the Company's obligation to submit a monthly Gross Rental Income report, the Company's failure to submit the foregoing report at least three times during any lease year;
5. Any of the Company's representations and warranties as specified in the contract shall prove false in any material respect when made;
6. The corporate existence of the Company shall have ceased;
7. The principal stockholder(s) or owner(s) of the Company on the date of the contract shall have changed or shall have ceased to own or control a majority of shares or interest in NECC, whether through voluntary disposition, merger, consolidation, restructuring, bankruptcy, liquidation or otherwise, and the new principal stockholder(s) or owner(s) controlling the Company shall not be acceptable to ALI, or ALI shall be unwilling to continue the lease with the Company, as owned or controlled by such new stockholder(s) or owner(s) for any reason;
8. The Company becomes insolvent or be unable to pay its debts when due or shall commit or permit any act of bankruptcy under the applicable law;
9. The Company understates its Gross Rental Income for at least three months (whether consecutive or non-consecutive) in any one lease year; and
10. the occurrence of any other event which entitles ALI to exercise its right to cancel or terminate this lease pursuant to other provisions in the contract.

Contract of Land Lease for One Evotech

Ceci Realty Inc. ("CECI") and ALI executed a Contract of Lease (the "Contract of Lease") on January 31, 2008 over a parcel of land located in Brgy. Sto. Domingo, Sta. Rosa, Laguna, with an aggregate area of approximately 7,258 sq.m. more particularly described under and covered by Transfer Certificate of Title No. T-233087 issued by the Registry of Deeds of Santa Cruz, Laguna ("Leased Premises").

Under the original Contract of Lease, the lease term is 30 years, renewable on an annual basis for the purpose of construction and development of the building now known as One Evotech. The monthly rent for the lease was ₱29.43 per sq.m., (VAT-exclusive), payable on the rental commencement date which date was either of (a) the first anniversary of the completion of the construction of the building or (b) 20 months after October 1,

2007 (Turn-over Date). The rent is subject to an escalation rate of 5% per annum and to a rent review on the 15th anniversary of the completion of the building.

Rent shall be paid on a monthly basis within the first ten (10) days of the calendar month to which the rent corresponds.

For the duration of the land lease, the lessee shall directly pay the real property tax and other government assessments on the building and other improvements thereon. Additionally, now that the building has been completed, lessee is responsible for the payment of the real property tax and other government assessments on the land and on the public areas of common use within the vicinity. Real property taxes and other assessments on the building and other improvements on the land for the last year of the lease shall be pro-rated between the parties in proportion to the duration of their respective occupancies thereof.

Interest on unpaid charges is the rate equal to MART1 commencing on the date immediately following the lapse of a 30-day grace period until full payment of the unpaid amount. In addition to the interest charges, all arrears (exclusive of the interest) shall be subject to a penalty equal to MART1 commencing on the date immediately following the 30-day grace period until full payment of the unpaid amount. Interest and penalties shall be computed daily and shall apply to any and all arrearages in the amounts provided to be paid by ALI under the contract of lease.

The lease cannot be assigned or transferred directly or indirectly, all or part of its interest in the contract without CECI's prior written consent which consent shall not be unreasonably withheld. However, the Contract or any benefits, rights and obligations thereunder, in whole or in part, may be assigned by ALI without need of consent from CECI to (i) ALI Property Partners Corporation (now AyalaLand Offices, Inc.); (ii) a wholly-owned subsidiary of ALOI; or (iii) to an affiliate of ALI.

The Contract of Lease grants ALI a Right of First Refusal ("RoFR") in the event that CECI desires to sell, assign, transfer, or dispose or offer to sell the Leased Premises or any portion thereof, subject to its compliance with the requirements for the valid exercise of its RoFR.

The liability of the lessee under the Contract of Lease is limited to gross negligence, willful misconduct, or contractual breach, in case of any damage or disturbance suffered (whether directly or indirectly) by CECI, (whether personally or in respect of the Leased Premises or any property found therein), or any of its employees, clients, customers or any other third person whomsoever. The Contract also provides for mutual indemnification between the parties.

Under the Contract of Lease, ALI is required to be a member of the Estate Association for the duration of the lease and exercise all the rights and obligations of a member, including the payment of all dues, assessments and other amounts levied and imposed on the premises as well as the Maintenance Dues assessed thereon.

ALI and GDI executed a Deed of Assignment dated June 6, 2008 (the "Deed of Assignment") pursuant to which, ALI assigned to the Lessee its rights, interest, and obligation in its Contract of Lease as well as its rights, interests, and obligation in certain permits, licenses, and contracts which it procured in connection with the Contract of Lease.

The Contract of Lease was amended on June 1, 2021 to (a) extend the lease term until September 30, 2058; (b) provide that the monthly rent in the amount of ₱29.43 per sq.m. (VAT-exclusive), shall be paid until September 30, 2037, subject to a 5.0% escalation rate per annum; and (b) provide that beginning October 1, 2037 until September 30, 2058, the monthly rent shall be ₱170.26 per sq.m. (VAT-exclusive), subject to an escalation rate of 5.0% per annum.

By virtue of the Deed of Exchange dated June 8, 2021 entered into by and between ALI, WCV, GDI, and the Company, GDI assigned, transferred, and conveyed to the Company all of its rights and interests under the Contract of Lease, as amended, effective on the first day of the succeeding month after the SEC approves the Increase of the Company's authorized capital stock. Thus, the Company shall take over the land lease of GDI on the first day of the succeeding month after the SEC approves the Increase of the Company's authorized capital stock. Any and all taxes, costs, and expenses arising from the assignment of GDI's land lease are for the account of the Company.

Under the Contract of Lease, CECI may terminate the land lease upon the occurrence of any of the following:

1. The Company fails to pay the rent or any other amount due on the date specified in the billing for its payment and shall have failed to remedy or rectify such failure to pay within thirty (30) days from its receipt of written notice of such breach from CECI;
2. The Company fails to observe or perform any of the material covenants under the contract, it fails to remedy or rectify such breach within thirty (30) days from its receipt of written notice of such breach from CECI;
3. Any of the Company's representations and warranties as specified in the contract of lease shall prove false in any material respect when made, and the Company fails to remedy or rectify such breach within thirty (30) days from its receipt of written of such breach and of its intent to terminate from CECI
4. The Company is dissolved;
5. The Company becomes insolvent or unable to pay its debts when due or shall commit or permit any act of bankruptcy under the applicable law; and
6. The occurrence of any other event which entitles CECI to exercise its right to cancel or terminate the lease pursuant to other provisions in the contract.

On the other hand, the Company may terminate the land lease if any of the following occurs:

- (a) CECI fails to observe or perform any of its material covenants under the contract and it fails to remedy or rectify its breach within 30 days from written notice of breach and intent to terminate from the Company;
- (b) Any of CECI's representations and warranties shall prove false in any material respect when made, and CECI fails to rectify such breach within 30 days from its receipt of written notice of breach from the Company;
- (c) CECI is dissolved;
- (d) CECI becomes insolvent or unable to pay its debts when due or shall commit or permit any act of bankruptcy under the applicable law; and
- (e) The occurrence of any other event which entitles the Company to exercise its right to cancel or terminate the lease pursuant to other provisions of the contract.

Contract of Land Lease for Two Evotech

CECI and ALI executed a Contract of Lease (the "Contract of Lease") on July 16, 2010 (the "Contract of Lease") over a parcel of land located in Brgy. Sto. Domingo, Sta. Rosa, Laguna, with an aggregate area of approximately 12,952 sq.m. more particularly described under and covered by Transfer Certificate of Title No. T-710959 issued by the Registry of Deeds for Calamba (the "Leased Premises").

Under the original Contract of Lease, the lease term is 30 years from April 13, 2010 (Turn-over Date), renewable on an annual basis for the purpose of construction and development of the building now known as Two Evotech. The monthly rent for the lease was ₱32.35 per sq.m. (VAT-exclusive), payable on the rental commencement date which is the date of the issuance of the Occupancy Permit for the building. The rent is subject to an escalation rate of 5% per annum for the first five years of the lease. The monthly rent for the succeeding years will at 4.0% of ALI's rental income of the building or escalated fixed land lease rate per sq.m., whichever, is higher until the 15th anniversary of the completion of the building upon which a rate review will be conducted to determine the escalation rate for the next 15 years of the lease term.

Interest on unpaid charges is the rate equal to MART1 commencing on the date immediately following the lapse of a 30-day grace period until full payment of the unpaid amount. In addition to the interest charges, all arrears (exclusive of the interest) shall be subject to a penalty equal to MART1 commencing on the date immediately

following the 30-day grace period until full payment of the unpaid amount. Interest and penalties shall be computed daily and shall apply to any and all arrearages in the amount provided to be paid under the contract of lease.

For the duration of the land lease, the lessee shall directly pay the real property tax and other government assessments on the building and other improvements thereon. Additionally, now that the building has been completed, lessee is responsible for the payment of the real property tax and other government assessments on the land and on the public areas of common use within the vicinity. Real property taxes and other assessments on the building and other improvements on the land for the last year of the lease shall be prorated between the parties in proportion to the duration of their respective occupancies thereof.

Under the Contract of Lease, while it is CECI that which shall be a member of the Lakeside Evozone Association, ALI shall be responsible for the payment of all dues, assessments and other amounts levied and imposed on the premises as well as the Maintenance Dues assessed thereon.

The lease cannot be assigned or transferred directly or indirectly, all or part of its interest in the contract without CECI's prior written consent which consent shall not be unreasonably withheld. However, the Contract or any benefits, rights and obligations thereunder, in whole or in part, may be assigned by ALI without need of consent from CECI to (i) ALI Property Partners Corporation (now AyalaLand Offices, Inc.); (ii) a wholly-owned subsidiary of ALOI; or (iii) to an affiliate of ALI.

In the event that CECI desires to sell, assign, transfer, or dispose or offer to sell the Leased Premises or any portion thereof, grants ALI has a Right of First Refusal ("RoFR") to purchase the Leased Premises under the terms and conditions of purchase not less than favorable than the terms if a binding offer to purchase the same from CECI by a third party, subject to its compliance with the requirements for the valid exercise of its RoFR.

The liability of the lessee under the Contract of Lease is limited to gross negligence, willful misconduct, or contractual breach, in case of any damage or disturbance suffered (whether directly or indirectly) by CECI, (whether personally or in respect of the Leased Premises or any property found therein), or any of its employees, clients, customers or any other third person whomsoever. The Contract also provides for mutual indemnification between the parties.

ALI assigned, transferred, and conveyed all of its rights and interests under the Contract of Lease to GDI under an Amendment to the Deed of Assignment on July 26, 2010.

The Contract of Lease was amended on June 1, 2021 to (a) extend the lease term to April 12, 2058; (b) reduce the Leased Premises to an area covering approximately 8,920 sq.m. (the "Amended Leased Premises") effective April 13, 2040; and (c) adjusting the rent on the Leased Premises and the Amended Leased Premises, respectively.

In view of the amendment, the Contract of Lease provides that the parties may review the lease for a period of another 40 years upon mutual written agreement. If the parties agree to extend the lease, the parties will adopt a monthly rate not lower nor higher than 5.0% of the preceding period's monthly rent for the initial year of the extended lease term, subject to annual escalation as may be agreed upon by the parties.

The adjusted rental shall be: (a) ₱32.45 per sq.m. (VAT-exclusive), commencing on the rental commencement date, subject to an escalation rate of 5% per annum for the first five years of the lease; (b) the monthly rent for the succeeding years up to April 12, 2040 will be at 4% of GDI's Gross Rental Income of the building or fixed land lease rate per sq.m., whichever is higher; and (c) thereafter or beginning April 13, 2040 until April 12, 2058, rent shall be paid based on the fixed land lease rate of ₱197.10 per sq.m. (VAT-exclusive), subject to an escalation rate of 5% per annum. The 4% override on the Gross Rental Income can be increased to 6% or 8% if the average lease rate of the occupied areas of the Building is higher by 33% or 64%, respectively, than the average lease rate of the building during the previous year. The maximum override on Gross Rental Income that can be given to the LESSOR is 8%.

By virtue of the Deed of Exchange dated June 8, 2021 entered into by and between ALI, WCV, GDI, and the Company, GDI assigned, transferred, and conveyed to the Company all of its rights and interests under the Contract of Lease, as amended, effective on the first day of the succeeding month after the SEC approves the Increase of the Company's authorized capital stock. Thus, the Company shall take over the land lease of GDI on the first day of the succeeding month after the SEC approves the Increase of the Company's authorized

capital stock. Any and all taxes, costs, and expenses arising from the assignment of GDI's land lease are for the account of the Company.

Under the Contract of Lease, CECI may terminate the land lease upon the occurrence of any of the following:

1. The Company fails to pay the rent or any other amount due on the date specified in the billing for its payment and shall have failed to remedy or rectify such failure to pay within 30 days from its receipt of written notice of such breach from CECI;
2. The Company fails to observe or perform any of the material covenants under the contract, it fails to remedy or rectify such breach within 30 days from its receipt of written notice of such breach and its intent to terminate from CECI;
3. Any of the Company's representations and warranties shall prove false in any material respect are made, and it fails to remedy or rectify such breach within 30 days from receipt of written notice of breach and its intent to terminate from CECI;
4. The Company is dissolved;
5. The Company becomes insolvent or unable to pay its debts when due or shall commit or permit any act of bankruptcy under the applicable law; and
6. The occurrence of any other event which entitled CECI to exercise its right to cancel or terminate the lease pursuant to other provisions in the contract.

On the other hand, the Company may terminate the land lease if any of the following occurs:

1. CECI fails to observe or perform any of its material covenants under the contract and it fails to remedy or rectify its breach within 30 days from written notice of breach and intent to terminate from the Company;
2. Any of CECI's representations and warranties shall prove false in any material respect when made, and CECI fails to rectify such breach within 30 days from its receipt of written notice of breach from the Company;
3. CECI is dissolved;
4. CECI becomes insolvent or unable to pay its debts when due or shall commit or permit any act of bankruptcy under the applicable law; and
5. The occurrence of any other event which entitles the Company to exercise its right to cancel or terminate the lease pursuant to other provisions of the contract.

Deed of Assignment of Tenant Contracts and Permits for Vertis North Commercial Development

ALI and NECC entered into a Contract of Lease dated January 1, 2017 (the "Original Contract") over a mixed-use development located in North Avenue, North Triangle, Quezon City, owned by ALI known as Vertis North Commercial Development (the "Building") for an initial lease term of 40 years or until December 31, 2057. The Original Contract was subsequently amended through an Amendment to the Contract of Lease on November 22, 2018 (the "First Amendment"), shortening the lease term to 25 years or until December 31, 2042 and adjusting the rent thereon. On June 01 2021, ALI and NECC entered into a Second Amendment to the Contract of Lease ("Lease Extension") to further amend and extend the effectivity of the Contract of Lease until December 31, 2058.

By virtue of the said lease, ALI and/or NECC were issued permits by various government entities in connection with the operation of the Building (collectively, the "Permits"). Moreover, in line with the regular operation of the Building, NECC entered into various sub-lease contracts with office sub-lessees (collectively, the "Office Tenant Contracts").

ALI and the Company entered into a Deed of Exchange dated June 8, 2021 (the “Deed of Exchange”) wherein ALI conveyed, transferred, assigned, and delivered to the Company, all of ALI’s rights, title, and interests in and to the Building, including ALI’s rights, obligations, and interests as Lessor under the Contract of Lease with respect to the Building.

In view of the sale, transfer, and conveyance of the ownership, rights, interests, and obligations with respect to the Building to the Company, ALI and NECC assigned, transferred, and conveyed in favor of the Company all of their respective rights, title, interests, and obligations under the Permits and the Office Tenant Contracts under a Deed of Assignment dated June 8, 2021.

Thus, effective on the 1st day of the month following the approval of the Deed of Exchange by the SEC, the Permits and Tenant Contracts and all the rights, title, interest, and/or obligations of the ALI and/or NECC thereto are assigned, ceded, and conveyed to the Company. The assignment of the Tenant Contracts herein provided includes, but is not limited to, any Security Deposit or Advance Rentals paid to NECC. Upon effectivity of the assignment, the Company shall take over the leases under the Tenant Contracts from NECC subject to the same terms and conditions contained in the respective Tenant Contracts. The Company shall assume all obligations of NECC under the Tenant Contracts.

Contract of Building Lease between AREIT and NECC of Vertis North Mall

As previously stated, ALI and NECC entered into a Contract of Lease dated January 1, 2017 (the “Original Contract”) over a mixed-use development located in North Avenue, North Triangle, Quezon City, owned by ALI known as Vertis North Commercial Development (the “Building”) for an initial lease term of 40 years or until December 31, 2057. The Original Contract was subsequently amended through an Amendment to the Contract of Lease on November 22, 2018 (the “First Amendment”), shortening the lease term to 25 years or until December 31, 2042, rendering the lease terms for both land and Building to be co-terminous, and adjusting the rent thereon. On June 01 2021, ALI and NECC entered into a Second Amendment to the Contract of Lease (“Lease Extension”) to further amend and extend the effectivity of the Contract of Lease until December 31, 2058.

ALI and the Company entered into a Deed of Exchange dated June 08 2021 (the “Deed of Exchange”) wherein ALI conveyed, transferred, assigned, and delivered to the Company, all of ALI’s rights, title, and interests in and to the Building, including ALI’s rights, obligations, and interests as Lessor under the Contract of Lease with respect to the Building.

Simultaneous with the execution of the Deed of Exchange, ALI and NECC executed a Deed of Cancellation dated June 8, 2021, effectively terminating the lease over the Building.

To align with the intention of NECC and the Company to reinstate the Building Lease under a new agreement only with respect to the portion of the Building known as the Ayala Malls Vertis North (the “Vertis North Mall”), more particularly described and covered by Tax Declaration Nos. D-007-10260 and D-007-10761 issued by the Assessor’s Office of Quezon City, with a total gross floor area of 62,573 sq. m. housing retail spaces covering 39,306 sq. m. of gross leasable area. Thus, the Company and NECC entered into a Contract of Lease dated June 8, 2021 which provided for the terms and conditions for the lease of the Vertis North Mall.

The term of the lease for Vertis North Mall is for a term of around 37 years, commencing on the first day of the month following the approval of the Deed of Exchange by the SEC and ending on December 31, 2058, unless earlier terminated. Unless otherwise renewed under the conditions provided by the Building Lease Agreement, the term of the lease shall not be deemed extended beyond the date specified for its termination for any reason and there shall be no tacit renewal of the contract regardless whether NECC continues to possess the leased premises for any length of time after the term expires. The building lease may be renewed for a period to be determined and agreed upon by the parties under such terms and conditions as may be acceptable to them.

The parties have agreed for the delivery of Vertis North Mall under “as-is” condition on the first day of the month following the approval of the Deed of Exchange by the SEC.

The obligation of NECC to pay rent commenced on the first day of the month following the approval of the Deed of Exchange by the SEC. Rent shall be the higher amount between the (a) Fixed Rent plus six percent (6%) of rental income, or (b) Minimum Guaranteed Rent as set forth in the Schedule under the lease contract, provided,

that such Fixed Rent and Minimum Guaranteed Rent shall be subject to an escalation rate of three percent (3%) every three (3) years.

Timing of payment shall be as follows:

(a) The Fixed Rent shall be liquidated and paid on an annual basis, on or before the tenth (10th) day of December before the year to which the rent corresponds.

(b) The variable rent of six percent (6%) of Gross Rental Income shall be liquidated and paid on a monthly basis on or before the tenth (10th) of the month following the end of the month to which the rent corresponds.

For the year 2021, rent shall be paid 30 days after the building lease agreement takes effect.

Rent review is conducted after three (3) years from the execution of the building lease agreement, and every three (3) years thereafter.

The Parties agreed that in the event that at any time during the term or renewal of the lease, the real property tax on Vertis North Mall is increased or there is levied any new or additional assessment or charge on Vertis North Mall, then the rent in force on the date the real property tax, assessment or charge is increased or imposed, shall likewise be increased in direct proportion to the increase in or additional real property taxes, assessment or charge.

Other than the Company's income taxes or taxes required to be withheld from the rental due to the Company which shall be credited against its income taxes, all taxes due by reason of the receipt of rental and all other amounts which NECC is required to pay the Company as provided hereunder, as well as the documentary stamp taxes or other taxes accruing by reason of the execution of the building lease shall be for the account of NECC. Any VAT due on the rent shall be for the account of NECC.

In the event of delay or default on the payment of any amount required to be paid by NECC under the contract, interest shall be imposed at the rate of 1.5% per month or at the maximum prevailing interest rate allowed by law to be determined by the Company at the time the obligation is due if said maximum prevailing rate is higher than 1.5% per month, to be computed from the date of delinquency until paid in full. In addition to the interest charges, all arrears (whether principal and/or interest) shall be subject to a penalty equivalent to 3.0% per month of the total amount payable to the Company to be computed from the date of delinquency until fully paid. The interest and penalty charges shall be computed daily and compounded monthly and shall apply to any and all arrearages in the amounts herein provided to be paid by NECC including, but not limited to, rents, utility charges, share in association dues and deposits.

NECC may sublease, assign, or transfer any portion of Vertis North Mall without the prior written consent of the Company. However, such prior written consent of the Company shall be required if NECC assigns or transfers its rights under the building lease agreement or subleases the entirety of Vertis North Mall to just one sub-lessee. NECC is not allowed to mortgage, encumber or create any security interest in and to the leasehold rights granted to it under the building lease agreement.

NECC shall return and surrender Vertis North Mall at the expiration of the lease term or termination of the lease in the same condition as it was found at the beginning of the lease (reasonable wear and tear excepted), without any delay whatsoever, devoid of all occupants, furniture, articles and effects of any kind, other than the alterations, additions or improvements which pertain to the Company. NECC is required to repair any damage caused to the premises which cannot be accounted for by reasonable wear and tear and restore the building to the condition it was found at the beginning of the lease.

If NECC fails to return the building to the Company at the end of lease term or by its termination date, NECC shall pay the Company as damages, a sum equal to twice the rental to be paid by NECC to the Company for the period during which NECC retains possession of the building. Additionally, if the building is not surrendered at the expiration of lease term or by its termination date, NECC shall be responsible for all damages which the Company may suffer by reason of such possession and will indemnify the Company against any and all claims made by any succeeding lessee, resulting from the delay in delivering possession of the building to such succeeding lessee or to ALI, the land owner, to the extent that such delay is occasioned by the failure of NECC

to surrender the building on time, without prejudice to such other legal and contractual remedy available to the Company.

Save by its gross negligence or willful misconduct, the Company is not liable or responsible, whether tortious or otherwise, for any damage or disturbance suffered (whether directly or indirectly) by NECC or its Sub-Lessees or by any of their respective employees, clients, customers or any other persons whosoever.

The Company shall be fully indemnified by NECC against all claims, demands, actions, and proceedings whatsoever made against it as lessor by any person arising as a result of or in connection with any loss, damage or injury which the Company shall not be responsible for and against all costs and expenses incurred by the Company in respect of such claims, actions or demand.

If Vertis North Mall is rendered inaccessible or destroyed or so damaged by Force Majeure, without any fault or omission of NECC, Sub-Lessees, their respective employees, guests, customers or clients, the damage shall be repaired at the expense of the Company, and the disturbance or discontinuance in the possession of the Leased Premises by reason of or occasioned during such repair shall confer no right of any kind to NECC against the Company except to the extent recognized by the option to rescind under the agreement.

The Company shall have the right to cancel or terminate the lease upon the occurrence of any of the following grounds:

1. the term (or renewal) of the lease shall have expired or NECC shall have failed to return and surrender Vertis North Mall in accordance with the contract;
2. Vertis North Mall is closed, deserted or unoccupied for a continuous period of 15 calendar days;
3. NECC fails to pay the rent or any other amount due under the contract on the date specified for its payment;
4. NECC fails to observe or perform any of the covenants provided hereunder;
5. any of NECC's representations and warranties as specified in the contract shall prove false in any material respect when made;
6. the corporate existence of NECC shall have ceased;
7. the principal stockholder(s) or owner(s) of NECC on the date of the contract shall have changed or shall have ceased to own or control a majority of shares or interest in NECC, whether through voluntary disposition, merger, consolidation, restructuring, bankruptcy, liquidation or otherwise, and the new principal stockholder(s) or owner(s) controlling NECC shall not be acceptable to the Company, or the Company shall be unwilling to continue the lease with NECC, as owned or controlled by such new stockholder(s) or owner(s) for any reason;
8. NECC becomes insolvent or be unable to pay its debts when due or shall commit or permit any act of bankruptcy under the applicable law; and (i) the occurrence of any other event which entitles the Company to exercise its right to cancel or terminate this lease pursuant to other provisions in the contract.

Contract of Land Lease between ALI and AREIT

Ayala Land, Inc. and NECC executed a Contract of Lease dated January 1, 2017 (the "Original Contract") for a lease over the land and the Building known as the Vertis North Commercial Development constructed on an approximately 19,988 sq.m. parcel of land and more particularly described under and covered by Transfer Certificate of Title No. 004-2013011220 of the Registry of Deeds of Quezon City for an initial lease term of 40 years or until December 2057. The Original Contract was subsequently amended through an Amendment to the Contract of Lease on November 22, 2018 (the "First Amendment") shortening the lease term to 25 years or until December 31, 2042 and adjusting the rent thereon. On June 01 2021, ALI and NECC entered into a Second Amendment to the Contract of Lease ("Lease Extension") to further amend and extend the effectivity of the Contract of Lease until December 31, 2058.

ALI and the Company entered into a Deed of Exchange dated June 8, 2021 (the "Deed of Exchange") wherein ALI conveyed, transferred, assigned, and delivered to the Company, all of ALI's rights, title, and interests in and to the Vertis North Commercial Development, including ALI's rights, obligations, and interests as Lessor under the Contract of Lease with respect to the Building.

Simultaneous with the execution of the Deed of Exchange, ALI and NECC executed a Deed of Cancellation dated June 8, 2021, effectively terminating the lease over the Building. However, the lease over the land was retained. On even date, NECC assigned to the Company all of its rights and obligations as lessee under the amended Contract of Lease for the land with ALI under the same terms and conditions. Thus, effective on the first day of the month following the approval of the Deed of Exchange by the SEC, the Company shall take over the land lease from NECC under the same terms and conditions provided by the amended Contract of Lease and exercise all rights and assume all obligations of NECC as land lessee.

The Company shall pay rent equal to a variable rate at 6% of Gross Rental Income. The rent shall be liquidated and paid on a monthly basis, on or before the 15th day of the month following the end of the month to which the rent corresponds. The parties shall conduct rent review after three years from the execution of the lease contract, and every three years thereafter.

Interest on unpaid charges is at the rate of 1.5% per month or at the maximum prevailing interest rate allowed by law to be determined by the Company at the time the obligation is due if said maximum prevailing rate is higher than 1.5% per month, to be computed from the date of delinquency until paid in full. In addition to the interest charges, all arrears (whether principal and/or interest) shall be subject to a penalty equivalent to 3.0% per month of the total amount payable to the Company to be computed from the date of delinquency until fully paid.

Real property taxes on the land shall be for the account of ALI. Other than ALI's income taxes or taxes required to be withheld from the rental due to ALI which shall be credited against its income taxes, all taxes due by reason of the execution of this Contract shall be for the account of the Company. Any VAT due on the rent shall be for the account of the Company.

Additional security shall be maintained for the duration of the lease. The security shall be returned after the lease expires and the land is vacated and delivered back to ALI.

The amended land lease contract provides for an Indemnification Clause whereby the Company shall indemnify and keep ALI fully indemnified against all claims, demands, actions and proceedings whatsoever made against ALI by any person arising as a result of or in connection with any loss, damage, or injury which ALI shall not be responsible for under the Limitations on Liability of the Lessor Clause, and against all costs and expenses incurred by ALI in respect of such claims, actions or demands. ALI may cancel or terminate the lease based on any of the following:

1. The term (or renewal) of the lease shall have expired;
2. The building shall be closed, deserted or unoccupied for a continuous period of fifteen (15) calendar days;
3. The Company fails to pay the rent or any other amount due under the lease on or before the due date specified for its payment;
4. The Company fails to observe or perform any of the covenants provided under the contract;
5. Any of the Company's representations and warranties as specified in the contract shall prove false in any material respect when made;
6. The corporate existence of the Company shall have ceased;
7. The principal stockholder(s) or owner(s) of the Company on the date of the contract shall have changed or shall have ceased to own or control a majority of shares or interest in the Company, whether through voluntary disposition, merger, consolidation, restructuring, bankruptcy, liquidation or otherwise, and the new principal stockholder(s) or owner(s) controlling the

Company shall not be acceptable to ALI, or ALI shall be unwilling to continue the lease with the Company, as owned or controlled by such new stockholder(s) or owner(s) for any reason

8. The Company shall become insolvent or be unable to pay its debts when due or shall commit or permit any act of bankruptcy under the applicable law; and
9. The occurrence of any other event that entitles ALI to exercise its right to cancel or terminate the lease pursuant to other provisions of the contract.

Fund Management Agreement

The Fund Manager has the overall responsibility for the allocation of the Deposited Property to the allowable investment outlets and selection of income-generating real estate, pursuant to the Fund Management Agreement. The Fund Management Agreement was entered into on July 22, 2020 between the Company and the Fund Manager pursuant to which the Company engaged the Fund Manager to execute and implement the investment strategies for the Company.

The term of the Fund Management Agreement is for five years, commencing at 8:00 o'clock in the morning on the date of the approval of the registration statement by the SEC for the initial public offering of the shares of the Company and the approval of the listing application by the PSE in accordance with the REIT Law, (the "Commencement Date"). The Fund Management Agreement automatically renews for successive five-year terms thereafter, until and unless either party provides the other with 180 days prior written notice of termination.

Pursuant to the Fund Management Agreement, the Fund Manager has the authority to disburse funds of the Company, within the budget approved by the Board, and to designate the authorized signatories to effect such disbursements, oversee and coordinate leasing, negotiate and award contracts for property acquisition, operational and financial reporting, appraisals, audits, market review, accounting and reporting procedures, refinancing and asset disposition plans, all in accordance with the financing, operating, and marketing plans approved by the Board, and to designate the authorized signatories to execute such contracts.

Fund Manager's Services

The services provided by the Fund Manager, pursuant to the Fund Management Agreement, include the following:

1. Implementing the investment strategies of the Company by:
 - i. Determining the allocation of the assets to allowable investment outlets in accordance with the Prospectus and the investment strategies of the Company; and
 - ii. Selecting income-generating real estate in accordance with the investment strategies;
2. Overseeing and coordinating property acquisition, leasing, operational and financial reporting (including operating budgets), appraisals, audits, market review, accounting and reporting procedures, as well as financing and asset disposition plans;
3. Causing a valuation of any of the real estate, including the Properties, and other properties of the Company to be carried out by an appointed property valuer once a year and whenever the Fund Manager believes that such valuation is appropriate;
4. Taking all necessary measures to ensure:
 - i. That the Net Asset Value per unit of the Company is calculated as and when an annual valuation report is issued by a property valuer for the relevant period, and that such Net Asset Value per unit shall be disclosed in the annual reports;
 - ii. That the investment and borrowing limitations set out in this Prospectus and the conditions under which the Company was authorized are complied with;

- iii. That all transactions carried out by or on behalf of the Company are conducted at arm's length;
 - iv. That, at all times, the Company has proper legal title to the real estate it owns, as well as to the contracts (such as property contracts, rental agreements, joint venture or joint arrangement, agreements, and any other agreements) entered into on behalf of the scheme with respect to its assets and that each such contract is legal, valid and binding, and enforceable by or on behalf of the Company; and
 - v. That the Property Manager obtains adequate property insurance for the real properties of the Company, including the Properties, from insurance companies approved by the Fund Manager;
- 5. Providing research and analysis on valuation and market movements, including the monitoring of the real estate market for desirable opportunities, and recommend, from time to time, to the Board, the formulation of new, additional, or revised investment policies and strategies;
 - 6. Recommending the appropriate capital structure for the Company;
 - 7. Managing assets and liabilities, including investment of corporate funds in money market placements and arrangement of debt for the Company, negotiating and finalizing loan documents on behalf of the Company, and determining debt drawdowns;
 - 8. Recommending to the Board when to make capital calls and, where appropriate, enforcing or causing the enforcement of remedies for failure of Shareholders to deliver capital contributions;
 - 9. Opening, maintaining, and closing accounts, including custodial accounts with banks, and subject to applicable Philippine law, including banks located outside the Philippines, and drawing checks or other orders for the payment of monies;
 - 10. Submitting periodic reports to the Company: (i) on an annual basis, audited financial statements of the Company; and (ii) on a quarterly basis, (1) unaudited financial statements of the Company and (2) status reports on the proposed investments of the Company;
 - 11. Doing such other acts as is necessary or advisable in connection with the maintenance and administration of the Company's assets, including ensuring that all investors in the Company are provided with appropriate and relevant information and communications, as well as supervising all consultants and other service providers of the Company;
 - 12. Negotiating for the purchase of and purchasing of assets to be held by the Company for investment;
 - 13. Performing legal review, documentation, structuring, due diligence on assets to be acquired;
 - 14. Where necessary in the reasonable determination of the Fund Manager, retaining persons, firms or entities to provide certain management and administrative services, including tax, corporate secretarial, and accounting services;
 - 15. Pursuing various exit options and making necessary strategic recommendations to the Company;
 - 16. Accrediting insurance companies for the purpose of providing a list of approved insurance companies to the Property Manager for the real properties of the Company, including the Properties;
 - 17. Fully, properly and clearly recording and documenting all procedures and processes followed, and decisions made in relation to whether or not to invest in a particular property;
 - 18. Establishing and understanding the investment objectives, instructions, risk profile and investment restrictions of the Company prior to making any investment recommendations or carrying out any transactions for or on behalf of the Company; and

19. Doing any and all acts on behalf of the Company as it may deem necessary or advisable in connection with the management and administration of the Company's assets, including without limitation, the participation in arrangements with creditors, the institution and settlement of compromise of suits and administrative proceedings and other like or similar matters, as applicable and necessary, and to perform all acts and enter into and perform all contracts and other undertakings that it may deem necessary or advisable or incidental thereto.

Fees

Under the Fund Management Agreement, the Fund Manager will receive a management fee, equivalent to 0.10% of the Deposited Property Value plus 3.5% of the EBITDA before deduction of fees payable to the Fund Manager and Property Manager and after deducting interest expense on lease liabilities for the relevant period, exclusive of value-added taxes. The Fund Manager shall likewise be entitled to an Acquisition Fee equivalent to 1% of the acquisition price, for every acquisition made by it on behalf of the Company, exclusive of value-added taxes, as well as a Divestment Fee of 0.50% of the sales price for every property divested by it on behalf of the Company, exclusive of value-added taxes. The total amount of the management fee, acquisition fee, and divestment fee, paid to the Fund Manager in any given year shall not exceed 1% of the Net Asset Value of the properties under management (the Management Fee, Acquisition Fee, and Divestment Fee shall be collectively referred to as "Fund Management Fee"). The Fund Management Fee is structured to align the interests of the Fund Manager and the Shareholders. As such, the Fund Management Fee is calculated based on the Deposited Property Value plus the Company's EBITDA prior to deduction of the fees payable to the Fund Manager and the Property Manager and after deducting interest expense from lease liabilities. For the avoidance of doubt, the Company's EBITDA includes interest income from finance lease. For the purposes of calculating the Fund Management Fee, Deposited Property Value is defined as the total value of the Company's assets reflecting the fair market value of the total assets held by the Company and under management by the Fund Manager. Please refer to *The Fund Manager and Property Manager* section for the formula to be used in computing the Fund Management Fee.

Expenses and Reimbursable Amounts

Under the Fund Management Agreement, the Fund Manager shall be responsible for the expenses necessary for it to render the relevant fund management services. The Fund Management Fee charged to the Company covers the fair and equitable share of the Company in the routine Fund Manager services, including compensation for its employees and other administrative expenses. The Company is responsible and shall reimburse the Fund Manager for the following special expenses, upon presentation by the Fund Manager of the appropriate documentation:

1. All operating expenses incurred or advanced by the Fund Manager for or on behalf of the Company, including costs and expenses for advertising and promotional expenses, compensation and benefits of, and expenses to be incurred by full-time employees (whether or not directly hired by the Company, or seconded by the Fund Manager on a full-time basis), payroll, representation, transportation, legal, and audit fees;
2. Commissions payable to brokers or real estate agents engaged by the Fund Manager;
3. Legal, auditing, consulting, financing, and accounting fees and expenses for services rendered by a third-party, including all expenses associated with the preparation of financial statements, tax returns, and associated documentation, and setting up and maintaining the accounting, billing, and collection systems; and
4. Any taxes, fees, or other governmental charges levied against the Company and advanced by the Fund Manager on behalf of the Company.

Reimbursement for such expenses, however, is conditional upon such special expenses being:

- i. Necessary to preserve or enhance the value of the properties of the Company, including the properties;

- ii. Payable to a third party covered by a separate contract, and (3) disclosed to the shareholders.

Termination

Either the Company or the Fund Manager, as the case may be, may terminate the Fund Management Agreement on the following grounds:

1. A material breach, default or failure of the Fund Manager to comply with its obligations and undertakings under the Fund Management Agreement;
2. The cessation of the corporate existence of the Fund Manager;
3. The failure of the Fund Manager to obtain or maintain any license required by applicable Philippine Law for its appointment as Fund Manager and the performance of the services identified under the Fund Management Agreement, including any license required to be obtained in accordance with the Fund Management Agreement;
4. A change of principal stockholders of the Fund Manager, or if the principal stockholders of the Property Manager cease to own or control such number of shares in the Fund Manager to be considered as the principal stockholders and the new principal stockholders controlling the Fund Manager are not acceptable to the Company;
5. The insolvency of the Fund Manager or the suspension of payment of its debts or the commission by the Fund Manager of any act of bankruptcy under applicable Philippine Law; or
6. The suspension or withdrawal or revocation of any material license or permit necessary for the Fund Manager's performance of its obligations under the Fund Management Agreement, or any adverse decision rendered by any court or Government agency permanently affecting the Fund Manager's performance of its obligations under the Fund Management Agreement.

Assignment

The Fund Manager may not assign its rights and obligations under the Fund Management Agreement without the prior written consent of the Company.

PROPERTY MANAGEMENT AGREEMENT

The Properties comprising the initial portfolio of the Company are managed by the Property Manager pursuant to the Property Management Agreement. This Property Management Agreement was entered into on July 22, 2020 between the Company and the Property Manager pursuant to which the Company engaged the Property Manager to operate, maintain, manage, and market each Property, subject to the overall management and directions of the Fund Manager.

The term of the Property Management Agreement is for five years, commencing at 8:00 o'clock in the morning on the date of the approval of the registration statement by the SEC for the initial public offering of the shares of AREIT and the approval of the listing application by the PSE in accordance with the REIT Law, (the "Commencement Date"). The Property Management Agreement shall automatically renew for successive five-year terms thereafter, until and unless either party provides the other with 180 days prior written notice of termination.

Pursuant to the Property Management Agreement, in general, the Company shall have the overall responsibility for the facilities management of the properties, marketing of the office and retail spaces in the Properties, management of client accounts, lease administration, operations management, and handling of tenant relations. To this end, the Property Manager shall have the authority to disburse funds of the Company, in so far as such disbursement relates to its functions, and within the budget approved by the Board, and to designate the authorized signatories to effect such disbursements, negotiate and award lease contracts, execute and deliver, on behalf of the Company, all leasing and broker's contracts in accordance with the leasing and marketing plans approved by the Board, and to designate the authorized signatories to execute such contracts.

Property Manager's Services

The services provided by the Property Manager for each Property under its management include the following:

1. Marketing of vacant office units, retail units, and other spaces in the Properties (including preparation and submission of proposals and offers to prospective lessees in the name of the Company) and identification of potential tenants;
2. Formulation and implementation of leasing and marketing strategies, and packaging of leasing and marketing materials to be provided to prospective lessees;
3. Appointment of, and liaison with, external licensed real estate brokers;
4. Supervision and coordination of all activities and services to be performed towards ensuring the lease of vacant office units, retail units, and other spaces in the properties;
5. Negotiation, review, and execution of lease contracts on behalf of the Company, enforcement of lease terms and conditions, and awarding, extension, and termination of leases;
6. Planning, analysis, and review of tenant mix, rental rates, and policies in relation to industry or market standards and requirements;
7. Supervision of periodic audit of leases and tenant service requirements, including evaluation of customer satisfaction as properties' tenants;
8. Preparation of monthly status reports on the leasing performance of the properties and review of financial reports for submission to the Company, and preparation and submission of status reports on the proposals and offers to prospective lessees of the building as and when such information are available;
9. Supervision of billing and collection of rentals and other payments from tenants;
10. Monitoring of past due accounts and receivables;
11. Enforcement of tenancy conditions;
12. Legal review of lease provisions, preparation of lease contracts and related documentation;
13. Supervision, monitoring, and fulfillment, including signing of tenants' permit applications as a representative of the Company, for physical tenant requirements including those relating to renovation, construction, and fitting-out of leased premises, or any alteration, additions, or improvements thereon, re-measurement of leased premises, review of tenants' fit-out plans, and monitoring of tenants' fit-out works;
14. Representation of the Company in compliance with the various government agencies, relating to any concerns regarding management of the Properties;
15. Review of rules and regulations covering the use of common areas;
16. Ensuring compliance with government regulations in respect of the Properties;
17. Performing tenancy administration work, such as managing tenant occupancy and ancillary amenities, and negotiating with tenants on grant, surrender, and renewal of lease, rent review, termination, and re-letting of premises;
18. Conducting rental assessment, formulating tenancy terms, preparing tenancy agreements, rent collection and accounting, recovery of arrears and possession;

19. Securing and administering routine management services, including security control, fire precautions, communication systems, and emergency management;
20. Maintenance and management of the physical structures of the Properties;
21. Formulate and implement policies and programs in respect of building management, maintenance and improvement;
22. Initiating refurbishment and monitoring such activity;
23. Overseeing building management operations relating to security, utilities, repairs, and maintenance, emergency management, and other items constituting direct operating expenses, including engagement of contractors for such purposes, on behalf of the Company;
24. Performance of any and all acts and functions on behalf of the Company as it may deem necessary, incidental, or advisable in connection with the management and administration of leases, and property management; and
25. Full, proper, and clear documentation of all procedures and processes followed, and decisions made in relation to whether or not to invest in particular properties in accordance with the REIT Law.

Fees

Under the Property Management Agreement, the Property Manager is entitled to a fee comprising 3% of the Company's Gross Rental Income and Interest Income from finance lease per year, plus 2% of the Company's EBITDA before deducting fees payable to the Fund Manager and Property Manager and after deducting interest expense from lease liabilities for the relevant period, exclusive of value-added tax, provided that such fee shall not exceed 1% of the Net Asset Value of the properties being managed, as provided under the rules of the REIT Law (the "Property Management Fee"). The Property Management Fee is structured to ensure that the Property Manager provides superior service to the Company and the Properties that the Property Manager oversees. As such, the Property Management fee is calculated based on the Company's Gross Rental Income and EBITDA. For the avoidance of doubt, the Company's EBITDA includes interest income from finance lease. For the purposes of calculating the Property Management Fee, Gross Rental Income is defined as the total amount payable by all tenants and licensees pursuant to a lease or license, which includes rent and fees payable under such lease or license agreement and related service charges. Please refer to *The Fund Manager and Property Manager* section for the formula to be used in computing the Property Management Fee:

Expenses and Reimbursable Amounts

Under the Property Management Agreement, the Property Manager shall be responsible for the expenses necessary for it to render the relevant management services, including compensation for its employees which are assigned to manage and administer the leases on a part-time or full-time basis, and other administrative expenses. The management fees charged to the Company shall cover the fair and equitable share of the Company in the total routine administrative expenses of the Property Manager, such as salaries and wages, supplies, appraisals, security, messengerial and janitorial services, supervision fees imposed by the relevant regulatory agency and internal audit fees. The Company will be responsible and shall reimburse the Property Manager for the following special expenses, upon presentation by the Property Manager of the appropriate documentation:

1. All operating expenses incurred or advanced by the Property Manager for or on behalf of the Company, including costs and expenses for advertising and promotional expenses, compensation and benefits of, and expenses to be incurred by full-time employees (whether or not directly hired by the Company, or seconded by the Property Management on a full-time basis), payroll, representation, transportation, legal, and audit fees;
2. Commissions payable to brokers or real estate agents;
3. Legal, auditing, consulting, financing, and accounting fees and expenses for services rendered by a third-party, including all expenses associated with the preparation of financial statements, tax

returns, and associated documentation, and setting up and maintaining the accounting, billing, and collection systems; and

4. any taxes, fees, or other governmental charges levied against AREIT and advanced by the Property Manager on behalf of AREIT.

Reimbursement for such expenses, however, is conditional upon such special expenses being:

- i. necessary to preserve or enhance the value of the Properties;
- ii. payable to a third party covered by a separate contract, and (3) disclosed to AREIT's stockholders.

Termination

Either the Company or the Property Manager, as the case may be, may terminate the Property Management Agreement on the following grounds:

1. A material breach, default, or failure of either party to comply with its obligations and undertakings under the Property Management Agreement;
2. The cessation of the corporate existence of either party, or the change of the principal shareholders of either party;
3. The insolvency of either party or suspension of payment of its debts or the commission by either party of any act of bankruptcy under applicable Philippine Law; and
4. The suspension or withdrawal or revocation of any material license or permit necessary for either party's performance of its obligations under the Fund Management Agreement, or any adverse decision rendered by any court or government agency permanently affecting either party's performance of its obligations under the Property Management Agreement, and the effects of such suspension, withdrawal, or revocation of license or permit, or such adverse decision cannot be remedied or persists or continues to remain un-remedied.

Assignment

The Property Manager may not assign the Property Management Agreement without the prior written consent of the Company.

Subcontracting

The Property Manager shall be allowed to subcontract any of the services, provided that such subcontractor is of reputable repute and has the required competency to perform the services. Notwithstanding a subcontracting arrangement, the Property Manager shall be primarily responsible for all actions of the subcontractor, and shall hold the Company free and harmless from any and all liabilities, fault, or cause of action of such subcontractor.

SELECTED PRO FORMA FINANCIAL INFORMATION

The following tables present the summary of pro forma financial information on AREIT, and has been prepared solely for the inclusion in this Prospectus. The summary pro forma information should be read in conjunction with the independent auditor's report and our financial statements. The unaudited pro forma information has been prepared in accordance with Section 9, Part II of the Revised Philippine Securities Regulation Code, Rule 68 ("Revised SRC Rule 68").

The unaudited pro-forma financial information has been prepared on a cost basis except for investment properties which are accounted for under fair value method of accounting. The Company carries its investment properties at fair value, which changes in fair value being recognized in profit or loss. The pro forma adjustments are based upon available information and certain assumptions that the Company believes are reasonable under the circumstances.

On June 8, 2021 the Company, ALI, WCVC and GDI executed the Deed of Exchange implementing the Property-for-Share Swap Transaction. On October 8, 2021, the Company received approval on the Property-for-Share Swap Transaction from the SEC. The Company will also apply for the issuance of the Certificate Authorizing Registration for the Swap Properties from the BIR and the listing of the shares in favor of ALI, WCVC and GDI within the year. Until the approval of all relevant regulatory bodies of the Property-for-Share Swap Transaction, the financial information of the Property-for-Share Swap Properties formed part of the financial statements of ALI, WCVC, and GDI, respectively, and not the financial statements of our Company.

The objective of this pro-forma financial information is to show what the significant effects on the historical financial information might have been had the Property-for-Share Swap Transaction occurred as of January 1, 2021 and 2020. However, the unaudited pro-forma financial information is not necessarily indicative of the result of operations or related effects on the financial statements that would have been attained, had the Property-for-Share Swap Transaction actually occurred at an earlier date nor do they purport to project the results of operations of the Company for any future period or date. There can be no assurance that our future performance will be consistent with the pro-forma financial information presented below. The unaudited pro-forma financial information is not intended to be considered in isolation from, or as a substitute for, financial position or results of operations prepared in PFRS.

The pro-forma information has not been prepared in accordance with the requirements of Article 11 of the Recognition S-X under the U.S. Exchange Act.

SGV & Co. has reviewed the pro-forma adjustments reflecting the transactions described in the unaudited pro-forma financial statements and the application of those adjustments to the historical amounts in accordance with the Philippine Standard of Assurance Engagements (PSAE) 3420, Assurance Engagements to Report on the Compilation of Pro-Forma Financial Information Included in a Prospectus. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's assumptions, the pro-forma adjustments and the application of those adjustments to historical financial information. Accordingly, SGV & Co. does not express such opinion on the pro-forma financial information. The degree of reliance on its review report on such information should be restricted in light of the limited nature of the review procedures applied.

In the SGV & Co. opinion, the pro forma condensed financial information has been compiled, in all material respects, on the basis of the applicable criteria set out in Note 2 of the pro forma condensed financial information. The pro-forma adjustments reflecting the transactions described in the unaudited pro-forma financial statements and the application of those adjustments to the historical amounts is in accordance with the Philippine Standard of Assurance Engagements (PSAE) 3420, Assurance Engagements to Report on the Compilation of Pro-Forma Financial Information Included in a Prospectus.

Pro Forma Statement of Financial Position as of June 30, 2021

	As of June 30, 2021	
	Unaudited	Pro Forma Balances (Unaudited)
(Amounts in ₱ Thousands)		
ASSETS		

(Amounts in ₱ Thousands)	As of June 30, 2021	
	Unaudited	Pro Forma Balances (Unaudited)
Current Assets		
Cash	71,086	531,340
Receivables	528,397	532,497
Other current assets	400,701	400,701
Total Current Assets	1,000,184	1,464,538
Noncurrent Assets		
Noncurrent portion of receivables	2,614,247	3,133,036
Investment properties	34,811,317	50,036,192
Property and equipment	231	231
Other noncurrent assets	1,686,916	1,686,916
Total Noncurrent Assets	39,112,711	54,856,375
Total Assets	40,112,895	56,320,913
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables	449,415	449,415
Short-term loans payable	4,422,500	4,422,500
Interest payable	1,783	1,783
Current portion of:		
Lease liabilities	36,015	44,940
Security and other deposits	291,144	304,548
Income tax payable	54,444	54,444
Construction bonds	-	49,921
Total Current Liabilities	5,255,301	5,327,551
Noncurrent Liabilities		
Lease liabilities – net of current portion	847,028	1,096,029
Security and other deposits – net of current portion ..	718,694	1,392,781
Total Noncurrent Liabilities	1,565,722	2,488,810
Total Liabilities	6,821,023	7,816,361
Equity		
Paid-up capital	10,929,864	15,762,408
Treasury shares	(673,300)	(673,300)
Additional paid-in capital	785,681	11,368,952
Retained earnings	22,249,627	22,046,492
Total Equity	33,291,872	48,504,552
Total Liabilities and Total Equity	40,112,895	56,320,913

For the purpose of the Company's pro forma statement of financial position as of June 30, 2021, the execution of the Property-for-Share Swap Agreement and execution of Lease Agreement with NECC as Lessee are assumed to have occurred on June 30, 2021. The acquisitions of the Laguna Technopark Lots and The 30th are no longer considered since these are already reflected in the June 30, 2021 interim statement of financial position of the Company. See Note 3 of the Company's pro forma statement of financial position as of June 30, 2021 included in this Prospectus.

Pro Forma Statement of Comprehensive Income for the Year Ended December 31, 2020

(Amounts in ₱ Thousands Except Earnings per Share)	Audited	Pro Forma Balances (Unaudited)
REVENUE		
Rental income	1,495,724	3,249,593
Dues	305,087	626,769
Interest income from finance lease receivables	150,814	225,535
	1,951,625	4,101,897
	-	1,804,035
NET FAIR VALUE CHANGE IN INVESTMENT PROPERTIES		
COSTS AND EXPENSES		
Direct operating expenses	585,302	762,985
General and administrative expenses	49,474	56,036
	634,776	819,021
OTHER INCOME (CHARGES)- NET		
Interest income	78,671	78,671

Selected Pro Forma Consolidated Financial Information

Interest expense	(65,419)	(88,457)
Other income	3,661	3,661
	16,913	(6,125)
INCOME BEFORE INCOME TAX	1,333,762	5,080,786
PROVISION FOR (BENEFIT FROM) INCOME TAX	106,576	(3,067,483)
NET INCOME	1,227,186	8,148,269
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME	1,227,186	8,148,269
BASIC/DILUTED EPS	₱ 1.23	₱ 5.51

Restatement

In 2021, the Company voluntarily changed its accounting policy on investment properties from cost model to fair value model which requires restatement of previous financial statements. The change will provide the users of the financial statements a more relevant information as it reflects the current valuation of the Company as a REIT entity. As a result, the December 31, 2020 statement of comprehensive income, statement of changes in equity and statement of cash flows were restated to reflect the effect of the voluntary change in accounting policy.

For the purpose of the pro-forma statement of comprehensive income for the year ended December 31, 2020, the execution of Property-for-Share Swap Agreement, execution of Lease Agreement with NECC, acquisition of Laguna Technopark Lots and The 30th are assumed to have occurred on January 1, 2020. See Note 3 of the Company's pro forma statement of comprehensive income for the six months ended June 30, 2021 included in this Prospectus.

Pro Forma Statement of Comprehensive Income for the Six Months Ended June 30, 2021

<i>(Amounts in ₱ Thousands Except Earnings per Share)</i>	For Six Months Ended June 30, 2021	
	Unaudited	Pro Forma Balances (Unaudited)
REVENUE		
Rental income	1,076,037	1,800,467
Dues	199,682	346,854
Interest income from finance lease receivables	88,978	111,144
	1,364,697	2,258,465
NET FAIR VALUE CHANGE IN INVESTMENT PROPERTIES	307,873	497,790
COSTS AND EXPENSES		
Direct operating expenses	285,947	453,526
General and administrative expenses	23,044	26,000
	308,991	479,526
OTHER INCOME (CHARGES)- NET		
Gain under finance lease	28,309	28,309
Interest income	3,926	3,926
Interest expense	(80,880)	(92,399)
	(48,645)	(60,164)
INCOME BEFORE INCOME TAX	1,314,934	2,216,565
PROVISION FOR INCOME TAX	25	25
NET INCOME	1,314,909	2,216,540
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME	1,314,909	2,216,540
BASIC/DILUTED EPS	₱ 1.28	₱ 1.47

For the purpose of the Company's pro forma statement of comprehensive income for the six months ended June 30, 2021, the execution of the Property-for-share Swap Agreement and execution of Lease Agreement with NECC are assumed to have occurred on January 1, 2021. The acquisitions of the Laguna Technopark Lots and The 30th are no longer considered since these are already reflected in the June 30, 2021 interim statement of

comprehensive income of the Company. See Note 3 of the Company's pro forma statements of comprehensive income for first half of the year ended June 30, 2021 included in this Prospectus.

Pro Forma Statement of Cash Flows for the Year Ended December 31, 2020

<i>(Amounts in ₱ Thousands)</i>	<i>(Audited)</i>	<i>Pro-forma Balances</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	1,333,762	5,080,786
Adjustments for:		
Net fair value change in investment properties	–	(1,804,035)
Depreciation and amortization	225,538	8
Interest expense	65,419	88,457
Interest income from finance lease receivables	(150,814)	(225,535)
Interest income	(78,671)	(78,671)
Operating income before working capital changes	1,395,234	3,061,010
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	(90,137)	(164,858)
Other assets	(157,315)	(157,315)
Increase (decrease) in:		
Accounts and other payables	280,552	51,719
Deposits and other liabilities	71,237	758,729
Construction bonds	(11,106)	38,815
Cash generated from operations	1,488,465	3,588,100
Interest received	229,485	304,206
Income tax paid	(190,606)	(190,606)
Net cash flows provided by operating activities	1,527,344	3,701,700
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in due from related parties	(343,300)	(343,300)
Payments for additions to investment properties	(1,483,808)	(7,036,120)
Net cash flows used in investing activities	(1,827,108)	(7,379,420)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issuance of shares	1,223,218	1,223,218
Payments of dividends	(953,860)	(953,860)
Payments of principal portion of lease liability	(32,797)	(32,797)
Net cash flows provided by financing activities	236,561	236,561
Other pro-forma adjustments	–	3,838,210
NET INCREASE (DECREASE) IN CASH	(63,203)	397,051
CASH AT BEGINNING OF YEAR	122,181	122,181
CASH AT END OF YEAR	58,978	519,232

For the purpose of the Company's pro forma statement of cash flows for the year ended December 31, 2020, the execution of Property-for-Share Swap Agreement, execution of Lease Agreement with NECC, and the acquisition of Laguna Technopark Lots and The 30th are assumed to have occurred on January 1, 2020. See Note 3 of the Company's pro forma statements of cash flows for the year ended December 31, 2020 included in this Prospectus.

Pro Forma Statement of Cash Flows for Six Months ended June 30, 2021

(Amounts in ₱ Thousands)	(Unaudited)	Pro-forma Balances (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	1,314,934	2,216,565
Adjustments for:		
Net fair value change in investment properties	(307,873)	(497,790)
Depreciation and amortization	8	8
Interest expense	80,880	92,399
Gain under finance lease	(28,309)	(28,309)
Interest income from finance lease receivables	(88,978)	(111,144)
rest income	(3,926)	(3,926)
Operating income before working capital changes	966,736	1,667,803
Changes in operating assets and liabilities:		
Increase in:		
Receivables	(84,274)	(106,440)
Other assets	(804,643)	(804,643)
Increase (decrease) in:		
Accounts and other payables	(64,518)	(293,350)
Deposits and other liabilities	144,994	832,485
Construction bonds	–	49,921
Cash generated from operations	158,295	1,345,776
Interest received	92,905	115,070
Interest paid	(38,060)	(38,060)
Income tax paid	(25)	(25)
Net cash flows provided by operating activities	213,115	1,422,761
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in due from related parties	1,918,939	1,918,939
Payments for additions to investment properties	(5,694,355)	(5,694,355)
Payments for additions to property and equipment	(227)	(227)
Net cash flows used in investing activities	(3,775,643)	(3,775,643)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment of short-term loans	9,449,000	9,449,000
Payment of short-term loans	(5,026,500)	(5,026,500)
Payments of dividends	(830,782)	(830,782)
Payments of principal portion of lease liability	(17,082)	(17,082)
Net cash flows provided by financing activities	3,574,636	3,574,636
Other pro-forma adjustments	–	(749,392)
NET INCREASE IN CASH	12,108	472,362
CASH AT BEGINNING OF YEAR	58,978	58,978
CASH AT END OF YEAR	₱71,086	₱531,340

For the purpose of the Company's pro forma statement of cash flows for the six months ended June 30, 2021, the execution of the Property-for-share Swap Agreement and execution of Lease Agreement with NECC assumed to have occurred on January 1, 2021. The acquisitions of the Laguna Technopark Lots and The 30th are no longer considered since these are already reflected in the June 30, 2021 interim statement of cash flows of the Company. See the notes to the Company's pro forma statements of cash flows for the year ended June 30, 2021 included in this Prospectus.

MARKET PRICE OF AND DIVIDENDS ON AREIT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

AREIT was incorporated in June 30, 1988 and was listed on the PSE on August 13, 2020.

Market Information

The Company's common shares are listed with the PSE under the symbol "AREIT". On June 30, 2021, the closing price of the Company's common shares was ₱36.40 with a market capitalization of ₱37.33 billion.

	High	Low
2020		
July 1 to September 30, 2020	27.00	24.10
October 1 to December 31, 2020	29.90	25.55
2021		
January 1 to March 31, 2021	34.70	28.95
April 1 to June 30, 2021	36.80	32.80

Source: Bloomberg

Stockholders

The Company has 13 registered stockholders as of June 30, 2021.

Rank	Stockholder Name	Outstanding Shares	Percentage (of common shares)	Total
1	PCD Nominee Corporation (Filipino)	461,408,293	44.9866%	
	PCD Nominee Corporation (Non-Filipino)	49,913,507	4.8664%	511,321,800
2	Ayala Land, Inc.	417,977,092	40.7521%	417,977,092
3	Ayalaland Offices, Inc.	96,292,435	9.3883%	96,292,435
4	Jose Emilio Bidan Jamir and/or Maricris Concepcion Advincula Jamir	52,000	0.0050%	52,000
5	Sylvette Young Tankiang	13,100	0.0012%	13,100
6	Bernard Vincent O. Dy	1	0.0000%	1
6	Omar T. Cruz	1	0.0000%	1
6	Carol T. Mills	1	0.0000%	1
6	Jose Emmanuel H. Jalandoni	1	0.0000%	1
6	Simeon S. Cua	1	0.0000%	1
6	Enrico S. Cruz	1	0.0000%	1
6	Mariana Zobel de Ayala	1	0.0000%	1
6	Augusto D. Bengzon	1	0.0000%	1
Grand Total				1,025,656,435

Dividends and Dividend Policy

Cash Dividend (Per Common Share)			
Peso Amount	Declaration Date	Record Date	Payment Date
25.96	September 26, 2018*	September 26, 2018*	2018
0.98	April 3, 2019	April 3, 2019	April 24, 2019 and December 19, 2019
0.28	Aug. 17, 2020	Sept. 02, 2020	Sept. 15, 2020
0.31	Aug. 17, 2020	Sept. 02, 2020	Sept. 15, 2020

0.34	Nov. 17, 2020	Dec. 07, 2020	Dec 17, 2020
0.39	Feb. 24, 2020	Mar. 15, 2021	Mar. 25, 2021
0.42	May 26, 2021	Jun. 11, 2021	Jun. 25, 2021
0.44	Aug. 12, 2021	Aug. 26, 2021	Sep. 10, 2021

**during the period when the company was not a publicly listed company.*

On September 26, 2018, the Company also declared a 5% coupon dividend amounting to ₱48.5 million to Preferred B stockholders of record as of October 26, 2017. The Preferred B Shares of the Company were fully redeemed on September 26, 2018.

Recent Sale of Securities

The Company has not sold or issued any exempt securities to the public within the past three (3) years which were not registered under the Code.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of the Company's recent financial results should be read in conjunction with the Company's audited financial statements and unaudited interim condensed financial statements and the respective notes thereto, included elsewhere in this Prospectus and the section entitled "Summary of Financial Information".

In 2021, the Company voluntarily changed its accounting policy for its investment properties from cost model to fair value model of accounting which was applied retrospectively. Amounts presented in the unaudited statement of financial position as of December 31, 2020 and unaudited statement of comprehensive income for the six months ended June 30, 2020 in the unaudited interim condensed financial statements as at June 30, 2021 were restated to reflect the impact of the change in accounting policy. Please refer to Note 2 of the Company's unaudited interim condensed financial statements as at June 30, 2021, which are included in this Prospectus, for the effect of the change in accounting policy.

This section also includes discussion of financial ratios. These financial ratios are unaudited and are not measurements of profitability in accordance with PFRS and should not be considered as an alternative to net income or any other measure of performance which are in accordance with PFRS.

RESULTS OF OPERATIONS

For the six months ended June 30, 2021 compared to six months ended June 30, 2020¹²

	Six Months Ended June 30			
	(Unaudited)	(Unaudited) (Restated)	Changes	
	2021	2020	In Amount	In Percentage
(Amounts in ₱ Thousands Except Earnings per Share)				
REVENUE				
Rental Income	1,076,037	707,663	368,374	52%
Dues	199,682	128,200	71,482	56%
Interest income from finance lease receivables	88,978	74,995	13,983	19%
	1,364,697	910,858	453,839	50%
NET FAIR VALUE CHANGE IN INVESTMENT PROPERTIES	307,873	475,825	(167,952)	-35%
COSTS AND EXPENSES				
Direct operating costs	285,947	147,119	138,828	94%
General and administrative	23,044	8,331	14,713	177%
	308,991	155,450	153,541	99%
OTHER INCOME (CHARGES)				
Gain under finance lease	28,309	-	28,309	100%
Interest income	3,926	35,133	(31,207)	-89%
Interest expense	(80,880)	(23,127)	(57,753)	250%
Other income	-	3,609	(3,609)	-100%
	(48,645)	15,615	(64,260)	-412%
INCOME BEFORE INCOME TAX	1,314,934	1,246,848	68,086	5%
PROVISION FOR INCOME TAX	25	229,530	(229,505)	-100%
NET INCOME	1,314,909	1,017,318	297,591	29%
BASIC/ DILUTED EPS	₱1.28	₱1.04		

The Company's net income after tax increased by 29% from ₱1,017.32 million in 2020 to ₱1,314.91 million in 2021. The increase was primarily driven by the operations of The 30th and Laguna Technopark Lots, which

¹² In 2021, the Company voluntarily changed its accounting policy for its investment properties from cost model to fair value model of accounting which was applied retrospectively. Amounts presented in the unaudited statement of financial position as of December 31, 2020 and unaudited statement of comprehensive income for the six months ended June 30, 2020 in the unaudited interim condensed financial statements as at June 30, 2021 were restated as if the change in accounting policy had always been applied. Please refer to Note 2 of the Company's unaudited interim condensed financial statements as at June 30, 2021, which are included in this Prospectus, for the effect of the change in accounting policy

were acquired by the Company last January 2021.

Revenues

Total revenues increased by 50% from ₱910.86 million in 2020 to ₱1,364.70 million in 2021. This was mainly driven by higher rental income and net dues.

Rental Income increased by 52% from ₱707.66 million in 2020 to ₱1,076.04 million in 2021. The increase was primarily attributable to the addition of The 30th and Laguna Technopark lots and from the full operations of McKinley Exchange and Teleperformance Cebu, which were added to the Company's portfolio in February and October 2020, respectively.

Dues increased by 56% from ₱128.20 million in 2020 to ₱199.68 million in 2021. The increase was attributable to the operations of new assets in acquired in 2021 as well from the full year effect of assets acquired in 2020.

Interest income from finance lease, this is attributable to the long-term lease of Makati North Hotel Ventures, Inc. with the Company, which commenced in September 2019 and long-term lease of North Eastern Commercial Corp with the Company, which commenced in January 2021. The Company recognized interest income from finance lease amounting to ₱74.99 million and ₱88.98 million in June 30, 2020 and 2021, respectively.

While work from home arrangements are a recent trend negatively affecting office leasing business, the Company does not anticipate that such trend will have a material effect on the demand for its spaces.

Cost and Expenses

Direct operating expenses increased by 94% from ₱147.12 million in 2020 to ₱285.95 million in 2021. The increase was primarily attributable to an increase in management fee of ₱97.92 million, an increase in land lease of ₱21.11 million and an increase in taxes and licenses of ₱18.53 million. These increases were related to the operations of The 30th, McKinley Exchange Corporate Center and Teleperformance Cebu.

General and administrative expenses increased by 177%, from ₱8.33 million to ₱23.04 million mainly due to documentary stamp tax paid for loans.

No outstanding amounts have been accelerated nor have any cross-default provisions been triggered.

Other Income (charges)

Gain under finance lease amounted to ₱28.31 million in 2021. In January 2021, the Company entered into a long-term building lease agreement with North Eastern Commercial Corp. for the lease of retail podium of The 30th development. North Eastern Commercial Corp. is wholly owned by Ayala Land, Inc. The Company classified the agreement as a finance lease. The Company remains to be the legal owner of the portion of the building under finance lease.

Interest Income decreased by 89% from ₱35.13 million in 2020 to ₱3.93 million in 2021. The decrease was mainly due to the decrease in interest income from intercompany loans from ₱34.92 million in 2020 to ₱3.80 million in 2021.

Interest expense increased by 250% from ₱23.13 million in 2020 to ₱80.88 million in 2021. The increase was primarily attributable to the recognition of interest expense on loans amounting to ₱39.85 million in 2021, interest expense from finance lease amounting to ₱28.28 million and ₱23.13 million in June 30, 2021 and 2020 and accretion of security deposit amounting to ₱12.75 million.

Other income amounted to ₱3.61 million in 2020 pertains to income earned from interest and penalties arising from late payments.

Provision for Income Tax

Provision for income tax significantly decreased by 100% from ₱229.53 million in 2020 to ₱0.03 million in 2021. The decrease was mainly due to zero net taxable income.

Capital Expenditure

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

The Company has no material commitments for capital expenditures.

Summary of Real Estate Transactions for 1H 2021

On January 5, 2021, AREIT entered into a Deed of Absolute Sale with Technopark Land, Inc. to acquire 98,000 sq.m. of land for ₱1.1 billion (VAT-inclusive) located in Laguna Technopark is being leased by Integrated Micro-Electronics, Inc. for its manufacturing operations. The price was derived from a third-party valuation, using the market approach with a yield of 6.28% based on total acquisition cost.

On January 15, 2021, AREIT entered into a Deed of Sale with Ayala Land Inc. for the acquisition of The 30th for ₱5.1 billion (VAT-inclusive). The price was derived from a third-party valuation, using the income approach with an EBITDA yield of 6.1% based on total acquisition cost. The Property is located along Meralco Avenue in Pasig City, which has a building with a total GLA of 75,000 sq.m. composed of an office tower and a retail podium.

Year ended December 31, 2020 compared to year ended December 31, 2019

	Year Ended December 31			
	(Audited)	(Audited)	Changes	
	2020	2019	In Amount	In Percentage
<i>(Amounts in ₱ Thousands Except Earnings per Share)</i>				
REVENUE				
Rental Income	1,495,724	1,323,923	171,801	13%
Dues	305,087	192,321	112,766	59%
Interest income from finance lease receivables	150,814	46,838	103,976	222%
	1,951,625	1,563,082	388,543	25%
NET FAIR VALUE CHANGE IN INVESTMENT PROPERTIES	-	-		
COSTS AND EXPENSES				
Direct operating costs	585,302	436,017	149,285	34%
General and administrative	49,474	14,182	35,292	249%
	634,776	450,199	184,577	41%
OTHER INCOME (CHARGES)				
Gain under finance lease	-	397,139	(397,139)	-100%
Interest income	78,671	58,262	20,409	35%
Interest expense	(65,419)	(12,563)	(52,856)	421%
Other income	3,661	138	3,523	2568%
	16,913	442,976	(426,063)	-96%
INCOME BEFORE INCOME TAX	1,333,762	1,555,859	(222,097)	-14%
PROVISION FOR INCOME TAX	106,576	294,448	(187,872)	-64%
NET INCOME	1,227,186	1,261,411	(34,225)	-3%
BASIC/ DILUTED EPS	₱1.23	₱1.29		

In 2020, net income after tax of the Company decreased by 3% from ₱1,261.41 million in 2019 to ₱1,227.18 million in 2020. The decrease was primarily driven by the one-time gain from finance lease recognized in 2019 amounting to ₱397.14 million.

Revenues

Total revenues increased by 25% from ₱1,563.08 million in 2019 to ₱1,951.63 million in 2020. This was mainly driven by higher rental income and net dues.

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

Dues increased by 59% from ₱192.32 million in 2019 to ₱305.09 million in 2020. The increase was due to lower utilities consumption and lower manpower deployment during quarantine period.

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

Cost and Expenses

Direct operating expenses increased by 34% from ₱436.02 million in 2019 to ₱585.30 million in 2020. The increase was primarily attributable to an increase in management fee of ₱62.31 million, an increase in taxes and licenses of ₱38.18 million, an increase in depreciation of ₱34.95 million and an increase in land lease of ₱13.03 million. These increases were related to the operations of McKinley Exchange and Teleperformance Cebu.

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

No outstanding amounts have been accelerated nor have any cross-default provisions been triggered.

Other Income (charges)

Gain under finance lease amounted to ₱397.14 million in 2019. In 2019, the Company entered into a long-term building lease agreement with Makati North Hotel Ventures, Inc. for the lease of a portion of Ayala North Exchange. Makati North Hotel Ventures, Inc. is wholly owned by AyalaLand Hotels and Resorts Corp. which in turn is a wholly owned subsidiary of the Sponsor. The Company classified the agreement as a finance lease and has an outstanding finance lease receivable amounting to ₱2,267.93 million and recognized gain under finance lease of ₱397.14 million and interest income of ₱46.84 million. Gain under finance lease of ₱397.14 million pertains to the difference between the fair value of finance lease receivable of ₱2,221.09 million and the carrying amount of the portion of Ayala North Exchange under finance lease of ₱1,823.95 million. The Company remains to be the legal owner of the portion of the building under finance lease.

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

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

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

Provision for Income Tax

Provision for income tax decreased by 64% from ₱294.45 million in 2019 to ₱106.58 million in 2020. This decrease was mainly due to derecognition of deferred taxes.

Capital Expenditure

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

Operational and financial impact of COVID19

All of the Company's properties were operational throughout 2020, including the period when the Enhanced Community Quarantine was imposed. Office occupancy was stable with no waivers or pre-terminations. The serviced residences in Ayala North Exchange remained open as well and continued to pay a fixed lease. Retain tenants that were affected by the government-imposed community quarantines were granted rent concessions, in accordance with government guidelines, amounting to ₱37.59 million.

Summary of Real Estate Transactions for 2020

Other than the usual lease contracts entered into with tenants, and the existing land leases with landowners, on January 31, 2020, the Company entered into a contract of lease with Ayala Land, Inc., wherein they leased the building known as McKinley Exchange Corporate Center ("MECC") and the land on which it is built, for an initial monthly rent of ₱2,733,078 per month, subject to annual escalation of 5% per annum, with the lease commencing on February 1, 2020, and existing for a period of 34 years.

Likewise, on September 15, 2020, the Company and APRC entered into a Deed of Absolute Sale wherein APRC sold, conveyed, transferred, assigned, and delivered to the Company a 12-storey building, inclusive of two (2) basement parking levels, located at Inez Villa Street, Cebu I.T. Park, Barangay Apas, Cebu City (Teleperformance Cebu), for a consideration amounting to ₱1,450.00 million (VAT-inclusive).

Year ended December 31, 2019 compared to year ended December 31, 2018

	Year Ended December 31			
	(Audited)	(Audited)	Changes	
	2019	2018	In Amount	In Percentage
<i>(Amounts in ₱ Thousands Except Earnings per Share)</i>				
REVENUE				
Rental Income	1,323,923	696,018	627,905	90%
Dues	192,321	169,314	23,007	14%
Interest income from finance lease receivables	46,838	-	46,838	100%
	1,563,082	865,332	697,750	81%
NET FAIR VALUE CHANGE IN INVESTMENT PROPERTIES	-	-		
COSTS AND EXPENSES				
Direct operating costs	436,017	181,014	255,003	141%
General and administrative	14,182	4,174	10,008	240%
	450,199	185,188	265,011	143%
OTHER INCOME (CHARGES)				
Gain under finance lease	397,139	-	397,139	100%
Interest income	58,262	17,173	41,089	239%
Interest expense	(12,563)	(16,810)	4,247	-25%
Other income	138	358	220	-62%
	442,976	721	442,255	61427%
INCOME BEFORE INCOME TAX	1,555,859	680,865	874,994	129%
PROVISION FOR INCOME TAX	294,448	143,772	150,676	105%
NET INCOME	1,261,411	537,093	724,318	135%
BASIC/ DILUTED EPS	₱1.29	₱3.16		

Net income increased by 135% from ₱537.09 million in 2018 to ₱1,261.41 million in 2019 as a result of the below factors. Growth was primarily driven by the rental income from Ayala North Exchange which the Company acquired on October 5, 2018.

Revenues

Total revenue increased by 81% from ₱865.33 million in 2018 to ₱1,563.08 million in 2019.

Rental Income increased by 90% from ₱696.02 million in 2018 to ₱1,323.92 million in 2019. The increase was primarily attributable to the addition of Ayala North Exchange to the property portfolio in October 2018, as the addition has increased the Company's available GLA in the Properties by approximately 203.8%.

Dues increased by 14% from ₱169.31 million in 2018 to ₱192.32 million in 2019. The increase was primarily attributable to net recoveries for the usage of common areas and utilities from new tenants in Ayala North Exchange.

Cost and Expenses

Direct operating expenses increased by 141% from ₱181.01 million in 2018 to ₱436.02 million in 2019. The increase was primarily attributable to an increase in depreciation of ₱114.63 million, an increase in taxes and licenses of ₱67.10 million, an increase in land lease costs of ₱57.88 million, in management fee of ₱8.27 million, and an increase in insurance of ₱4.51 million. These increases were related to the operations of Ayala North Exchange.

General and administrative expenses increased by 240% from ₱4.17 million in 2018 to ₱14.18 million in 2019. The increase was primarily attributable to an increase in professional fees of ₱ 10.71 million.

No outstanding amounts have been accelerated nor have any cross-default provisions been triggered.

Other Income (charges)

Gain under finance lease amounted to ₱397.14 million in 2019. In 2019, the Company entered into a long-term building lease agreement with Makati North Hotel Ventures, Inc. for the lease of a portion of Ayala North Exchange. Makati North Hotel Ventures, Inc. is wholly owned by AyalaLand Hotels and Resorts Corp. which in turn is a wholly owned subsidiary of the Sponsor. The Company classified the agreement as a finance lease and has an outstanding finance lease receivable amounting to ₱2,267.93 million and recognized gain under finance lease of ₱397.14 million and interest income of ₱46.84 million. Gain under finance lease of ₱397.14 million pertains to the difference between the fair value of finance lease receivable of ₱2,221.09 million and the carrying amount of the portion of Ayala North Exchange under finance lease of ₱1,823.95 million. The Company remains to be the legal owner of the portion of the building under finance lease.

Interest income increased significantly from ₱17.17 million in 2018 to ₱58.26 million in 2019. The increase was primary attributable to the increase in interest income from intercompany loans of ₱40.87 million. Intercompany loans are short-term, interest-bearing loans extended to Related Parties.

Interest expense decreased from ₱16.81 million in 2018 to ₱12.56 million in 2019. Interest expense pertains to the accretion of security deposits from new tenants, specifically from Ayala North Exchange.

Other income decreased from ₱0.36 million in 2018 to ₱0.14 million in 2019. This pertains to income earned from interest and penalties arising from late payments.

Provision for Income Tax

Provision for income taxes increased by 105% from ₱143.77 million in 2018 to ₱294.45 million in 2019 following a higher taxable base. The effective tax rate was 21.12% in 2018 and 18.92% in 2019.

Year ended December 31, 2018 compared with year ended December 31, 2017

	Year Ended December 31			
	(Audited)	(Audited)	Changes	
	2018	2017	In Amount	In Percentage
<i>(Amounts in ₱ Thousands Except Earnings per Share)</i>				
REVENUE				
Rental Income	696,018	551,966	144,052	26%
Dues	169,314	146,235	23,079	16%
Interest income from finance lease receivables	-	-	-	-

	865,332	698,201	167,131	24%
NET FAIR VALUE CHANGE IN INVESTMENT PROPERTIES	-	-	-	
COSTS AND EXPENSES				
Direct operating costs	181,014	145,442	35,572	24%
General and administrative	4,174	5,714	(1,540)	-27%
	185,188	151,156	34,032	23%
OTHER INCOME (CHARGES)				
Gain under finance lease	-	-	-	
Interest income	17,173	10,056	7,117	71%
Interest expense	(16,810)	(4,016)	(12,794)	319%
Other income	358	577	(219)	-38%
	721	6,617	(5,896)	-89%
INCOME BEFORE INCOME TAX	680,865	553,662	127,203	23%
PROVISION FOR INCOME TAX	143,772	106,881	36,891	35%
NET INCOME	537,093	446,781	90,312	20%
BASIC/ DILUTED EPS	₱3.16	₱4.64		

The Company, as a result of the below factors, posted a net income of ₱537.09 million in 2018, representing a solid earnings growth of 20% for the year. Growth was driven by the rental income from Ayala North Exchange. Annual rent escalations of leases in Solaris One also contributed to the growth.

Revenue

Total revenue increased by 24% from ₱698.20 million in 2017 to ₱865.33 million in 2018.

Rental Income increased by 26% from ₱551.97 million in 2017 to ₱696.02 million in 2018. The increase was primarily attributable to the addition of Ayala North Exchange to the property portfolio in October 2018. As of December 31, 2018, Ayala North Exchange was 96.5% leased out, while Solaris One was 99.4% leased out. In addition, annual rent escalations of leases in Solaris One and income from the application of straight-line method of recognizing rental income based on Philippine Accounting Standards contributed to the increase in the topline.

Dues increased by 16% from ₱146.24 million in 2017 to ₱169.31 million in 2018. The increase was primarily attributable to higher net recoveries for the usage of common areas and utilities in Solaris One and from additional recoveries in Ayala North Exchange.

Cost and Expenses

Direct operating expenses increased by 24% from ₱145.44 million in 2017 to ₱181.01 million in 2018. The increase was primarily attributable to an increase in depreciation of ₱28.69 million and an increase in land lease costs of ₱6.28 million. These increases were related to the start of operations of Ayala North Exchange.

General and administrative expenses decreased by 27% from ₱5.71 million in 2017 to ₱4.17 million in 2018 due to lower taxes and licenses paid in 2018.

No outstanding amounts have been accelerated nor have any cross-default provisions been triggered.

Other Income (charges)

Interest income increased by 71% from ₱10.06 million in 2017 to ₱17.17 million in 2018 due to a higher volume of interest-bearing loans extended to Related Parties. These are short-term loans which are subject to monthly repricing.

Interest expense increased significantly from ₱4.02 million in 2017 to ₱16.81 million in 2018 due to the accretion of security deposits from new tenants, specifically from Ayala North Exchange.

Other income decreased from ₱0.58 million in 2017 to ₱0.36 million in 2018. This pertains to income earned

from interest and penalties arising from late payments.

Provision for Income Tax

Provision for income taxes increased by 35% from ₱106.88 million in 2018 to ₱143.77 million in 2019 following a higher taxable base. The effective tax rate was 19.33% in 2017 and 21.12% in 2018.

FINANCIAL CONDITION

Six months ended June 30, 2021 compared with year ended December 31, 2020 (Restated)¹³

	As of June 30 (Unaudited)	As of December 31 (Unaudited) (Restated)	As of June 30, 2021 Changes	
(Amounts in ₱ Thousands)	2021	2020	In Amount	2021
ASSETS				
Current Assets				
Cash and cash equivalents	71,086	58,978	12,108	21%
Receivables	528,397	2,373,621	(1,845,224)	-78%
Other current assets	400,701	281,313	119,388	42%
Total Current Assets	1,000,184	2,713,912	(1,713,728)	-63%
Noncurrent Assets				
Noncurrent portion of receivables	2,614,247	2,194,794	419,453	19%
Investment properties	34,811,317	29,189,675	5,621,642	19%
Property, plant and equipment	231	12	219	1,825%
Deferred tax asset – net	-	-	-	-
Other noncurrent assets	1,686,916	1,001,662	685,254	68%
Total Noncurrent Assets	39,112,711	32,386,143	6,726,568	21%
Total Assets	40,112,895	35,100,055	5,012,840	14%
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Accounts and other payables	449,415	513,927	(64,512)	-13%
Short-term loans payable	4,422,500	-	4,422,500	100%
Interest payable	1,783	-	1,783	100%
Current portion of deposits and other liabilities	291,144	129,400	161,744	125%
Income tax payable	54,444	54,444	-	-
Current portion of lease liabilities	36,015	34,300	1,715	5%
Construction bonds	-	-	-	-
Total Current Liabilities	5,255,301	732,071	4,523,230	618%
Noncurrent Liabilities				
Deposits and other liabilities – net of current portion	718,694	722,693	(3,999)	-1%
Lease liabilities – net of current portion	847,028	837,544	9,484	1%
Deferred tax liabilities – net	-	-	-	-
Total Noncurrent Liabilities	1,565,722	1,560,237	5,485	0%
Total Liabilities	6,821,023	2,292,308	4,528,715	198%
Equity				
Paid-in Capital	10,929,864	10,929,864	-	-
Treasury Shares	(673,300)	(673,300)	-	-
Additional paid-in capital	785,681	785,681	-	-

¹³ In 2021, the Company voluntarily changed its accounting policy for its investment properties from cost model to fair value model of accounting which was applied retrospectively. Amounts presented in the unaudited statement of financial position as of December 31, 2020 and unaudited statement of comprehensive income for the six months ended June 30, 2020 in the unaudited interim condensed financial statements as at June 30, 2021 were restated as if the change in accounting policy had always been applied. Please refer to Note 2 of the Company's unaudited interim condensed financial statements as at June 30, 2021, which are included in this Prospectus, for the effect of the change in accounting policy.

Management's Discussion and Analysis of Financial Condition and Results of Operations Changes in Accounting and Financial Disclosure

Retained earnings	22,249,627	21,765,502	484,125	2%
Total Equity	33,291,872	32,807,747	484,125	2%
Total Liabilities and Equity	40,112,895	35,100,055	5,012,840	14%

Assets

Cash increased by 21% primarily due to additional net cash flow from operations of The 30th.

Receivables decreased by 78% mainly due to termination of intercompany lending's.

Other current assets increased by 42% due to higher input VAT, creditable withholding taxes and prepaid expenses.

Investment properties went up by 19% due to the acquisition of the 30th and parcels of land in Laguna Technopark and change in fair value of investment properties.

Property and equipment went up by 1,825% due to the acquisition of new office equipment amounting to ₱216 thousand.

Other noncurrent assets increased by 68% due to higher deferred input VAT.

Liabilities

Accounts and other payables decreased by 13% due to decrease in due to related parties, primarily for fund and property management fees and accrued expenses.

Short-term loans the Company obtained short-term loans from various local banks during the period. The outstanding short-term loans amounting to ₱4,422.50 million as of June 30, 2021 pertains to unsecured and interest bearing 30-day loans with average interest rate of 2%.

The remaining *interest payable* amounted to ₱1.78 million as of June 30, 2021.

Current portion of deposits and other liabilities increased by 125% mainly due to increase in security deposit and advance rent from The 30th office tenants.

Current portion of lease liability increased by 5% due to annual escalation on rest expense.

Year ended December 31, 2020 ¹⁴compared to year ended December 31, 2019

(Amounts in ₱ Thousands)	As of December 31,			
	(Unaudited) (Restated)	(Audited)	Changes	
	2020	2019	In Amount	In Percentage
ASSETS				
Current Assets				
Cash and cash equivalents	58,978	122,181	(63,203)	-52%
Receivables	2,373,621	1,994,500	379,121	19%
Other current assets	281,313	157,603	123,710	78%
Total Current Assets	2,713,912	2,274,284	439,628	19%
Noncurrent Assets				
Noncurrent portion of receivables	2,194,794	2,556,979	(362,185)	-14%

¹⁴ In 2021, the Company voluntarily changed its accounting policy for its investment properties from cost model to fair value model of accounting which was applied retrospectively. Amounts presented in the unaudited statement of financial position as of December 31, 2020 and unaudited statement of comprehensive income for the six months ended June 30, 2020 in the unaudited interim condensed financial statements as at June 30, 2021 were restated as if the change in accounting policy had always been applied. Please refer to Note 2 of the Company's unaudited interim condensed financial statements as at June 30, 2021, which are included in this Prospectus, for the effect of the change in accounting policy.

Management's Discussion and Analysis of Financial Condition and Results of Operations Changes in Accounting and Financial Disclosure

Investment properties	29,189,675	6,192,374	22,997,301	371%
Property, plant and equipment	12	20	(8)	-40%
Deferred tax asset – net	-	-	-	-
Other noncurrent assets	1,001,662	968,057	33,605	3%
Total Noncurrent Assets	32,386,143	9,717,430	22,668,713	223%
Total Assets	35,100,055	11,991,714	23,108,341	193%
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Accounts and other payables	513,927	274,478	239,449	87%
Short-term loans payable	-	-	-	-
Interest payable	-	-	-	-
Current portion of deposits and other liabilities	129,400	166,794	(37,394)	-22%
Income tax payable	54,444	71,242	(16,798)	-24%
Current portion of lease liabilities	34,300	-	34,300	100%
Construction bonds	-	11,105	(11,105)	-100%
Total Current Liabilities	732,071	523,619	208,452	40%
Noncurrent Liabilities				
Deposits and other liabilities - net of current portion	722,693	600,134	122,559	20%
Lease liabilities - net of current portion	837,544	-	837,544	100%
Deferred tax liabilities - net	-	67,232	(67,232)	-100%
Total Noncurrent Liabilities	1,560,237	667,366	892,871	134%
Total Liabilities	2,292,308	1,190,985	1,101,323	92%
Equity				
Paid-in Capital	10,929,864	10,451,224	478,640	5%
Treasury Shares	(673,300)	(673,300)	0	-
Additional paid-in capital	785,681	-	785,681	100%
Retained earnings	21,765,502	1,022,805	20,742,697	2,028%
Total Equity	32,807,747	10,800,729	22,007,018	204%
Total Liabilities and Equity	35,100,055	11,991,714	23,108,341	193%

Assets

Cash lower by 52% primarily due to cash outflow from investing activities (intercompany loans and additional investment properties). The Company acquired Teleperformance Cebu on September 2020.

Receivables increased 19% mainly due to additional intercompany loans. Current portion of receivables amounted to ₱ 1,994.50 million and ₱2,373.62 million as of December 31, 2019 and, December 31, 2020, respectively. The receivables are comprised of finance lease receivable, receivables from Related Parties and trade receivables.

- In 2019, the Company entered into a long-term building lease agreement with Makati North Hotel Ventures, Inc. for the lease of a portion of Ayala North Exchange. The Company classified the agreement as a finance lease and has an outstanding *finance lease receivable* amounting to ₱2,267.93 million and ₱2,242.54 million as of December 31, 2019 and 2020, respectively. The *current portion of finance lease receivable* amounted to ₱52.68 million and ₱67.33 million as of December 31, 2019 and December 31, 2020, respectively. Increase in the current portion of finance lease receivable was computed based on the present value of future rental payments from MNHVI.

Receivables from Related Parties are short-term, interest-bearing loans which are subject to monthly repricing. As of December 31, 2019, and December 31, 2020, receivables from Related Parties amounted to ₱1,803.89 million and ₱2,242.54 million, respectively. The increase in the receivables from Related Parties was due to higher remaining cash from operations of the Company.

- Trade receivables* are comprised of accrued rent and billed receivables. Accrued rent pertains to receivables resulting from the application of straight-line method of recognizing rental income. As of December 31, 2019, and December 31, 2020 the current portion of accrued rent amounted to ₱27.33 million and ₱10.57 million, respectively. Billed receivables are receivables from tenants for rentals of office and retail spaces and recovery charges for common area and utilities. These are noninterest bearing and are generally collectible within 30 days. As of December 31, 2019, and 2020, billed receivables amounted to ₱117.89 million and ₱97.32 million, respectively.

Other current assets amounted to ₱157.60 million and ₱281.31 million as of December 31, 2019 and 2020, respectively. They increased by 78% due to higher input VAT and creditable withholding taxes. Other current assets are comprised of input VAT, creditable withholding taxes and prepaid expenses.

Receivables (noncurrent portion) pertain to the noncurrent portion of the finance lease receivable and trade receivables. As of December 31, 2019, and 2020 noncurrent receivables amounted to ₱2,556.98 million and ₱2,194.79 million, respectively. Finance lease receivable was computed based on the present value of future rental payments from MNHVI.

Investment properties amounted to ₱6,192.37 million (at cost) and ₱29,189.67 million (at fair value) as of December 31, 2019 and 2020, respectively. The Company acquired Teleperformance Cebu building on September 2020 and right-of use-asset for the lease of McKinley Exchange Corporate Center was recognized starting February 1, 2020. Investment properties pertain to Solaris One and Ayala North Exchange, which are being leased out to commercial lessees. The increase pertains to restatement of investment properties in relation to change in accounting policy from cost method to fair value method

Right-of-use asset, On January 31, 2020, the Company entered into a lease contract with the Sponsor for the lease of land and building, McKinley Exchange. The Company recognizes right-of-use asset on February 1, 2020 which is the commencement date of the lease. The Company classified the agreement as a finance lease and has Right-of-use asset amounting to ₱853.15 million and depreciation expense of ₱22.38 million.

Other noncurrent assets amounted to ₱968.06 million and ₱1,001.66 million as of December 31, 2019 and 2020 respectively. The 3% increase mainly due to additional input VAT from acquisition of Teleperformance Cebu. Other noncurrent assets are comprised of deferred input VAT and input VAT.

Liabilities

Accounts and other payables amounted to ₱274.48 million and ₱513.93 million as of December 31, 2019 and 2020, respectively. Accounts and other payables are comprised of amounts due to Related Parties, accrued expenses, trade payable, taxes payable, and retention payable.

Current portion of deposits and other liabilities was lower by 22% in 2020 due to application of advance rent to tenant's current charges.

Income tax payable was lower by 24% due to tax incentive as a REIT. The Company started to avail its tax incentive upon listing. Effective income tax rate of the Company is 7.99% and 18.92% in 2020 and 2019, respectively.

Construction bonds were nil in 2020 due to refund to tenants.

Lease liability. The Company recognized lease liability on February 1, 2020 related to the lease contract with the Sponsor for the lease of land and building, McKinley Exchange amounting to ₱853.15 million and recognizes interest expense on lease liabilities of ₱51.49 million.

The total cash outflow related to leases for the year ended December 31, 2020 amounted to ₱143.35 million composed of principal payment and interest on lease liabilities amounting to ₱30.83 million and ₱1.97 million, respectively, and from variable lease payments amounting to ₱110.55 million.

Deposits and other liabilities (noncurrent portion) amounted to ₱600.13 million and ₱722.69 million as of December 31, 2019 and 2020, respectively. Deposits and other liabilities are comprised of advance rentals, security deposits, deferred credits, and other deposits.

- *Advance rentals* from lessees are cash received in advance, representing three month's rent which will be applied to the last three months on the related lease contracts. As of December 31, 2019, and March 31, 2020, the *noncurrent portion of advance rentals* amounted to ₱304.22 million and ₱361.41 million, respectively.
- *Security deposits* represent deposits from lessees to secure the faithful compliance by lessees

of their obligation under the lease contract. These are equivalent to three month's rent and will be refunded to the lessee at the end of the lease term. As of December 31, 2019, and 2020, the *noncurrent portion of security deposits* amounted to ₱229.72 million and ₱299.47 million, respectively.

- *Deferred credits* pertain to the difference between the nominal value of the deposits and its fair value. This is initially measured at fair value and subsequently amortized using the straight-line method. As of December 31, 2019, and 2020, the *noncurrent portion of deferred credits* amounted to ₱66.19 million and ₱61.81 million, respectively.

Deferred tax liabilities amounted to NIL and ₱67.23 million in 2020 and 2019, respectively. As of December 31, 2019 and 2020, net deferred tax liabilities are recognized based on effective income tax rate of 1.8% and 0% under REIT law and due to the Company's availment of OSD, respectively.

Equity

Paid-up capital increased by 5% from ₱10,451.22 million in 2019 to ₱10,929.86 million in 2020, due to issuance of shares during the initial public offering of the Company on August 13, 2020.

Additional Paid-in Capital (APIC), the Company recorded APIC amounting to ₱785.68 million, net of transactions costs. The Company incurred transaction costs incidental to the IPO that is directly attributable to the issuance of new shares in 2020.

Year ended December 31, 2019 compared to year ended December 31, 2018

(Amounts in ₱ Thousands)	As of December 31,			
	(Audited)	(Audited)	Changes	
	2019	2018	In Amount	In Percentage
ASSETS				
Current Assets				
Cash and cash equivalents	122,181	26,129	96,052	368%
Receivables	1,994,500	2,010,998	(16,498)	-1%
Other current assets	157,603	118,498	39,105	33%
Total Current Assets	2,274,284	2,155,625	118,659	6%
Noncurrent Assets				
Noncurrent portion of receivables	2,556,979	209,418	2,347,561	1,121%
Investment properties	6,192,374	8,188,049	(1,995,675)	-24%
Property, plant and equipment	20	51	(31)	-61%
Deferred tax asset – net	-	24,694	(24,694)	-100%
Other noncurrent assets	968,057	1,001,816	(33,759)	-3%
Total Noncurrent Assets	9,717,430	9,424,028	293,402	3%
Total Assets	11,991,714	11,579,653	412,061	4%
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Accounts and other payables	274,478	345,208	(70,730)	-20%
Short-term loans payable	-	-	-	-
Interest payable	-	-	-	-
Current portion of deposits and other liabilities	166,794	30,521	136,273	446%
Income tax payable	71,242	58,588	12,654	22%
Current portion of lease liabilities	-	-	-	-
Construction bonds	11,105	2,738	8,367	306%
Total Current Liabilities	523,619	437,055	86,564	20%
Noncurrent Liabilities				
Deposits and other liabilities - net of current portion	600,134	641,982	(41,848)	-7%
Lease liabilities - net of current portion	-	-	-	-
Deferred tax liabilities - net	67,232	-	67,232	100%
Total Noncurrent Liabilities	667,366	641,982	25,384	4%
Total Liabilities	1,190,985	1,079,037	111,948	10%

Equity				
Paid-in Capital	10,451,224	10,451,224	-	
Treasury Shares	(673,300)	(673,300)	-	
Additional paid-in capital	-	-	-	
Retained earnings	1,022,805	722,692	300,113	42%
Total Equity	10,800,729	10,500,616	300,113	3%
Total Liabilities and Equity	11,991,714	11,579,653	412,061	4%

Assets

Cash increased by 368% primarily due to additional net cash flow from operations of Ayala North Exchange.

Receivables (current portion) amounted to ₱2,011.00 million and ₱1,994.50 million as of December 31, 2018 and 2019, respectively. The receivables are comprised of finance lease receivable, receivables from Related Parties and trade receivables.

- In 2019, the Company entered into a long-term building lease agreement with Makati North Hotel Ventures, Inc. for the lease of a portion of Ayala North Exchange. The Company classified the agreement as a finance lease and has an outstanding finance lease receivable amounting to ₱2,267.93 million. As of December 31, 2019, the current portion of finance lease receivable amounted to ₱52.68 million.
- Receivables from Related Parties are short-term, interest-bearing loans which are subject to monthly repricing. As of December 31, 2018, and 2019, receivables from Related Parties amounted to ₱1,936.21 million and ₱1,803.89 million, respectively.
- Trade receivables are comprised of accrued rent and billed receivables. Accrued rent pertains to receivables resulting from the application of straight-line method of recognizing rental income. As of December 31, 2018, and 2019, the current portion of accrued rent amounted to ₱22.98 million and ₱27.33 million, respectively. Billed receivables are receivables from tenants for rentals of office and retail spaces and recovery charges for common area and utilities. These are noninterest bearing and are generally collectible within 30 days. As of December 31, 2018, and 2019, billed receivables amounted to ₱59.38 million and ₱117.89 million, respectively.

Other current assets amounted to ₱118.50 million and ₱157.60 million as of December 31, 2018 and 2019, respectively. Other current assets are comprised of input VAT, creditable withholding taxes, prepaid expenses, and advances to suppliers. Increase in this account was mainly due to higher input VAT and creditable withholding taxes, driven by the increased in operation of Ayala North Exchange.

Receivables (noncurrent portion) pertain to the noncurrent portion of the finance lease receivable and trade receivables. As of December 31, 2018, and 2019, noncurrent receivables amounted to ₱209.42 million and ₱2,556.98 million, respectively. Finance lease was receivable was computed based on present value of future rental payments from MNHVI.

- In 2019, the Company entered into a long-term building lease agreement with Makati North Hotel Ventures, Inc. for the lease of a portion of Ayala North Exchange. The Company classified the agreement as a finance lease and has an outstanding finance lease receivable amounting to ₱2,267.93 million, and recognized gain under finance lease of ₱397.14 million and interest income of ₱46.84 million.
- Gain under finance lease of ₱397.14 million pertains to the difference between the fair value of finance lease receivable of ₱2,221.09 million and the carrying amount of the portion of Ayala North Exchange under finance lease of ₱1,823.95 million, which was removed from investment properties. The Company remains to be the legal owner of the portion of the building under finance lease.

Investment properties amounted to ₱8,188.05 million and ₱6,192.37 million as of December 31, 2018 and 2019, respectively. Investment properties are composed of buildings and improvements and construction-in-progress. Investment properties pertain to Solaris One and Ayala North Exchange, which are being leased out to commercial lessees. As of December 31, 2018, and 2019, building and improvements amounted to ₱5,468.03 million and ₱6,190.39 million, respectively. Increase mainly due to completion of Ayala North Exchange in Q3 2019.

- Construction-in-progress pertains to ongoing construction, installation, and related activities for the completion of Ayala North Exchange. As of December 31, 2018, and 2019, construction-in-progress amounted to ₱2,720.15 million and ₱1.98 million, respectively. Ayala North Exchange was completed in Q3 2020.

Property and equipment decreased by 61% due to annual depreciation of office equipment.

Deferred tax assets. This was presented net of deferred tax liabilities. In 2019, there was significant increase in deferred tax liabilities driven by difference between finance and operating lease method for the building lease with MNHVI.

Other noncurrent assets amounted to ₱1,001.82 million and ₱968.06 million as of December 31, 2018 and 2019, respectively. Other noncurrent assets are comprised of deferred input VAT and input VAT. Deferred input VAT pertains to purchases of capital goods including input VAT on the acquisition of Ayala North Exchange. The balance of input VAT and deferred input VAT are recoverable in future periods. Decrease mainly due to reclassification of portion of input VAT to current.

Liabilities

Accounts and other payables amounted to ₱345.21 million and ₱274.48 million as of December 31, 2018 and 2019, respectively. Accounts and other payables are comprised of amounts due to Related Parties, accrued expenses, trade payable, taxes payable, and retention payable. Decrease was due to remittance of expanded withholding taxes on the purchase of Ayala North Exchange to Bureau of Internal Revenue (BIR).

Income tax payable amounted to ₱71.24 million and ₱58.59 million in 2019 and 2018. The increase mainly due to higher taxable income due to increase in operation of Ayala North Exchange.

Construction bond amounted to ₱11.11 million and ₱2.74 million in 2019 and 2018. The increase was driven by additional construction bond from Ayala North Exchange tenants during the fit-out period of their respective leased spaces.

Deposits and other liabilities (noncurrent portion) amounted to ₱641.98 million and ₱600.13 million as of December 31, 2018 and 2019, respectively. Deposits and other liabilities are comprised of advance rentals, security deposits, deferred credits, and other deposits. Decrease mainly due to reclassification to current portion.

- Advance rentals from lessees are cash received in advance, representing three month's rent which will be applied to the last three months on the related lease contracts. As of December 31, 2018, and 2019, the *noncurrent portion of advance rentals* amounted to ₱318.48 million and ₱304.22 million, respectively.
- Security deposits represent deposits from lessees to secure the faithful compliance by lessees of their obligation under the lease contract. These are equivalent to three month's rent and will be refunded to the lessee at the end of the lease term. As of December 31, 2018, and 2019, the *noncurrent portion of security deposits* amounted to ₱255.25 million and ₱229.72 million, respectively.
- Deferred credits pertain to the difference between the nominal value of the deposits and its fair value. This is initially measured at fair value and subsequently amortized using the straight-line method. As of December 31, 2018, and 2019, the *noncurrent portion of deferred credits* amounted to ₱68.25 million and ₱66.20 million, respectively.

Year ended December 31, 2018 compared with year ended December 31, 2017

(Amounts in ₱ Thousands)	(Audited)	(Audited)	Changes	
	2018	2017	In Amount	In Percentage
ASSETS				
Current Assets				
Cash and cash equivalents	26,129	17,168	8,961	52%
Receivables	2,010,998	447,647	1,563,351	349%
Other current assets	118,498	73,314	45,184	62%
Total Current Assets	2,155,625	538,129	1,617,496	301%
Noncurrent Assets				
Noncurrent portion of receivables	209,418	86,774	122,644	141%
Investment properties	8,188,049	1,155,750	7,032,299	608%
Property, plant and equipment	51	116	(65)	-56%

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Deferred tax asset – net	24,694	23,203	1,491	6%
Other noncurrent assets	1,001,816	192,509	809,307	420%
Total Noncurrent Assets	9,424,028	1,458,352	7,965,676	546%
Total Assets	11,579,653	1,996,481	9,583,172	480%
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Accounts and other payables	345,208	54,085	291,123	538%
Short-term loans payable	-	-	-	-
Interest payable	-	-	-	-
Current portion of deposits and other liabilities	30,521	9,154	21,367	233%
Income tax payable	58,588	21,351	37,237	174%
Current portion of lease liabilities	-	-	-	-
Construction bonds	2,738	2,800	(62)	-2%
Total Current Liabilities	437,055	87,390	349,665	400%
Noncurrent Liabilities				
Deposits and other liabilities - net of current portion	641,982	248,215	393,767	159%
Lease liabilities - net of current portion	-	-	-	-
Deferred tax liabilities - net	-	-	-	-
Total Noncurrent Liabilities	641,982	248,215	393,767	159%
Total Liabilities	1,079,037	335,605	743,432	222%
Equity				
Paid-in Capital	10,451,224	1,636,224	8,815,000	539%
Treasury Shares	(673,300)	(653,300)	(20,000)	3%
Additional paid-in capital	-	-	-	-
Retained earnings	722,692	677,952	44,740	7%
Total Equity	10,500,616	1,660,876	8,839,740	532%
Total Liabilities and Equity	11,579,653	1,996,481	9,583,172	480%

Assets

Cash increased by 52% mainly due to additional net cash from operations of Ayala North Exchange.

Receivables (current portion) amounted to ₱447.65 million and ₱2,011.00 million as of December 31, 2017 and 2018, respectively. The receivables are comprised of receivables from Related Parties and trade receivables.

- *Receivables from Related Parties* are short-term, interest-bearing loans which are subject to monthly repricing. As of December 31, 2017, and 2018, *receivables from Related Parties* amounted to ₱405.42 million and ₱1,936.21 million, respectively.
- Trade receivables are comprised of accrued rent and billed receivables. Accrued rent pertains to receivables resulting from the application of straight-line method of recognizing rental income. As of December 31, 2017, and 2018, the current portion of accrued rent amounted to ₱6.87 million and ₱22.98 million, respectively. Billed receivables are receivables from tenants for rentals of office and retail spaces and recovery charges for common area and utilities. These are non-interest bearing and are generally collectible within 30 days. As of December 31, 2017, and 2018, *billed receivables* amounted to ₱42.93 million and ₱59.38 million, respectively.

Other current assets amounted to ₱73.31 million and ₱118.50 million as of December 31, 2017 and 2018, respectively. Other current assets are comprised of input VAT, creditable withholding taxes, prepaid expenses, and advances to contractors.

Receivables (noncurrent portion) pertain to the noncurrent portion of the trade receivables. As of December 31, 2017, and 2018, *noncurrent receivables* amounted to ₱86.77 million and ₱209.42 million, respectively. Increased by 141% mainly due to higher input VAT driven by the acquisition of Ayala North Exchange in 2018.

Investment properties amounted to ₱1,155.75 million and ₱8,188.05 million as of December 31, 2017 and 2018, respectively. Investment properties are composed of buildings and improvements and construction-in-progress. Investment properties pertain to Solaris One and Ayala North Exchange, which are being leased out to commercial lessees. The Company acquired Ayala North Exchange from Ayala Land through a Deed of Assignment executed on October 5, 2018. As of December 31, 2017, and 2018, building and improvements amounted to ₱1,155.75 million and ₱5,468.03 million, respectively. Construction-in-progress pertain to ongoing

construction, installation and related activities for the completion of Ayala North Exchange. As of December 31, 2018, construction-in-progress amounted to ₱2,720.15 million.

Property and equipment decrease by 55% due to annual depreciation of office equipment.

Deferred tax assets this was presented net of deferred tax liabilities. The Company recognized ₱23.20 million and ₱24.69 million in 2017 and 2018. Increased by 6% mainly due to higher deferred tax asset on advance rents.

Other noncurrent assets amounted to ₱192.51 million and ₱1,001.82 million as of December 31, 2017 and 2018, respectively. Other noncurrent assets are comprised of deferred input VAT and input VAT. Deferred input VAT pertains to purchases of capital goods including input VAT on the acquisition of Ayala North Exchange. The balance of input VAT and deferred input VAT are recoverable in future periods.

Liabilities

Accounts and other payables amounted to ₱54.09 million and ₱345.21 million as of December 31, 2017 and 2018, respectively. Accounts and other payables are comprised of taxes payable, due to Related Parties, accrued expenses, trade payable, and retention payable. Increased by 538% in 2018 attributes to the increase in due to related parties and expanded withholding taxes driven by the acquisition of Ayala North Exchange in 2018.

Deposits and other liabilities (noncurrent portion) amounted to ₱248.22 million and ₱641.98 million as of December 31, 2017 and 2018, respectively. Deposits and other liabilities are comprised of advance rentals, security deposits, deferred credits, and other deposits.

- Advance rentals from lessees are cash received in advance, representing three month's rent which will be applied to the last three months on the related lease contracts. As of December 31, 2017, and 2018, the *noncurrent portion of advance rentals* amounted to ₱119.93 million and ₱318.48 million, respectively.
- Security deposits represent deposits from lessees to secure the faithful compliance by lessees of their obligation under the lease contract. These are equivalent to three month's rent and will be refunded to the lessee at the end of the lease term. As of December 31, 2017, and 2018, the *noncurrent portion of security deposits* amounted to ₱98.26 million and ₱255.25 million, respectively.
- Deferred credits pertain to the difference between the nominal value of the deposits and its fair value. This is initially measured at fair value and subsequently amortized using the straight-line method. As of December 31, 2017, and 2018, the *noncurrent portion of deferred credits* amounted to ₱30.03 million and ₱68.25 million, respectively.

Income tax payable amounted to ₱21.35 million and ₱58.59 million in 2017 and 2018. Increase due to higher taxable income driven by income from Ayala North Exchange.

Equity

Paid-up capital amounted to ₱1,636.22 million and ₱10,451.22 in 2017 and 2018. In 2018, the Company applied for an increase in authorized capital stock by ₱10 billion additional common shares. The Company issued ₱8.815 billion shares at ₱1 per share to Ayala Land, Inc. (ALI).

LIQUIDITY AND CAPITAL RESOURCES

For Six Months Ended June 30, 2021 versus For Six Months Ended June 30, 2020

The Company ended a net increase in cash of ₱12.11 million for six months ended June 30, 2021, mainly from higher operating income before working capital changes contributed by additional properties.

Net cash flow from operating activities amounted to ₱213.11 million and ₱727.47 million for the six months ended June 30, 2021 and 2020, respectively. The decrease mainly due to payment of input VAT related to acquisition of The30th development and Laguna Technopark lots.

Investing activities used ₱3,775.64 million and ₱747.05 million for the six months ended June 30, 2021 and 2020, respectively. Increase was mainly due to acquisition of The30th development and Laguna Technopark

lots.

Financing activities provided ₱3,575 million for the six months ended June 30, 2021. Mainly from the proceeds from short-term loans.

Net increase in cash as of June 30, 2021 resulted to ₱12.11 million which is ₱31.70 million higher than ₱19.59 million net decrease in cash as of June 30, 2020.

For Year Ended December 31, 2020 versus For Year December 31, 2019

The Company ended at a *net decrease in cash* of ₱63.20 million for year ended December 31, 2020, mainly due to net cash used for investing.

Net cash flow from operating activities provided ₱1,527.34 million and ₱868.74 million for year ended December 31, 2020 and 2019, respectively. Increase in operating income before working capital changes, decrease in receivables and increase in accounts and other payables contributed to the increase.

Net cash used in investing activities amounted to ₱1,827.11 million for year ended December 31, 2020. This increased versus 2020 mainly due to the acquisition of Teleperformance Cebu building.

Financing activities ended ₱236.56 million cash inflow for year ended December 31, 2020 higher than ₱961.30 million cash outflow for year ended December 31, 2019, primarily due to net proceeds from issuance of shares during the Company's initial public offering.

Net decrease in cash for the year ended December 31, 2020 resulted to ₱63.20 million which is lower than ₱96.05 million net increase for the year ended December 31, 2019.

For Year Ended December 31, 2019 versus For Year December 31, 2018

The Company ended at a *net increase in cash* of ₱96.05 million for year ended December 31, 2019, primarily due to net cash provided by operating and investing activities.

Net cash flow provided by operating activities amounted to ₱868.74 million for year ended December 31, 2019 versus ₱173.02 million net used for year ended December 31, 2018. This primarily due to higher operating income before working capital changes, decrease in other assets and increase in accounts and other payables.

Investing activities provided ₱188.61 million for year ended December 31, 2019 which is significantly higher than ₱8,120.67 million net used for year ended December 31, 2018. In 2018, the Company acquired Ayala North Exchange from Ayala Land, Inc.

Financing activities used ₱961.30 million for year ended December 31, 2019 which is significantly lower than ₱8,302.65 million net inflow for year ended December 31, 2018. In 2018, the Company received proceeds from issuance of shares.

Net increase in cash for the year ended December 31, 2019 resulted to ₱96.05 million which is higher than ₱8.96 million net increase for the year ended December 31, 2018.

For Year Ended December 31, 2018 versus For Year December 31, 2017

The Company ended at a *net increase in cash* of ₱8.96 million for the year ended December 31, 2018, mainly from net proceeds from issuance of shares.

Net cash flow used in operating activities amounted to ₱173.02 million for the year ended December 31, 2018 versus ₱421.16 million net cash inflow for the year ended December 31, 2017, primarily due to increase in input VAT classified under other assets.

Net cash flow used in investing activities amounting to ₱8,120.67 million for the year ended December 31, 2018 is significantly higher than ₱54.16 million net outflow for the year ended December 31, 2017 due to the acquisition of Ayala North Exchange.

Net cash inflow from financing activities amounting to ₱8,302.65 million for the year ended December 31, 2018 is significantly higher than ₱382.50 million net outflow for the year ended December 31, 2017 due to proceeds from issuance of shares.

Net increase in cash for the year ended December 31, 2018 resulted to ₱8.96 million which is higher than ₱15.50 million net decrease for the year ended December 31, 2017.

PROPERTY PERFORMANCE (as of December 31, 2020)

	Solaris One	Ayala North Exchange	McKinley Exchange	Teleperformance Cebu
Location	Makati	Makati	Makati	Cebu
Acquisition cost (in millions)	₱1,767 M	₱6,913 M	n/a	₱1,450 M
Occupancy rates	95%	98%	100%	100%
WALE (years)	4	13	2	6
Remaining Land lease term	27	37	33	30
Revenue Contribution in Year 2020	40%	51%	6%	3%
Cost contribution in Year 2020	30%	62%	5%	3%

PROPERTY PERFORMANCE (as of June 30, 2021)

	Solaris One	Ayala North Exchange	McKinley Exchange	Teleperformance Cebu	The 30th	Laguna Technopark Lots
Location	Makati	Makati	Makati	Cebu	Pasig	Laguna
Acquisition cost (in millions)	₱1,767 M	₱6,913 M	n/a	₱1,450 M	₱4,564 M	₱988 M
Occupancy rates	100%	98%	99%	100%	99%	100%
WALE (years)	4	13	2	6	4	7
Remaining Land lease term	27	37	33	30	35	n/a
Revenue Contribution in 1H 2021	28%	36%	5%	8%	20%	3%
Cost contribution in 1H 2021	26%	48%	2%	5%	18%	1%

CAPITAL EXPENDITURES

The following table sets forth the Company's capital expenditures during the periods indicated:

In ₱ '000s	Six months ended June 30, 2021	2020	2019	2018
Building and Improvements				
Solaris One	7,678	6,263	1,781	4,183
Ayala North Exchange	8,293	2,370	8,611	4,383,912
Construction-in-Progress				
Ayala North Exchange	-	-	-	2,720,150
Commission	8,018	15,729	8,463	-
Total capital expenditures	23,989	24,362	18,855	7,108,245

Total revenues	1,364,697	1,951,625	1,563,081	865,332
Capital expenditures % to revenue	1.8%	1.2%	1.2%	0.8%

The Company has no material commitments for capital expenditures. While there are no major renovations being planned at the moment, the Company annually allocates a certain percentage of revenues for capital expenditures to ensure regular upkeep and improvement of the Properties. These will be funded through cash from operations. These capital expenditures are being capitalized.

CONTINGENT LIABILITIES

During the four years ended December 31, 2020, 2019, 2018, and 2017, and six months ended June 30, 2021, the Company has not been involved in, and is not currently involved in, any legal or arbitration proceedings, the result of which could have material adverse consequences for the business, financial condition and results of operations.

KEY PERFORMANCE INDICATORS

KEY FINANCIAL RATIOS (in ₪ thousands)	Six Months Ended June (Unaudited)	For the Year Ended December 31 (Audited)		
	2021	2020	2019	2018
Liquidity and Capital Structure Ratio				
Total Current Assets	1,000,184	2,724,480	2,274,284	2,155,625
Divided by: Total Current Liabilities	5,255,301	732,071	523,619	437,055
Current Ratio	0.19	3.72	4.34	4.93
Total loans and borrowings	4,422,500	—	—	—
Less: Cash	71,086	58,978	122,181	26,129
Divided by: Total Equity	33,291,872	12,338,375	10,800,729	10,500,616
Net Debt to Equity Ratio	0.13	—	—	—
Current portion of long-term debt	4,422,500	—	—	—
Long-term debt - net of current portion	—	—	—	—
Total Debt	4,422,500	—	—	—
Total Equity	33,291,872	12,338,375	10,800,729	10,500,616
Less: Non-controlling interests	—	—	—	—
Add/Less: Unrealized gain (loss)	—	—	—	—
Equity	33,291,872	12,338,375	10,800,729	10,500,616
Debt to Equity Ratio	0.13	—	—	—
Return on Assets				
Net Income	1,314,909	1,227,186	1,261,411	537,093
Total assets CY	40,112,895	14,630,683	11,991,714	11,579,653
Total assets PY	35,100,055	11,991,714	11,579,653	1,996,481
Average total assets	37,606,475	13,311,199	11,785,684	6,788,067
Return on Assets Ratio	3%	9%	11%	8%
Return on Equity				
Net Income	1,314,909	1,227,186	1,261,411	537,093
Total equity CY	33,291,872	12,338,375	10,800,729	10,500,616
Total equity PY	32,807,747	10,800,729	10,500,616	1,660,876
Average total equity	33,049,810	11,569,552	10,650,673	6,080,746

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Return on Equity Ratio	4%	11%	12%	9%
Total Assets	40,112,895	14,630,683	11,991,714	11,579,653
Divided by: Total Equity	33,291,872	12,338,375	10,800,729	10,500,616
Asset to Equity Ratio	1.20	1.19	1.11	1.10

Notes:

- (1) Current ratio is derived by dividing current assets by current liabilities at the end of a given period. Current ratio measures the ability to pay short-term obligations.
- (2) Debt to equity ratio is derived by dividing the total loans and borrowings by total equity. Debt to equity ratio measures the degree of the financial leverage.
- (3) Net debt to equity ratio is derived by dividing the total loans and borrowings less cash by total equity.
- (4) Return on assets is derived by net income by total assets
- (5) Return on equity is derived by dividing net income by average shareholders' equity. Return on equity measures how profitable the Company is at generating profit from each unit of shareholder equity.
- (6) Asset to equity ratio is derived by dividing total assets by shareholders' equity. Asset to equity ratio measures the financial leverage and long-term solvency.

CHANGES IN ACCOUNTING AND FINANCIAL DISCLOSURE

Adoption of New and Amended Accounting Standards and Interpretations

Basis of Preparation

The interim financial statements of the Company have been prepared on a historical cost basis, except for the investment properties which are measured at fair value

The financial statements of the Company are presented in Philippine Peso (₱) which is also the Company's functional currency. All amounts are rounded to the nearest peso unit unless otherwise indicated.

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

Change to Fair Value Model

In 2021, the Company voluntarily changed its accounting policy on its investment properties from cost model to fair value model.

Under fair value accounting, investment properties are stated at fair value, which reflects market conditions at the reporting date. The fair value of investment properties is determined by independent real estate valuation experts based on the "income approach" which are based on the discounted future cash flows of each property. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise. Investment properties are derecognized when either they have been disposed of, or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized as profit or loss in the period of derecognition.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new accounting pronouncements starting January 1, 2020. Adoption of these pronouncements did not have any significant impact on the Company's financial position or performance unless otherwise indicated. The nature and the impact of each new standards and amendments are described below:

(1) Amendments to PFRS 16, COVID-19-related Rent Concessions

The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the Covid-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

This amendment is not applicable to the Company as there no rent concessions granted to the Company as a lessee.

(2) Amendments to PFRS 3, *Definition of a Business*

The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs.

These amendments apply to the recent acquisition of building of the Company. See Notes 3 and 7 for the related disclosures.

(3) Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*

The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no significant impact on the financial statements of the Company.

(4) Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the content of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Company.

(5) Conceptual Framework for Financial Reporting issued on March 29, 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the International Accounting Standards Board in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the Company.

Standards and Interpretations Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Company's financial statements.

Effective beginning on or after January 1, 2021

(6) Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

Effective beginning on or after January 1, 2022

(7) Amendments to PFRS 3, *Reference to the Conceptual Framework*

(8) Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

(9) Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

- Annual Improvements to PFRSs 2018-2020 Cycle
 1. Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
 2. Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*
 3. Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023

(10) Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

(11) PFRS 17, *Insurance Contracts*

Deferred effectivity

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

DIRECTORS, EXECUTIVE OFFICERS AND CONTROL PERSONS

Board of Directors

AREIT's Board has seven members, all of whom are elected by AREIT's stockholders holding shares with voting rights at the stockholders' annual meeting. The Directors hold office for one year and until their successors are elected and qualified in accordance with AREIT's By-Laws.

The Board regularly meets at least six times every calendar year. It ensures the presence and adequacy of internal control mechanisms for good governance in accordance with the Company's Revised Manual of Corporate Governance. The minimum internal control mechanisms for the Board's oversight responsibility include, but are not limited to:

- Ensuring the presence of organizational and procedural controls, supported by an effective management information system and risk management reporting system;
- Reviewing conflict-of-interest situations and providing appropriate remedial measures for the same;
- Appointing a CEO with the appropriate ability, integrity and experience to fill the role, as well as defining the CEO's duties and responsibilities;
- Reviewing proposed senior management appointments;
- Ensuring the selection, appointment and retention of qualified and competent management; reviewing the Company's personnel and human resources policies, compensation plan and the management succession plan;
- Institutionalizing the internal audit function; and
- Ensuring the presence of, and regularly reviewing, the performance and quality of external audit.

On May 18, 2009, the SEC approved the amendment of the by-laws of the Company on the adoption of the SRC Rule 38 (Requirements on Nomination and Election of Independent Directors). The Company always undertakes to abide by SRC Rule 38 on the required number of independent directors subject to any revision that may be prescribed by the SEC.

The write-ups below include positions held as of June 30, 2021 and in the past five years, and personal data as of December 31, 2020, of the directors and executive officers.

Board of Directors

Name	Age	Position
Jose Emmanuel H. Jalandoni	53	Chairman of the Board
Carol T. Mills	49	President and Chief Executive Officer
Bernard Vincent O. Dy	58	Non-Executive Director
Augusto D. Bengzon	58	Non-Executive Director
Mariana Beatriz Zobel de Ayala	33	Non-Executive Director
Omar T. Cruz	67	Lead Independent Director
Enrico S. Cruz	64	Independent Director
Simeon S. Cua	64	Independent Director

Jose Emmanuel H. Jalandoni, Filipino, 53, has served as the Chairman of the Board of AREIT, Inc. since February 5, 2020. He is a Senior Vice President and a member of the Management Committee, and the Group Head of commercial businesses including malls, offices, hotels, resorts of Ayala Land, Inc. He is Chairman of AyalaLand Logistics Holdings Corp. and Director of Cebu Holdings, Inc., publicly listed subsidiaries of ALI. His other significant positions are: Chairman of the Board of ALI Capital Corporation, ALI Commercial Center, Inc., ALI Makati Hotel and Residences, Inc., ALI Makati Hotel Property, Inc., ALI Triangle Hotel Ventures, Inc., Arca South Hotel Ventures, Inc., AsiaTown Hotel Ventures, Inc., Ayala Hotels, Inc., AyalaLand Hotels and Resorts Corporation, AyalaLand Medical Facilities Leasing, Inc., AyalaLand Offices, Inc., Bacuit Bay Development

Corporation, Bay Area Hotel Ventures, Inc., Bonifacio Hotel Ventures, Inc., Capitol Central Hotel Ventures, Inc., Cebu Insular Hotel Company, Inc., Central Bloc Hotel Ventures, Inc. Chirica Resorts Corporation, Circuit Makati Hotel Ventures, Inc., Direct Power Services, Inc., Ecoholdings Company Inc., Econorth Resort Ventures, Inc., EcoSouth Hotel Ventures, Inc., Enjay Hotels, Inc., Greenhaven Property Ventures, Inc., Integrated Eco-Resort, Inc., Lio Resort Ventures, Inc., Lio Tourism Estate Management Corporation, Makati North Hotel Ventures, North Eastern Commercial Corporation, North Liberty Resort Ventures, Inc., North Triangle Hotel Ventures, Inc., Northgate Hotel Ventures, Inc., One Makati Hotel Ventures, Inc., Pangulasian Island Resort Corporation, Paragua Eco- Resort Ventures, Inc., Regent Horizons Conservation Company, Inc., Sentera Hotel Ventures, Inc., Sicogon Island Tourism Sicogon Town Hotel, Inc., Estate Corporation, Soltea Commercial Corporation, Southcrest Hotel Ventures, Inc., Ten Knots Development Corporation, Ten Knots Philippines, Inc., Whiteknight Holdings, Inc. and One Makati Residential Ventures, Inc. He is also Director of the following companies: Accendo Commercial Corporation, Alabang Commercial Corporation, Arca South Integrated Terminal, Inc., Ayagold Retailers, Inc., Ayala Property Management Corporation, Cagayan de Oro Gateway Corporation, Columbus Holdings, Inc., Fort Bonifacio Development Corporation, Makati Cornerstone Leasing Corporation, Makati Development Corporation, Philippine Integrated Energy Solutions, Inc., Station Square East Commercial Corporation. He joined ALI in 1996 and held various positions in the Company. He graduated with a degree of Bachelor of Science in Legal Management from Ateneo de Manila University. He earned his Master's Degree in Business Administration from Asian Institute of Management. He is a Chartered Financial Analyst.

Carol T. Mills, Filipino, 49, has served as the Company's President since February 10, 2014 and President and Chief Executive Officer since April 04, 2019. She is a Vice President of Ayala Land, Inc. She is also the President of Ayala Land Offices, Inc. She is Chairman and President of various Ayala Land Offices subsidiaries namely UP North Property Holdings, Inc., First Gateway Real Estate Corp., ALO Prime Realty Corp., Glensworth Development Inc., Hillsford Property Corp., and Sunnyfield E-Office Corp.; President of North Eastern Commercial Corp. and Makati Cornerstone Leasing Corp as well as Director of North Triangle Depot Commercial Corp., ALI Capital Corp., DirectPower Services, Inc. and Central Block Developers Inc. She joined ALI in 1993 and prior to her current position, she was Deputy Head of Business Development for Ayala Malls from 2008 to 2013, General Manager for Alabang Town Center from 2004 to 2008, and Operations Manager for Glorietta from 2000 to 2004. She graduated Magna Cum Laude from the University of the Philippines in 1993 with a Bachelor of Science degree in Business Administration and earned her Masters in Business Administration from the Amos Tuck School of Business, Dartmouth College in New Hampshire, USA in 1998.

Bernard Vincent O. Dy, Filipino, 58, has served as a Director of AREIT, Inc. since April 04, 2019. He is the President and Chief Executive Officer of Ayala Land, Inc. and concurrently serves as a Senior Managing Director and member of the Ayala Group Management Committee of Ayala Corporation. He is also the Chairman of Cebu Holdings, Inc. and Director AREIT, Inc. and MCT Bhd of Malaysia. All are publicly listed companies. His other significant positions include: Chairman of Ayala Property Management Corporation, Makati Development Corporation, Alveo Land Corporation, Amaia Land Corporation, Bellavita Land Corporation, Altaraza Development Corporation Ayagold Retailers, Inc., Station Square East Commercial Corporation, Aviana Development Corp., Cagayan De Oro Gateway Corp., BGSouth Properties, Inc., BGNorth Properties, Inc., BGWest Properties, Inc., Portico Land Corporation., Philippine Integrated Energy Solutions, Inc., Avencosouth Corp., and Nuevocentro, Inc. He also serves as Vice Chairman of Ayala Greenfield Development Corporation and Alviera Country Club, Inc. He is also President of President of Bonifacio Land Corporation; Emerging City Holdings, Inc.; Columbus Holdings, Inc.; Berkshires Holdings, Inc.; Fort Bonifacio Development Corporation; Aurora Properties Incorporated; Vesta Property Holdings, Inc.; Ceci Realty Inc.; Alabang Commercial Corporation; and Accendo Commercial Corporation. Mr. Dy also serves as Director of Avida Land Corporation, Amicassa Process Solutions, Inc., Whiteknight Holdings, Inc., AyalaLand Medical Facilities Leasing, Inc., Serendra, Inc., Alveo-Federal Land Communities, Inc., ALI Eton Property Development Corporation, and AKL Properties, Inc. He is the President of Hero Foundation Inc. and Bonifacio Art Foundation, Inc. He is also a member of Ayala Foundation, Inc. and Ayala Group Club, Inc. He has also been a Director of the Junior Golf Foundation of the Philippines since 2010 and has served as Vice Chairman since 2017. He earned a Bachelor's Degree in Business Administration from the University of Notre Dame in 1985. He received his MBA in 1989 and MA International Relations in 1997, both at the University of Chicago.

Augusto D. Bengzon, Filipino, 58, has served as a Director of AREIT, Inc. since April 04, 2019. He likewise served as Treasurer of the Company from April 04, 2019 to August 11, 2021. He also currently serves as Ayala Land, Inc.'s Senior Vice President, Chief Finance Officer, Chief Compliance Officer & Treasurer. He is the Treasurer of Cebu Holdings Inc. and a Director of AyalaLand Logistics Holding Corp., the publicly listed subsidiaries of ALI. His other significant positions include: Chairman of Aprisa Business Process Solutions Inc.; Director, Treasurer & Compliance Officer of Anvaya Cove Golf and Sports Club Inc.; Director and Treasurer of

ALI Eton Property Development Corp., Amaia Land Corp., Aurora Properties Inc., Avida Land Corp., Ayala Property Management Corp., Bellavita Land Corp., BGNorth Properties Inc., BGSouth Properties Inc., BGWest Properties Inc., Ceci Realty Inc., Philippine Integrated Energy Solutions Inc., Serendra Inc. and Vesta Property Holdings Inc.; Director & Assistant Treasurer of Ayala Greenfield Development Corp.; Director of AG Counselors Corporation, Alvia Country Club Inc., Alveo Land Corp., Ayala Land Premier, Inc., Makati Development Corp., Nuevocentro Inc., Northgate Hotel Ventures, Inc., Portico Land Corp., Station Square East Commercial Corp. and Southcrest Hotel Ventures, Inc.; Treasurer of Alabang Commercial Corporation, AKL Properties, Inc. and Hero Foundation, Inc.; Assistant Treasurer of Ayala Greenfield Golf & Leisure Club, Inc. and Trustee of Fe del Mundo Medical Center Phil, Inc. and Philippine National Police Foundation, Inc. He received his Bachelor of Science degree in Business Management from the Ateneo de Manila University and is a graduate of the Philippine Trust Institute. He was granted the Andres K. Roxas scholarship at the Asian Institute of Management where he received his Masters in Business Management degree.

Mariana Beatriz Zobel de Ayala, Filipino, 33, was elected as Director of the Company during the April 23, 2021 Annual Stockholders' Meeting of the Company. Her election shall take effect upon the approval of the Securities and Exchange Commission of the increase in the number of directors from seven (7) to eight (8) as stated in the Sixth Article of the Company's Articles of Incorporation. Ms. Zobel de Ayala is a Director of Cebu Holdings, Inc. since April 14, 2020. She is currently the Vice President for Consumer Segments Marketing for the Bank of the Philippine Islands. She also serves on the board of a number of Ayala Group of companies across the Bank of the Philippine Islands, Ayala Land, AC Health, and ACTIVE Fund. She joined Ayala Corporation's Strategy and Business Development team in 2013. She was then seconded to Ayala Land as a Project Development Associate for Alveo Land Corp from 2015 to 2016 where she supported design, planning, and sales launch of a number of residential and commercial projects of Alveo. She then worked for the Ayala Malls Group from 2016 to 2019 where, most recently, she served as Deputy Head. She began her career as an Analyst at J.P. Morgan's New York office. She earned her Bachelor of Arts Degree in Social Studies (Philosophy, Politics, and Economics) from Harvard University, and her Masters in Business Administration from INSEAD.

Omar T. Cruz, Filipino 67, has served the Lead Independent Director of AREIT since April 12, 2019. He also serves as the Chief Bancassurance Executive of the Insular Life Assurance Co., Ltd.; as a trustee for the Financial Executives Institute of the Philippines; as a trustee and Board Executive Committee member for the University of Asia and the Pacific; as a trustee and Board Executive Committee Member for the Center for Research and Communication Foundation, Inc.; as a trustee for De La Salle University; as the Chairman of the Investment Committee for De La Salle Philippines; as a trustee for the Philippine National Police Foundation; and as a member of the Credit Information Bureau, Inc. Previously Mr. Cruz has served as the Chairman of the International Treasury Committee of the International Association of Financial, Executives Institution; as a senior advisor to Prudential Corporation Asia (HK); and as President and CEO of BPI-Philam Life Assurance Corp. He has also previous served as a director for numerous entities, including Philamlife Company, BPI Philam Life Assurance Corporation, Ayala FGU Condominium Corporation, Rufino Towers Condominium Corporation, Philamlife Asset Management, Inc., and Tower Club. Mr. Cruz has also worked for the Government, acting as Treasurer of the Philippines from 2005 to 2007. Mr. Cruz holds a Bachelor of Science in Industrial Management Engineering (minor in Mechanical Engineering) from De La Salle University. He also achieved his Masters in Industrial Economics from the Center for Research and Communication at the University of Asia and the Pacific.

Enrico S. Cruz, Filipino, 64, has served as an independent director of AREIT, Inc. since February 5, 2020. Mr. Cruz also serves as Independent Director for Security Bank and Maxicare Healthcare Corporation. He previously served as the Chief Country Officer, and Global Markets Head of Deutsche Bank AG Manila Branch, and Senior Vice President of CityTrust Banking Corporation. Mr. Cruz obtained his Bachelor of Science in Business Economics, as well as his Master in Business Administration from the University of the Philippines.

Simeon S. Cua, Filipino, 64, has served an independent director of AREIT, Inc. since April 04, 2019. In addition to his role as an independent Director, he serves as Chairman of Santi Village Development, Inc.; President and Chief Executive Officer of Philippine Racing Club, Inc.; President and Chief Executive Officer of Cualoping Securities Corp.; President of Philippine Newton Global Solutions, Inc.; President of Palm Integrated Commodities, Inc.; Vice President and Treasurer of Greater Buhangin Housing Development, Inc.; and Chief Finance Officer of Davao Newton Development, Inc. He is also a director of PRCI Circuit Makati, Inc., Davao Samal Golden Village, Inc., and Sta. Lucia Land, Inc. Mr. Cua has a Bachelor of Science as well as a Bachelor of Laws from Ateneo de Manila University.

Management Committee Members / Key Executive Officers

Name	Age	Position
Carol T. Mills ⁽¹⁾	49	President and Chief Executive Officer
Augusto D. Bengzon ⁽¹⁾⁽²⁾	58	Treasurer
Elaine Marie F. Alzona ⁽³⁾	42	Chief Finance Officer and Chief Compliance Officer
Ma. Teresa R. Famy ⁽²⁾⁽³⁾	55	Treasurer, Chief Finance Officer, and Chief Compliance Officer
Solomon M. Hermosura	59	Corporate Secretary
June Vee D. Monteclaro-Navarro	50	Assistant Corporate Secretary
Michael Anthony L. Garcia	42	Investor Relations Officer
Amelia Ann T. Alipao	59	Data Protection Officer
Rowena P. Libunao ⁽⁴⁾	43	Chief Audit Executive

Notes:

- (1) Member of the Board of Directors
- (2) Mr. Augusto D. Bengzon resigned as Treasurer of the Company and was replaced by Ms. Ma. Teresa R. Famy effective August 12, 2021.
- (3) Ms. Elaine Marie F. Alzona resigned as Chief Finance Officer and Chief Compliance Officer of the Company and was replaced by Ms. Ma. Teresa R. Famy effective July 1, 2021.
- (4) Effective February 24, 2021

Elaine Marie F. Alzona, Filipino, 42, is the Chief Finance Officer and Chief Compliance Officer of AREIT, Inc. since 2019 until June 30, 2021. In addition to this position, Ms. Alzona is the Chief Finance Officer of Hotels for Ayalaland Hotels and Resorts Corp., a position she has filled since 2010. Ms. Alzona is likewise a director for the following companies: Ayalaland Hotels and Resorts Corp., Bonifacio Hotel Ventures, Inc., Northgate Hotel Ventures, Inc., Southcrest Hotel Ventures, Inc., Ecosouth Hotel Ventures, Inc., Sentera Hotel Ventures, Inc., North Triangle Hotel Ventures, Inc., Capitol Central Hotel Ventures, Inc., Cebu Insular Hotel Co, Inc., Econorth Resort Ventures, Inc., Makati North Hotel Ventures, Inc., Circuit Makati Hotel Ventures, Inc., Central Bloc Hotel Ventures, Inc., Arca South Hotel Ventures, Inc., Bay Area Hotel Ventures, Inc., One Makati Hotel Ventures, Inc., One Makati Residential Ventures, Inc., Asiatown Hotel Ventures, Inc., ALI Triangle Hotel Ventures, Inc., Enjay Hotels, Inc., Greenhaven Property Ventures, Inc., ALI Makati Hotel Property, Inc., ALI Makati Hotel and Residences, Inc., Makati Hotel and Residences Condominium Corporation. In the past, she has acted as director, Chief Finance Officer, and treasurer for both Ayala Hotels, Inc. and Sicogon Town Hotel, Inc. Ms. Alzona is qualified as a Certified Public Accountant. She holds a B.S. in Business Administration and Accountancy from the University of the Philippines (Diliman) as well as a Master in Business Administration from the Asian Institute of Management.

Ma. Teresa R. Famy, Filipino, 55, is the Treasurer, Chief Finance Officer, and Chief Compliance Officer of the Company. She was appointed as the Chief Finance Officer and Chief Compliance Officer effective July 1, 2021, and as Treasurer of the Company effective August 12, 2021. She has been with the ALI Group for 14 years. Prior to her appointment in the Company, Ms. Famy was the Chief Finance Officer of the AyalaMalls Group, Alveo Land Corp., Ayala Land Premier, and Avida Land Corp. Prior to joining the ALI Group, Ms. Famy assumed various roles in Finance in companies engaged in manufacturing and worked as an Auditor for SyCip Gorres Velayo and Co. She is a Certified Public Accountant and holds a Bachelor of Science in Commerce degree from Divine Word College, Legazpi City.

Solomon M. Hermosura, Filipino, 59, has served as the Corporate Secretary of AREIT, Inc. since April 04, 2019. He is a Managing Director of Ayala Corporation and a member of the Ayala Corporation Management Committee and the Ayala Group Management Committee. He is the Group Head of Corporate Governance, Chief Legal Officer, Compliance Officer, Corporate Secretary and Data Protection Officer of Ayala Corporation. He also serves as the Corporate Secretary and Group General Counsel of Ayala Land, Inc., and Corporate Secretary of Globe Telecom, Inc., Manila Water Company, Inc., Integrated Micro- Electronics, Inc., AC Energy Corporation (formerly AC Energy Philippines, Inc.), AREIT, Inc. and Ayala Foundation, Inc. He also serves as a Corporate Secretary and a member of the Board of Directors of a number of companies in the Ayala group. Mr. Hermosura is currently a member of the faculty of the College of Law of San Beda University. He graduated valedictorian with Bachelor of Laws degree from San Beda College in 1986 and placed third in the 1986 Bar Examinations.

June Vee D. Monteclaro-Navarro, Filipino, 50, has served as the Assistant Corporate Secretary of AREIT, Inc. since April 04, 2019. She is a Vice President and the Chief Legal Counsel of ALI. She is also. The Corporate Secretary of Cebu Holdings, Inc. and AyalaLand Logistics Holdings Corp., the other publicly listed subsidiaries of ALI. She is the Corporate Secretary of Alveo Land Corp., Avida Land Corp., AKL Properties, Inc., ALI Eton Property Development Corporation and Altaraza Development Corporation. She served as Director (management position) and Corporate Secretary of Ayala Group Legal from 2012 to 2020. She was a Legal Officer at Ayala Land, Inc. from 2007 to 2012. Prior to joining Ayala Group, she was a Senior Associate at SyCip Salazar Hernandez & Gatmaitan from 1997 to 2002. She graduated from the University of St. La Salle in Bacolod with a Bachelor of Arts with a Major in Economics and a Bachelor of Science in Commerce Major in Data Processing in 1993. She earned a Bachelor of Laws degree from the University of the Philippines in 1997. She finished the Program on Negotiation at Harvard Law School in 2012 and the Leadership in Corporate Counsel Executive Education at Harvard Law School in 2016.

Michael Anthony L. Garcia, Filipino, 42, has served as the Investor Relations Officer of the Company since 2020. Mr. Garcia also presently acts as the Head of Investor Communications and Compliance for Ayala Land, a position he has held for the last five years. Mr. Garcia holds a Master's in Business Administration degree from the Asian Institute of Management.

Amelia Ann T. Alipao, Filipino, 59, has served as the Data Protection Officer of AREIT, Inc. since April 04, 2019. She is also currently Vice President and Chief Information Officer of Ayala Land, Inc. (ALI). She is also the Group Data Protection Officer for ALI Group of Companies and presently a member of the Data Privacy Council for Real Estate of the National Privacy Commission. She sits on the board of APRISA Business Process Solutions, Inc and HCX Technology Partners Inc. She is also Vice President for KauSAP Inc, a non-profit organization for SAP User Group of the Philippines. She is currently a member of the ALI Corporate Bidding Committee. She previously occupied this role in 2009-2011 and acted as Chairperson. Before joining ALI, she took on dual roles in SAP Philippines as Account Manager, handling government accounts, and project manager for SAP Implementation. She served as Assistant Vice President in Coca-Cola Bottlers Philippines, Inc., where she held various IT systems implementation projects. She started her IT career as an IT Instructor in I/Act of SyCip Gorres Velayo & Co. She holds a Bachelor of Arts in Biology and a Bachelor of Science in Business Management from De La Salle University.

Rowena P. Libunao, Filipino, 43, is currently the audit lead for Corporate, Offices, Malls, Hotels and Resorts. She has been with ALI Internal Audit for almost 10 years. Prior to joining Ayala Land, she worked as Internal Auditor for various companies engaged in banking, petroleum and stock exchange. She is a Certified Public Accountant (CPA), Certified Internal Auditor (CIA), and a member of the Institute of Internal Auditors Philippines (IIAP). She holds a Bachelor of Science degree in Accountancy from the Pamantasan ng Lungsod ng Maynila.

Significant Employees

The Company considers its human resources working as a team as a key element for its continued success. Moreover, the Company has no employee and non-executive officer who is expected to make individually on his own a significant contribution to the business.

While the Company is dependent on the expertise and experience of its directors, senior management, and other key employees, it has also adopted a business continuity plan and succession plan. As all the employees of the Company are seconded from Ayala Land, there are identified employees of the Ayala Land Group who will be able to assume and take on the role and additional responsibilities arising from any departure in the Company. Moreover, the Company also has the support of the directors, officers, and senior management of the Sponsor, the Fund Manager, and the Property Manager, that will ensure that there is continuity of the business. The Company, consistent with Ayala Land's policies, also has organizational policies and procedures for the development and advancement of its employees to ensure continuity of business by employees with superior skills and talents, thereby diminishing overdependence on key individuals.

There are no family relationships either by consanguinity or affinity up to the fourth civil degree among the Directors, executive officers, and shareholders.

Involvement in Certain Legal Proceedings (over the past 5 years)

None of the Directors or Executive Officers is involved in any material pending legal proceedings in any court or administrative agency of the government.

EXECUTIVE COMPENSATION

Directors and Executive Officers

Directors

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

“Section 17 – By resolution of the Board of Directors, each director, may receive a reasonable per diem allowance for this attendance to each meeting of the Board of Directors. Any additional compensation, other than per diems, to be given to the members of the Board of Directors shall be subject to stockholders’ approval.

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

The amount of the annual compensation of all directors and principal officers of the Corporation shall be fixed subject to the provision of the REIT Act and other applicable laws, rules, and regulations (as amended on December 20, 2006; and as further amended in a meeting of the Board of Directors and stockholders on September 26, 2018).

Officers

The officers of the Company do not receive compensation from the Company. The compensation of these officers is paid by the Sponsor, ALI, as the officers of the Company are long-time employees of the Sponsor who have been seconded to the Company. The total annual compensation of the President and top five highly compensated executives amounted to ₱8.53 million in 2019 and ₱8.14 million in 2020. The projected total annual compensation for the current year is ₱10.76 million.

Name and Principal Position	Year	Salary	Other Variable Pay
Carol T. Mills President & CEO			
August D. Bengzon Treasurer ¹⁵			
Elaine Marie F. Alzona CFO and Chief Compliance Officer ¹⁶			
Michael Anthony L. Garcia Investor Relations Officer			
CEO & Most Highly Compensated Executive Officers	Actual 2019	₱5.37M	*₱3.16M
	Actual 2020	₱5.13M	*₱3.01M
	Projected 2021	₱6.78M	*₱3.98M
	Actual 1 st Half 2021	₱4.59M	*₱1.71M
All other officers** as a group unnamed	Actual 2019	₱5.37M	*₱3.16M
	Actual 2020	₱5.13M	*₱3.01M
	Projected 2021	₱1.05M	*₱0.62M
	Actual 1 st Half 2021	₱4.05M	*₱2.31M

The executive officers are all seconded from Ayala Land, and they receive no compensation, salary, or per diem from the Company. The Company pays Ayala Land management fees which includes key management

¹⁵ Replaced by Ma. Teresa R. Famy as Treasurer effective August 12, 2021.

¹⁶ Replaced by Ma. Teresa R. Famy as Chief Finance Officer and Chief Compliance Officer effective July 1, 2021.

personnel services for the Company. The amounts stated above form part of the management fees paid to Ayala Land that covers the compensation of the executive officers of AREIT. Other variable pay covers bonuses. The total annual compensation paid to all executive officers was all paid in cash.

SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN RECORD AND BENEFICIAL OWNERS

Ownership of Record and Beneficial Owners of more than 5% as of June 30, 2021:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent (of total outstanding shares)
Common	PCD Nominee Corporation (Filipino) ⁽¹⁾ G/F MSE Bldg. Ayala Ave., Makati City	PCD participants acting for themselves or for their customers ⁽²⁾	Filipino	461,408,293	44.98663%
Common	Ayala Land, Inc. ⁽³⁾ 31F, Tower One and Exchange Plaza Ayala Triangle Ayala Ave., Makati City	Ayala Land, Inc. ⁽⁴⁾	Filipino	417,977,092	40.75215%
Common	AyalaLand Offices, Inc. ⁽⁵⁾	AyalaLand Offices, Inc. ⁽⁶⁾	Filipino	96,292,435	9.38837%
Common	PCD Nominee Corporation (Non-Filipino) ⁽¹⁾ G/F MSE Bldg. Ayala Ave., Makati City	PCD participants acting for themselves or for their customers ⁽²⁾	Various Non-Filipino	49,913,507	4.86649%

Notes:

- (1) PCD is not related to the Company.
- (2) Each beneficial owner of shares through a PCD participant is the beneficial owner to the extent of the number of shares in his account with the PCD participant. The beneficial owner, with certification of ownership of shares from the PCD Participant, has the power to vote in absentia or through the Chairman of the meeting as proxy. Out of the 511,321,800 common shares registered in the name of PCD Nominee Corporation, 99,935,443 or 9.74356% of the outstanding capital stock is for the account of BPI Securities Corporation (BPI Trade) and 75,282,100 or 7.33989% of the outstanding capital stock is for the account of Citibank N.A. None of BPI Trade, Citibank N.A. or any of their customers have coordinated with the Company for the submission of SEC Form 18-A for beneficially owning more than 5% of the Company's common shares.
- (3) Ayala Land, Inc. ("ALI") is the principal stockholder of the Company.
- (4) Under the By-Laws of ALI and the Revised Corporation Code, the ALI Board has the power to decide how ALI's shares are to be voted.
- (5) AyalaLand Offices, Inc. is an affiliate of AREIT, Inc. for having ALI as their common stockholders owning at least 10% of their outstanding capital stock.
- (6) The Board of AyalaLand Offices, Inc. has the power to decide how the shares are to be voted.

Security Ownership of Directors and Management (Executive Officers) as of June 30, 2021:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent (of total outstanding shares)
Directors				

Security Ownership of Management and Certain Record and Beneficial Owners

Common	Bernard Vincent O. Dy	(direct) 1	Filipino	0.00000%
Common	Augusto D. Bengzon	(direct) 1	Filipino	0.00000%
Common	Jose Emmanuel H. Jalandoni	(direct) 1	Filipino	0.00000%
Common	Carol T. Mills	(direct & indirect) 101,001	Filipino	0.00985%
Common	Enrico S. Cruz	(direct & indirect) 2,670,001	Filipino	0.26032%
Common	Omar T. Cruz	(direct & indirect) 717,601	Filipino	0.06997%
Common	Simeon S. Cua	(direct) 1	Filipino	0.00000%
Common	Mariana E. Zobel de Ayala	(direct) 1	Filipino	0.00000%
CEO and Most Highly Compensated Executive Officers				
Common	Carol T. Mills	(direct & indirect) 101,001	Filipino	0.00985%
Common	Augusto D. Bengzon	(direct) 1	Filipino	0.00000%
Common	Elaine F. Alzona ¹	(indirect) 5,000	Filipino	0.00049%
Common	Michael Anthony D. Garcia	0	Filipino	0.00000%
Other Executive Officers				
Common	Amelia Ann T. Alipao	(indirect) 20,000	Filipino	0.00195%
Common	Solomon M. Hermosura	0	Filipino	0.00000%
Common	Rowena P. Libunao	0	Filipino	0.00000%
Common	June Vee D. Monteclaro- Navarro	(indirect) 55,000	Filipino	0.00536%
All Directors and Officers as a group		3,568,608		0.34793%

Notes:

- (1) Ms. Famy was appointed on May 26, 2021 as Chief Finance Officer and Chief Compliance Officer to replace Ms. Alzona effective July 1, 2021, and as Treasurer to replace Mr. Bengzon effective August 12, 2021.

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

Voting Trust Holders of 5% or more

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

Changes in Control

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

Foreign ownership level as of June 30, 2021:

Security	Total Outstanding Shares	Shares Owned By Foreigners	Percent of Ownership
Common Shares	1,092,986,405	49,913,507	4.87%

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Related Party Transactions and the REIT Law

Under the provisions of the REIT Law, a related party is defined to include:

- a director; the chairman of the board of directors, president, chief executive officer, chief operating officer, treasurer, chief financial officer, corporate secretary, vice president, executive vice president, senior vice president, compliance officer, chief accounting officer, chief investment officer, and their equivalent positions, including consultants with similar rank or position; or a stockholder who is, directly or indirectly, the beneficial owner of more than ten percent of any class of the REIT's shares; or an associate of such persons;
- the sponsor or promoter of the REIT, meaning any person who, acting alone or in conjunction with one or more other persons, directly or indirectly, contributes cash or property in establishing the REIT;
- the fund manager of the REIT, meaning any person who manages the functions of the REIT;
- any adviser of the REIT, meaning a lawyer, accountant, auditor, financial or business consultant, and such other persons rendering professional advisory services to the REIT;
- the property manager of the REIT, meaning professional administrator of real properties who is engaged by the REIT to provide the property management services;
- a director, principal or principal officer of the sponsor/promoter of the REIT, fund manager, property manager, or associate of any such persons; and
- parent, subsidiary or affiliate of REIT, the fund manager, or the property manager.

Any contract or amendment thereto, between the REIT and any related party, as described above, including contracts for services, shall comply with the following minimum requirements:

- the REIT must fully, fairly, timely, and accurately disclose the identity of the Related Party or Parties, their relationship with the REIT, and other important terms and conditions of the transaction to the PSE and the SEC;
- the contract must be on fair reasonable terms, including the contract price;
- the contract must be approved by the related party transactions committee which is constituted with the sole task of reviewing related party transactions. Majority of its members must be independent directors who shall vote unanimously in approving such related party transaction;
- compliance with SEC Memorandum Circular No. 10, series of 2019 on the Rules on Material Related Party Transactions for Publicly-Listed Companies, or such other relevant regulations that may be issued by the SEC;
- the contract must be accompanied by a fairness opinion by an independent appraiser done in accordance with the valuation methodology prescribed by the SEC, in the case of an acquisition or disposition of real estate assets and property or share swaps or similar transactions; and
- the REIT must also disclose any other matter that may be materially relevant to a prospective investor in deciding whether or not to invest in the REIT.

Related Party Transactions and SEC Regulation

The SEC issued Memorandum Circular No. 10, series of 2019, which took effect on April 27, 2019 (the "Circular"). Under the Circular, related party transactions, either individually or in aggregate over a twelve-month

period, amounting to at least ten percent (10%) of a company's total assets shall be considered as a material related party transaction ("Material RPT"). The SEC likewise included in the relevant definition of "related parties" directors, officers, substantial shareholders, and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, if these persons have control or significant influence over the reporting publicly-listed company.

Some of the new and pertinent rules provided in the Circular are as follows:

- newly listed companies shall submit their Material RPT policy within six months from their listing date, which policy must be consistent with the Circular;
- the board of directors shall adopt a group-wide Material RPT policy encompassing all entities within the conglomerate, taking into account its size, structure, risk profile, and complexity of operations;
- the Material RPT policy shall include, at a minimum: identification of related parties, coverage of Material RPT, adjusted thresholds, identification and prevention or management of potential or actual conflicts of interests arising out of or in connection with the Material RPT, guidelines in ensuring arm's length terms, approval of Material RPT, self-assessment and periodic review of policy, disclosure requirements, whistleblowing mechanisms, and remedies for abusive Material RPT;
- the approval of Material RPT shall be by at least two-thirds vote of the board of directors, with at least a majority of the independent directors voting to approve the Material RPT. If the majority vote of independent directors is not secured, the Material RPT may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock of the company. The same board approval shall be secured for aggregate related party transactions within a twelve-month period that breaches the 10% materiality threshold covering the same related party;
- an Advisement Report on Material RPT shall be submitted to the SEC within three calendar days after the execution date of the transaction; and
- a summary of Material RPT for the reporting year shall be disclosed in the Integrated Annual Corporate Governance Report annually every May 30.

The Company's Existing Related Party Transactions

In the ordinary course of its business, the Company engages in a variety of transactions with related parties. Pursuant to the REIT Law, the Company's related parties include the Sponsor, the Fund Manager, the Property manager, associates, members of the ALI Group, related parties under common ownership and management, the Company's Shareholders, and key management personnel.

The Company, in their regular conduct of business, have entered into transactions with related parties principally consisting of advances and reimbursement of expenses, purchase and sale of real estate properties, and management, underwriting, marketing, leasing and administrative service agreements. Sales and purchases of goods and services to and from related parties are made on an arm's length basis and at current market prices at the time of the transactions. Transactions that have been entered into by AREIT with related parties for the years ended December 31, 2020, December 31, 2019, December 31, 2018 and December 31, 2017, and period ended June 30, 2021 are disclosed in Note 19, respectively, to AREIT's audited consolidated financial statements respectively, which are included in this Prospectus.

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

The Company's policy with respect to transactions with such related parties is to ensure that these transactions are entered into terms, which are not more favorable to the related party than those generally available to third parties dealing on an arm's length basis, and are not detrimental to unrelated shareholders. There are no parties

that fall outside the definition of “related parties” that are able to negotiate terms of material transactions that are not also available to others on an arm’s length basis. All related party transactions shall be reviewed by the appropriate approving body, as determined by the Board of Directors, to ensure that the Company’s resources are not misappropriated or misapplied. The Company has a Related Party Transaction Review Committee which evaluates the Company’s ongoing relationships with related parties. Please see the section entitled “Directors, Officers, and Control Persons” for more information. If an actual or potential conflict of interest should arise on the part of a Director, the relevant Director is required to make a full disclosure of that actual or potential conflict of interest and must abstain from participating in the deliberation and voting on the approval of the proposed transaction and any action to be taken to address the conflict. A Director who has a continuing conflict of interest of a material nature must either resign, or if the Board deems appropriate, be removed from the Board.

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

In addition, the Fund Manager has established internal procedures to ensure that all future transactions involving the Company and a related party of the Fund Manager or the Sponsor are undertaken on an arm’s length basis and on normal commercial terms, which are generally no more favorable than those extended to unrelated third parties. In respect of such transactions, the Fund Manager would have to demonstrate that the transactions would be undertaken on normal commercial terms, which may include obtaining (where practicable) quotations from parties unrelated to the Fund Manager or Sponsor, or obtaining a valuation from an independent valuer (in accordance with, among other things, the REIT Law).

The table below sets out the principal ongoing transactions of the Company with related parties as of June 30, 2021:

Related Parties	Nature of Transaction	Value of the Transaction
Direct Power Services, Inc.	Retail Electricity Supply agreement to meet the electricity requirements of the facilities of Solaris One, Ayala North Exchange and The 30 th Office	Varying depending on supply charges computation and adjustments; for six months ended June 30, 2021 electricity expense incurred amounted to ₱83.60 million (see Note 19 of Review FS) and ₱42.54 million for year ended December 31, 2020 (see Note 19 of Audited FS).
Ayala Property Management Corporation	Property Management agreements for the facilities management	Management fee recognized amounted to ₱8.85 million for the six months ended June 30, 2021 (see Note 19 of Review FS) and ₱12.60 million for year ended December 31, 2020 (see Note 19 of Audited FS).
Ayala Land, Inc.	Contract of Lease for McKinley Exchange Property	Initial monthly rent of ₱2,733,078.00 per month, subject to annual escalation of 5% (see Notes 17 and 19 of Review FS)

Related Parties	Nature of Transaction	Value of the Transaction
Ayala Land, Inc.	Land lease agreements for Solaris and Teleperformance Cebu properties	The lease generally provides for a monthly rent based on a certain percentage of gross rental income. The Company recognized land lease amounting to ₱19.83 million for six months ended June 30, 2021 (see Note 16 of the Review FS) and ₱39.04 million in 2020 (see Note 17 and 19 of the Audited FS)
AREIT Fund Managers, Inc.	Fund Management Agreement for fund management services	<p>0.10% of the Deposited Property Value (as defined in the Fund Management Agreement) plus 3.5% of the EBITDA before deduction of Management fees and after deducting interest expense from lease liabilities for the relevant period. The Company recognized fee for six months ended June 30, 2021 amounting to ₱59.16 million (see Note 19 of Review FS) and for year ended December 31, 2020 amounting to ₱37.37 million (see Note 19 of Audited FS).</p> <p>Additional fees, if applicable: 1% of the acquisition price for every acquisition made. The Company recognized additional investment cost amounting to ₱14.5 million for the fees related to the acquisition of Teleperformance Cebu.</p>
AREIT Property Managers, Inc.	Property Management Agreement for property management services starting August 13, 2020	0.50% of the sales price for every property divested 3% of Gross Rental Income plus Interest Income from finance lease for the relevant (as defined in the Property Management Agreement) plus 2% of the EBITDA before deduction of Management fees of the Company; For the six months ended June 30, 2021, the management fee recognized amounted to ₱48.55 million (see Note 19 of the Review FS) and ₱34.54 million for the year ended December 31, 2020 (see Note 19 of Audited FS).

Related Parties	Nature of Transaction	Value of the Transaction
ALO Prime Realty Corp.	Acquisition of Teleperformance Cebu	₱1,450.00 million, (see Note 7 of the Audited FS).
HLC Development Corporation	Land lease agreement for the land lease of ANE properties	The Company recognized land lease for six months ended June 30, 2021 amounting to ₱36.95 million (see Note 19 of Review FS) and for year ended December 31, 2020 amounting to ₱71.51 million (see Note 19 of Audited FS)
Alveo Land Corp.	Contract of Lease dated January 5, 2018 for office space in Solaris One	The Company recognized rental income amounting to ₱2.33 million for six months ended June 30, 2021 (see Note 19 of Review FS) and ₱4.66 million in 2020 (see Note 19 of the Audited FS)
Makati North Hotel Ventures, Inc.	Contract of Lease dated February 6, 2019 (for 100% of the serviced residences portion of Ayala North Exchange)	Fixed- ₱6,315 million plus 5% of Total Hotel Revenues if Total Hotel Revenues exceed ₱500 million or 10% of Total Hotel Revenues if Total Hotel Revenues exceed ₱1 billion, starting on Year 6 of the contract; (see Notes 17 and 19 of Review FS)
Bank of the Philippine Islands	Contract of Lease dated November 28, 2016 (0.23% of total gross leasable area in Solaris One) Contract of Lease dated April 30, 2019 (10.5% of total gross leasable area in Ayala North Exchange)	₱588.32 million, lease for a period of five (5) years, VAT exclusive. For six months ended June 30, 2021 the Company recognized rental income amounting to ₱63.37 million (see Note 19 of Review FS) and for year ended December 31, 2020, amounting to ₱105.06 million (see Note 19 of the Audited FS)
First Gateway Real Estate Corp.	Contract of Lease dated May 29, 2019 (1.6% of total gross leasable area of Ayala North Exchange)	₱73.50 million, lease for a period of seven (7) years, VAT exclusive; Rental income recognized for six months ended June 30, 2021 amounted to ₱5.26 million (see Note 19 of Review FS) and in 2020 amounted to ₱10.52 million (see Note 19 of the Audited FS)
Arvo Commercial Corp.	Loan covered by a Promissory Note	Total outstanding receivable balance as of December 31, 2020 amounted to ₱205.76 million (see Note 19 of Audited FS)
Arca South Commercial Ventures Corp.	Loan covered by Promissory Note	Total outstanding receivable balance as of December 31, 2020 amounted to ₱118.93

Related Parties	Nature of Transaction	Value of the Transaction
Crans Montana Property Holdings Corporation	Loans covered by Promissory note	million (see Note 19 of the Audited FS) Total outstanding receivable balance as of December 31, 2020 amounted to ₱117.09 million (see Note 19 of the Audited FS)
Capitol Central Commercial Ventures Corp.	Loans covered by Promissory note	Total outstanding receivable balance as of December 31, 2020 amounted to ₱88.74 million (see Note 19 of the Audited FS)
ALI Makati Hotel Property, Inc.	Loans covered by Promissory note	Total outstanding receivable balance as of December 31, 2020 amounted to ₱77.65 million (see Note 19 of the Audited FS)
Soltea Commercial Corp.	Loans covered by Promissory note	Total outstanding receivable balance as of December 31, 2020 amounted to ₱59.69 million (see Note 19 of the Audited FS)
Laguna Technopark Inc.	Loans covered by Promissory note	Total outstanding receivable balance as of December 31, 2020 amounted to ₱52.64 million (see Note 19 of the Audited FS)
Ayalaland Logistics Holdings Corp	Loans covered by Promissory note	Total outstanding receivable balance as of December 31, 2020 amounted to ₱50.60 million (see Note 19 of the Audited FS)
Cagayan De Oro Gateway Corporation	Loans covered by Promissory note	Total outstanding receivable balance as of December 31, 2020 amounted to ₱26.48 million (see Note 19 of the Audited FS)
Cavite Commercial Towncenter Inc.	Loans covered by Promissory note	Total outstanding receivable balance as of December 31, 2020 amounted to ₱25.61 million (see Note 19 of the Audited FS)
Bay City Commercial Ventures Corp.	Loans covered by Promissory note	Total outstanding receivable balance as of December 31, 2020 amounted to ₱22.54 million (see Note 19 of the Audited FS)
Airswift Transport, Inc	Loans covered by Promissory note	Total outstanding receivable balance as of December 31, 2020 amounted to ₱2.55 million (see Note 19 of the Audited FS)
Ayalaland Malls Synergies, Inc	Loans covered by Promissory note	Total outstanding receivable balance as of December 31, 2020 amounted to ₱2.51 million (see Note 19 of the Audited FS)
Amaia Land Corp.	Loans covered by Promissory note	Total outstanding receivable balance as of December 31,

Related Parties	Nature of Transaction	Value of the Transaction
Westview Commercial Ventures Corp	Loans covered by Promissory note	2020 amounted to ₱2.03 million (see Note 19 of the Audited FS) Total outstanding receivable balance as of December 31, 2020 amounted to ₱1.82 million (see Note 19 of the Audited FS)
Integrated Micro-Electronics, Inc.	Acquisition of Laguna Technopark Lots	Monthly rent of ₱60.00 per sq. m. starting January 1, 2020, exclusive of VAT, subject to annual escalation of 5% commencing on January 1, 2021.
Technopark Land, Inc.	Contract of Lease for Laguna Technopark Lots	₱1,106.53 billion, inclusive of VAT
Ayala Land, Inc.	Acquisition of The 30 th Commercial Development	₱5,112.06 billion, inclusive of VAT.
North Eastern Commercial Corp.	Building Lease for Ayala Malls The 30 th	Rent shall be the higher amount between the (a) fixed rent as stated in the Contract of Lease plus six percent (6%) of rental income; or (b) Minimum Guaranteed Rent as set forth in the schedule indicated in the Contract of Lease; provided that, such fixed rent and minimum guaranteed rent shall be subject to an escalation rate of 3% every three (3) years. The Company recognized finance lease receivable amounting to ₱420.35 million as of June 30, 2021. This includes interest income accretion amounting to ₱13.91 million for the six months ended June 30, 2021 (see Note 19 of Review FS).
North Eastern Commercial Corp.	Assignment of Contracts over The 30 th Corporate Center	Consideration is included in the sale, transfer, and conveyance of ownership of The 30 th Corporate Center to AREIT
Ayala Land, Inc., Westview Commercial Ventures Corp., and Glensworth Development, Inc.	Deed of Exchange for the Property-for-Share Swap Transaction ¹⁷	Issuance of 483,254,375 primary common shares in favor of ALI, WCVC, and GDI, in exchange for Swap Properties valued at ₱15,464.14 billion at an exchange price of ₱32.00 per share.
Westview Commercial Ventures	Land lease for Ayala Northpoint Technohub	The lease generally provides for a monthly rent based on

¹⁷ Appraisal Reports and a Fairness Opinion have been issued by Asian Appraisal Company, Inc. and PwC, to establish the fairness of the valuation of the Shares and the Swap Properties

Related Parties	Nature of Transaction	Value of the Transaction
Corp.		a certain percentage of gross rental income.
Ceci Realty, Inc.	Land leases for One and Two Evotech	<p><i>For One Evotech</i> ₱29.43 per sq.m. per month (VAT-exclusive) from June 1, 2021 to September 30, 2027, subject to 5% escalation per annum; and beginning October 1, 2037 until September 30, 2058, monthly rent of ₱170.36 per sq.m. (VAT-exclusive), subject to an escalation of 5% per annum.</p> <p><i>For Two Evotech</i> (a) ₱32.45 per sq.m. (VAT-exclusive) from rental commencement date, subject to escalation rate of 5% per annum for the first five years of the lease; (b) monthly rent for the succeeding years up to April 12, 2040 will be at 4% of AREIT's Gross Rental Income for the building or fixed land lease rate per sq.m., whichever is higher; (c) from April 13, 2040 to April 12, 2-58, fixed land lease rate of ₱197.10 per sq.m. (VAT-exclusive), subject to an escalation rate of 5% per annum.</p>
North Eastern Commercial Corp.	Assignment of Tenant Contracts and Permits for Vertis North Commercial Development	Assignment of contracts and permits is an incident of the transfer of ownership from ALI to AREIT
North Eastern Commercial Corp.	Contract of Building Lease of Vertis North Mall	Fixed Rent, as defined in the contract, plus 6% of rental income; or minimum guaranteed rent as set forth in the schedule attached to the contract, provided that the fixed rent and minimum guaranteed rent shall be subject to an escalation rate of three percent (3%) every three (3) years.
Ayala Land, Inc.	Contract of land lease for Vertis North Commercial Development	Variable rent of 6% of gross rental income from Vertis North Commercial Development

Other than as described above, there are no ongoing financial commitments to related parties.

As of June 30, 2021, the Company has paid the following fees to its related parties:

Related Parties	Nature of Transaction	Value of the Transaction
Direct Power Services, Inc.	Retail Electricity Supply agreement to meet the electricity requirements of the facilities of Solaris One, Ayala North Exchange and The 30 th Office	Varying depending on supply charges computation and adjustments; for six months ended June 30, 2021 electricity expense incurred amounted to ₱83.60 million (see Note 19 of Review FS) and ₱42.54 million for year ended December 31, 2020 (see Note 19 of Audited FS).
Ayala Property Management Corporation	Property Management agreements for the facilities management	Management fee recognized amounted to ₱8.85 million for the six months ended June 30, 201 (see Note 19 of Review FS) and ₱12.60 million for year ended December 31, 2020 (see Note 19 of Audited FS).
Ayala Land, Inc.	Contract of Lease for McKinley Exchange Property	Initial monthly rent of ₱2,733,078 per month, subject to annual escalation of 5% (see Notes 17 and 19 of Review FS)
Ayala Land, Inc.	Land lease agreements for Solaris and Teleperformance Cebu properties	The lease generally provides for a monthly rent based on a certain percentage of gross rental income. The Company recognized land lease amounting to ₱19.83 million for six months ended June 30, 2021 (see Note 16 of the Review FS) and ₱39.04 million in 2020 (see Note 17 and 19 of the Audited FS)

Related Parties	Nature of Transaction	Value of the Transaction
AREIT Fund Managers, Inc.	Fund Management Agreement for fund management services	<p>0.10% of the Deposited Property Value (as defined in the Fund Management Agreement) plus 3.5% of the EBITDA before deduction of Management fees and after deducting interest expense from lease liabilities for the relevant period. The Company recognized fee for six months ended June 30, 2021 amounting to ₱59.16 million (see Note 19 of Review FS) and for year ended December 31, 2020 amounting to ₱37.37 million (see Note 19 of Audited FS).</p> <p>Additional fees, if applicable: 1% of the acquisition price for every acquisition made. The Company recognized additional investment cost amounting to ₱14.5 million for the fees related to the acquisition of Teleperformance Cebu.</p>
AREIT Property Managers, Inc.	Property Management Agreement for property management services starting August 13, 2020	<p>0.50% of the sales price for every property divested 3% of Gross Rental Income plus Interest Income from finance lease for the relevant (as defined in the Property Management Agreement) plus 2% of the EBITDA before deduction of Management fees of the Company; For the six months ended June 30, 2021, the management fee recognized amounted to ₱48.55 million (see Note 19 of the Review FS) and ₱34.54 million for the year ended December 31, 2020 (see Note 19 of Audited FS).</p>
ALO Prime Realty Corp.	Acquisition of Teleperformance Cebu	<p>₱1,450.00 million, (see Note 7 of the Audited FS).</p>
HLC Development Corporation	Land lease agreement for the land lease of ANE properties	<p>The Company recognized land lease for six months ended June 30, 2021 amounting to ₱36.95 million (see Note 19 of Review FS) and for year ended December 31, 2020 amounting to ₱71.51 million (see Note 19 of Audited FS)</p>

REGULATORY FRAMEWORK

The statements herein are based on the laws in force as of the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all of the regulatory and environmental considerations that may be relevant to the Company and/or its subsidiaries or the offering.

The following description is a summary of certain laws and regulations in the Philippines that are generally applicable or relevant to companies such as these, operating under the REIT Law, and the real estate industry. The information detailed in this section has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to investors and are neither designed nor intended to substitute for professional legal advice or a detailed review of the relevant laws and regulations.

REAL ESTATE LAWS

The REIT Law

Republic Act No. 9856 or the Real Estate Investment Trust Act of 2009 lapsed into law on December 17, 2009. Pursuant to Section 22 of the said law, the SEC approved the implementing rules and regulations of the Real Estate Investment Trust Act of 2009 on May 13, 2010. Under the said law, a REIT is a public company established primarily for the purpose of owning income-generating real estate assets. A REIT is formed by establishing a stock corporation and registering its shares of stock with the SEC and listing its shares with the PSE. Thus, prior to the registration of its shares and listing with the PSE, the company to be established as the REIT vehicle will be any ordinary stock corporation whose primary purpose is to engage in the operation of income-generating real estate or real-estate related assets.

On January 20, 2020, the SEC issued Memorandum Circular No. 1, Series of 2020 (the “Revised REIT IRR”), amending the existing REIT regulations by, among other things, modifying the minimum public ownership of a REIT, incorporating a reinvestment of proceeds policy, imposing additional corporate governance mechanisms into a REIT, and adding qualifications of a REIT fund manager and property manager. The regulatory amendment was published in a newspaper of general circulation on January 23, 2020 and shall become effective on February 7, 2020, fifteen (15) days after its complete publication in the Official Gazette or two (2) newspapers of general circulation.

Minimum Requirements of a REIT

In order to be considered a REIT and to benefit from the incentives under the law, the REIT must register its shares with the SEC and list its shares with the PSE. The procedure for the registration and listing of such shares as a REIT shall comply with the applicable registration and listing rules and regulations of the SEC and the PSE, in addition to the specific requirements under the REIT Law and the PSE REIT Listing Rules.

To be eligible as a REIT, it must meet the following requirements:

- Have minimum paid-up capital of ₱300,000,000 at the time of incorporation which can be either in cash and/or property;
- Be a public company and to be considered as such, maintain its status as a listed company; and upon and after listing, have at least 1,000 public shareholders each owning at least 50 shares of any class of shares who in the aggregate own at least one-third (1/3) of the outstanding capital stock of the REIT;
- Appoint a fund manager that is independent from the REIT and its sponsor(s)/promoter(s), and complies with Rule 6, Section 1 of the Revised REIT IRR in order to ensure independence;
- Appoint a property manager who is independent from the REIT and its sponsor/promoter(s), and complies with Rule 7, Section 1 of the Revised REIT IRR in order to ensure independence;

- At least 1/3 or at least two (2), whichever is higher, of the Board of Directors of the REIT must be independent directors;
- Have such organization and governance structure that is consistent with the Revised Code of Corporate Governance and pertinent provisions of the SRC and its IRR and hold such meetings as provided for in its constitutive documents pursuant to the Revised Corporation Code.
- The Fund Manager, Property Manager, directors and officers of the REIT must meet the qualifications under the Fit and Proper Rule of the SEC for a REIT, and the requirements stated in Rule 6, Section 2, and Rule 7, Section 2 of the Revised REIT IRR, respectively;
- A REIT must distribute at least 90% of its distributable income annually, as dividends to its shareholders not later than the last working day of the 5th month following the close of the fiscal year of the REIT, subject to the conditions provided in Rule 4 Section 4 of the Revised REIT IRR;
- The REIT shall also appoint an independent and duly accredited Property Valuer in accordance with Rule 9, Section 1 of the Revised REIT IRR; and
- The REIT may only invest in certain allowable investments as will be further discussed in detail below.

Allowable Investments of a REIT

The REIT Law limits the allowable investment of a REIT to the following:

- Real Estate, whereby 75% of the total value of the REIT's assets reflecting the fair market value of total assets held ("Deposited Property") must be invested in, or consist of, income-generating real estate and 35% of which must be located in the Philippines. Should a REIT invest in income-generating real estate located outside of the Philippines, the same should not exceed 40% of its Deposited Property and only upon special authority from the SEC. An investment in real estate may be by way of direct ownership or a shareholding in a domestic special purpose vehicle constituted to hold/own real estate. An income-generating real estate is defined under the REIT Law to mean real property which is held for the purpose of generating a regular stream of income such as rentals, toll fees, user's fees, ticket sales, parking fees and storage fees;
- Real estate-related assets, wherever the issuers, assets, or securities are incorporated, located, issued or traded;
- Evidence of indebtedness of the Republic of the Philippines and other evidence of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Republic of the Philippines (i.e., treasury bills, fixed rate treasury notes, treasury bonds, and foreign currency linked notes);
- Bonds and other evidence of indebtedness issued by: (a) the government of any foreign country with which the Philippines maintains diplomatic relations, with a credit rating obtained from a reputable credit rating agency or a credit rating agency acceptable to the SEC that is at least two notches higher than that of ROP bonds; and (b) supranationals (or international organizations whose membership transcends national boundaries or interests, e.g. International Bank for Reconstruction and Development or the Asian Development Bank);
- Corporate bonds or non-property privately-owned domestic corporations duly registered with the SEC with a current credit rating of at least "A" by an accredited Philippine rating agency;
- Corporate bonds of a foreign non-property corporation registered in another country provided that said bonds are duly registered with the SEC and the foreign country grants reciprocal rights to Filipinos;
- Commercial papers duly registered with the SEC with a current investment grade credit rating based on the rating scale of an accredited Philippine rating agency at the time of investment;

- Equities of a non-property company listed in a local or foreign stock exchange, provided that these stocks shall be issued by companies that are financially stable, actively traded, possess good track record of growth and have declared dividends for the past 3 years;
- Cash and cash equivalent items;
- Collective investment schemes duly registered with the SEC or organized pursuant to the rules and regulation of the BSP, provided that: (i) the collective investment scheme must have a track record of performance at par with or above the median performance of pooled funds in the same category as appearing the prescribed weekly publication of the Net Asset Value Per Unit of the Collective Investment Scheme units; and (ii) new collective investment schemes may be allowed provided that its fund manager has at least a three-year track record in managing pooled funds; and
- Offshore mutual funds with ratings acceptable to the SEC.

In addition, under the REIT Law, a REIT may also invest not more than five percent (5%) of its investible funds in synthetic investment products such as, but not limited to, credit default swaps, credit-linked notes, collateralized debt obligations, total return swaps, credit spread options, and credit default options, and only upon special authority from the appropriate regulatory authority.

Taxation of REITs

Income Tax

Under Revenue Regulations No. 13-2011, a REIT shall be taxable on all income derived from sources within and without the Philippines at the applicable income tax rate of 25% as provided under Section 27(A) of the National Internal Revenue Code, as amended, on its taxable net income as defined in the REIT Law and Revenue Regulations No. 13-2011, provided, that in no case shall it be subject to minimum corporate income tax.

Under the REIT Law, Taxable Net Income means the pertinent items of gross income specified in Section 32 of the NIRC less (a) all allowable deductions enumerated in Section 34 of the NIRC (itemized or optional standard deductions) and (b) the dividends distributed by a REIT out of its own Distributable Income as of the end of the taxable year as (i) dividends to owners of the common shares and (ii) dividends to owners of the preferred shares pursuant to their rights and limitations specified in the Articles of Incorporation of the REIT. Furthermore, for purposes of computing the taxable net income of a REIT, the dividends allowed as deductions during the taxable year pertain to dividends actually distributed by a REIT from its distributable income at any time after the close of but not later than the last day of the fifth month from the close of the taxable year. Any dividends distributed within this prescribed period shall be considered as paid on the last day of REIT's taxable year.

In computing the income tax due of a REIT, the formula to be used shall be as follows:

Gross Income	(as defined under Section 32 of the Tax Code)
Less:	
Allowable Deductions	(as provided under Section 34 whether itemized or Optional Standard Deduction)
Dividends Paid	(as defined under Revenue Regulations No. 13-11, as amended)
Taxable Net Income	
x 25%	
Income Tax Due	

Income Tax Due

Under Revenue Regulations No. 3-2020, a REIT shall maintain its status as public company from the year of its listing, at the latest and thereafter, and shall comply with the provisions of its submitted Reinvestment Plan, as certified by the SEC. Otherwise, the dividend payment shall not be allowed as a deduction from its taxable income. For purposes of Revenue Regulations No. 3-2020, a "public company" is a company listed with the

Exchange and which, upon and after listing, has at least one thousand (1,000) public shareholders each owning at least fifty (50) shares of any class and who, in the aggregate, own at least one-third (1/3) of the outstanding capital stock of the REIT.

Furthermore, upon the occurrence of any of the following events, a REIT shall be subject to income tax on its taxable net income as defined in the NIRC instead of its taxable net income as defined in the REIT Law: (a) failure to maintain its status as a public company as defined in the REIT Law; (b) failure to maintain the listed status of the investor securities on the PSE and the registration of the investor securities by the SEC; (c) failure to distribute at least 90% of its Distributable Income as required by the REIT Law; or (d) any combination of the foregoing. A curing period of 30 days shall be observed from the time of the occurrence of any of the abovementioned events. The SEC shall determine the appropriate compliance by the REIT within the curing period, the result of which shall be immediately communicated to the BIR.

A REIT availing of tax incentives under the REIT Law shall not be entitled to avail of incentives for the same types of taxes that may be available under special laws. Moreover, under Revenue Regulations No. 3-2020, as a condition for the availment of tax incentives, the REIT must comply with its Reinvestment Plan, as certified by the SEC. The Certification from the SEC that the REIT is compliant with its Reinvestment Plan must be submitted by the REIT as an attachment to its Annual Income Tax return and Audited Financial Statements on or before April 15 (or on the 15th day of the 4th month following the close of the fiscal year).

Creditable Withholding Tax

Income payments received by a REIT which are subject to the expanded withholding tax shall be subject to a lower creditable withholding tax of 1%.

Transfer Taxes

The sale or transfer of real property to a REIT, including the sale or transfer of any and all security interest thereto, shall be subject to 50% of the applicable Documentary Stamp Tax ("DST"). Moreover, all applicable registration and annotation fees relative or incidental thereto shall be 50% of the applicable registration and annotation fees. Both incentives can be availed by an unlisted REIT, provided it is listed with the PSE within two years from the initial availment of the incentives.

The 50% of the applicable DST shall be due and demandable together with the applicable surcharge, penalties, and interest thereon reckoned from the date such tax should have been paid upon the occurrence of any of the following events: (a) failure to list with the PSE within a period two years from the date of initial availment; (b) failure to maintain its status as a public company as defined in the REIT Law; (c) failure to maintain the listed status of the investor securities on the PSE and the registration of the investor securities with the SEC; or (d) failure to distribute at least 90% of its Distributable Income required under the REIT Law. A curing period of 30 days shall be observed from the time of the occurrence of any of the abovementioned events. The SEC shall determine the appropriate compliance by the REIT within the curing period, the result of which shall be immediately communicated to the BIR.

Value Added Tax

The gross sales from any disposal of real property or gross receipts from the rental of such real property by the REIT shall be subject to Value Added Tax. The REIT shall not be considered as a dealer in securities and shall not be subject to VAT on its sale, exchange, or transfer of securities forming part of its real estate-related assets.

On January 29, 2020, the BIR issued Revenue Regulations No. 3-2020 amending certain provisions of Revenue Regulation No. 13-2011, implementing the tax provisions of the REIT Law. Pursuant to Revenue Regulations No. 3-2020, the transfer of property to a REIT in exchange for its shares is exempt from VAT, as well as income tax and DST, if made pursuant to a tax-free exchange under Section 40(C)(2) of the NIRC.

Tax-Free Exchange

Under Revenue Regulations No. 13-2011, as amended by Revenue Regulations No. 3-2020 transfers or exchanges of real property for shares of stock in a REIT falling under Section 40(C)(2) of the NIRC shall have the following tax consequences: (a) the transferor shall not recognize any gain or loss on the transfer of the property to a REIT, and shall not be subject to capital gains tax, income tax, or creditable withholding tax on the

transfer of such property to a REIT; and (b) the transfer of property to a REIT in exchange for its shares is exempt from VAT as provided under Section 109(X), in relation to Section 40(C)(2) of the NIRC.

Under the CREATE Act, prior BIR confirmation or tax ruling is not anymore required for purposes of availing the tax exemption under Section 40(C)(2) of the NIRC. For monitoring purposes, a specific annotation shall be annotated on the reverse side of the Transfer Certificate of Title or Condominium Certificate of Title or Certificate of Stock that is transferred or issued pursuant to such transfer or exchange.

In general, Section 15 of Revenue Regulations No. 13-2011 provides that unless otherwise provided in the REIT Law, the internal revenue taxes under the NIRC shall apply.

On January 2018, Republic Act No. 10963 otherwise known as the Tax Reform for Acceleration and Inclusion Act (the "TRAIN Law") was passed, and Section 86 thereof provides for a repealing clause enumerating the laws or provisions of laws that are repealed and the persons and/or transactions affected made subject to the changes in the VAT provisions of Title IV of the NIRC, as amended. The REIT Law is not part of this enumeration. On March 15, 2018, the BIR issued Revenue Regulations No. 13-2018, amending the consolidated VAT rules under Revenue Regulations No. 16-2005. Among other things, Revenue Regulations No. 13-2018 inserted as among the VAT exempt transactions the transfer of property pursuant to Section 40(c)(2) of the NIRC implementing Section 34 of the TRAIN Law.

On January 29, 2020, the BIR issued Revenue Regulations No. 3-2020 amending certain provisions of Revenue Regulation No. 13-2011, implementing the tax provisions of the REIT Law. Pursuant to Revenue Regulations No. 3-2020, the transfer of property to a REIT in exchange for its shares is exempt from VAT as provided under Section 109(X) of the NIRC.

Reportorial Requirements and Other Matters

Under Revenue Regulations No. 13-2011, every quarter, a REIT is required to submit to the Large Taxpayers Regular Audit Division 3 ("LTRAD 3") a sworn statement containing the list of its shareholders, their Tax Identification Number, their shareholdings, and the percentage that their shareholding represents.

As a withholding agent, the REIT is required to file withholding tax returns and remit withholding taxes on all income payments that are subject to withholding pursuant to the provisions of the NIRC and its implementing regulations.

A REIT shall, in addition to the existing requirements under the NIRC and its implementing regulations, and the requirements contained in the above paragraphs, submit to LTRAD 3, annually on or before April 15 (or on the 15th day of the 4th month following the close of the fiscal year) the following:

- a certification by a responsible person designated by SEC that the REIT is compliant with the minimum public ownership requirement;
- a schedule of dividend payments indicating the name, address, amount of investment, classification of shares, amount of dividends, final tax-due of each investor, and a sworn statement that the minimum ownership requirement was maintained at all times;
- a certified true copy of the Philippine passport, or Certificate of Recognition issued under Republic Act No. 9255 of an overseas Filipino investor;
- a certified true copy of the employment contract of an overseas Filipino investor;
- a copy of the contract between the REIT and its fund manager;
- a copy of the contract between the REIT and its property manager;
- a quarterly written report on the performance of the REIT's funds and properties;
- any amendment(s) to the Prospectus as approved by the SEC;

- a copy of the valuation report prepared by the REIT's appointed property valuer; and
- original/certified true copy of the Certification from the SEC that the REIT is compliant with its Reinvestment Plan, duly received by the BIR.

In case of each failure to file an information return, statement, or list, or to keep any record, or to supply any information required by Revenue Regulations No. 13-2011, unless it is shown that such failure is due to reasonable cause and not to willful neglect, there shall upon notice and demand by the SEC, payment by the person failing to file, keep, or supply the same of ₱1,000 for each such failure; provided, however, that the aggregate amount to be imposed for all such failures during a calendar year shall not exceed ₱25,000.

Tax Incentives

A REIT enjoys the following tax incentives:

A tax deduction for dividends paid, in addition to the allowable deductions provided for under the National Internal Revenue Code, to arrive at its taxable income. For a REIT to enjoy this tax incentive, it should maintain its status as a "public company," observe the mandatory 90% dividend payout requirement of distributable income to shareholders, and submit a sworn statement that the minimum ownership requirements for the relevant years were maintained at all times."

Exemption from the minimum corporate income tax ("MCIT"), as well as documentary stamp tax ("DST") on the sale, barter, exchange, or other disposition of listed investor securities through the PSE, including cross or block sales with prior approval of the PSE. It is also exempted from paying the IPO tax on its initial and secondary offering of its investor securities.

A lower creditable withholding tax rate of 1% of its receipt of income payments. It also benefits from the 50% reduction on the amount of DST due on sale or transfer of real property to a REIT, including the sale or transfer of any and all security interest, and applicable registration and annotation fees incidental to such transfers.

Shareholders of a REIT enjoy the following tax incentives:

- Dividends paid by a REIT to resident citizens and aliens are subject to 10% final tax. However, if the dividends are received by overseas Filipino investors, such dividends shall be exempt from the payment of income or any withholding tax. Such exemption shall be enjoyed by overseas Filipino workers for a period of seven years from the effectivity of the BIR regulations implementing the tax provisions of REIT Act. Revenue Regulations No. 13-2011 was published in a newspaper of general circulation on July 27, 2011 and took effect fifteen (15) days after that, or on August 11, 2011.
- In general, dividends received from a REIT shall be subject to a final tax of 10%. However, dividends received by a domestic corporation or a resident foreign corporation from REITs are not subject to income tax or withholding tax. If the recipient of the dividends paid by REITs is a non-resident alien individual or a nonresident foreign corporation, the dividends shall be subject to tax at 10% or they may claim a preferential withholding tax rate of less than 10% pursuant to an applicable tax treaty.

Applicability of Income Taxation Incentive and DST Tax Incentive

Section 11 of Revenue Regulations No. 13-2011, as amended by Revenue Regulations No. 03-2020, provides that, in order for a REIT to qualify for the income taxation incentive and the DST incentive on the transfer of real property, a REIT must be a public company.

Conversely, for a REIT to qualify for the DST incentive on the transfer of real property, it should be listed with the PSE within two years from the date of its initial availment of the incentive (i.e., the date of the execution of the transfer documents) and maintain its listed status. While unlisted, the REIT in addition to all other presently existing requirements for the issuance of a Certificate Authorizing Registration ("CAR"), shall (a) execute an undertaking that it shall list within two years from the date of its initial availment of the incentive, and (b) place, for the benefit of the BIR, in escrow the 50% DST given as an incentive and pay for the remaining 50%. The REIT basically sets aside the full amount for the DST, and the 50% in escrow is returned only upon submission of proof of listing within the two-year period required by the REIT Law, otherwise it shall be released in favor of

Government.

Revocation of Tax Incentives

Under Revenue Regulations No. 13-2011, a REIT shall be subject to the applicable taxes, plus interests and surcharges, under the NIRC upon the occurrence of any of the following events, subject to the rule on curing period where applicable: (a) failure of a REIT to maintain its status as a public company; (b) failure of a REIT to maintain the listed status of the investor securities on the PSE and the registration of the investor securities by the SEC; (c) failure of a REIT to distribute at least 90% of its Distributable Income; (d) failure of a REIT to list with the PSE within the two-year period from date of initial availment of DST incentive; (e) failure of a REIT to submit the original or certified true copy of the Certification from the SEC that the REIT is compliant with its Reinvestment Plan, duly received by the BIR; revocation or cancellation of the registration of the securities of a REIT; and (f) failure of a REIT to comply with the Certification from the SEC that the REIT is compliant with its Reinvestment Plan which must be submitted by the REIT as an attachment to its Annual Income Tax return and Audited Financial Statements on or before April 15 (or on the 15th day of the 4th month following the close of the fiscal year).

Delisting and its Tax Consequences

In the event that a REIT is delisted from the PSE, whether voluntarily or involuntarily for failure to comply with the provisions of the REIT Law or the rules of the PSE, the tax incentives granted under the REIT Law shall be ipso facto revoked and withdrawn as of the date the delisting becomes final and executory.

Any tax incentive that has been availed of by the REIT thereafter shall be refunded to the Government within 90 days from the date when the delisting becomes final and executory, with the applicable interests and surcharges under the NIRC and Section 19 of the REIT Law.

Upon revocation due to delisting, an assessment notice shall be prepared to recover the deficiency income tax and DST due from a REIT. The deficiency taxes shall immediately become due and demandable and collection thereof shall be enforced in accordance with the provisions of the NIRC.

This shall be without prejudice to the penalties to be imposed by the BIR. If the delisting is for causes highly prejudicial to the interest of the investing public such as violation of the disclosure and related party transactions of the REIT Law or insolvency of the REIT due to mismanagement or misappropriation, conversion, wastage, or dissipation of its corporate assets, the responsible persons shall refund to the REIT's investors at the time of final delisting the book value/acquisition cost of their shares.

Nationality Restriction

The Philippine Constitution and Philippine statutes set forth restrictions on foreign ownership of companies engaged in certain activities.

The ownership of private lands in the Philippines is reserved for Philippine Nationals and Philippine corporations at least 60% of whose capital stock is owned by Philippine Nationals. The prohibition is rooted in Sections 2 3 and 7 of Article XII of the 1987 Philippine Constitution, which states that, save in cases of hereditary succession, no private lands shall be transferred or conveyed except to individuals, corporations or associations qualified to acquire or hold lands of the public domain. In turn, the nationality restriction on the ownership of private lands is further underscored by Commonwealth Act No. 141 which provides that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens.

Furthermore, the Foreign Investments Act and the Eleventh Regular Foreign Investment Negative List categorize the ownership of private lands as a partly-nationalized activity, such that the operation, ownership, or both thereof is partially reserved for Filipinos. Thus, landholding companies may have a maximum of 40% foreign equity.

As of the date of this Prospectus, the Company does not own land. Nevertheless, because the Articles of Incorporation authorizes the Company to acquire land, which may include land in the Philippines, foreign shareholdings in the Company may not exceed 40% of the total issued and outstanding capital stock.

Property Registration

The Philippines has adopted a system of land registration, which evidences land ownership that is binding on all persons. Title to registered lands cannot be lost through possession or prescription. Presidential Decree No. 1529, as amended, otherwise known as the Property Registration Decree, codified the laws relating to land registration to strengthen the Torrens system and streamline and simplify registration proceedings and the issuance of certificates of title.

After proper surveying, application, publication, service of notice and hearing, unregistered land may be brought under the system by virtue of judicial or administrative proceedings. In a judicial proceeding, the Regional Trial Court within whose jurisdiction the land is situated confirms title to the land. Persons opposing the registration may appeal the judgment within 15 days to the Court of Appeals or the Supreme Court. After the lapse of the period of appeal, the Register of Deeds may issue an Original Certificate of Title. The decree of registration may be annulled on the ground of actual fraud within one year from the date of entry of the decree of registration.

Similarly, in an administrative proceeding, the land is granted to an applicant by DENR through issuance of a patent and the patent becomes the basis for issuance of the Original Certificate of Title by the Register of Deeds. All land patents (i.e., homestead, sales and free patent) must be registered with the appropriate registry of deeds since the conveyance of the title to the land covered thereby takes effect only upon such registration.

Any subsequent transfer or encumbrance of the land must be registered in the system in order to bind third persons. Subsequent registration and a new transfer certificate of title in the name of the transferee will be granted upon presentation of certain documents and payment of fees and taxes.

Zoning and Land Use

Land use may be limited by zoning ordinances enacted by local government units. Once enacted, land use may be restricted in accordance with a comprehensive land use plan approved by the relevant local government unit. Lands may be classified under zoning ordinances as commercial, industrial, residential or agricultural. While a procedure for change of allowed land use is available, this process may be lengthy and cumbersome.

Under the agrarian reform law currently in effect in the Philippines and the regulations issued thereunder by the Department of Agrarian Reform ("DAR"), land classified for agricultural purposes as of, or after, June 15, 1988, cannot be converted to non-agricultural use without the prior approval of DAR.

Local Government Code

Republic Act No. 7160, as amended, otherwise known as the Local Government Code ("LGC") establishes the system and powers of provincial, city, municipal, and barangay governments in the country. The LGC general welfare clause states that every local government unit ("LGU") shall exercise the powers expressly granted, those necessarily implied, as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare.

LGUs exercise police power through their respective legislative bodies. Specifically, the LGU, though its legislative body, has the authority to enact such ordinances as it may deem necessary and proper for sanitation and safety, the furtherance of prosperity, and the promotion of morality, peace, good order, comfort, convenience, and general welfare for the locality and its inhabitants. Ordinances can reclassify land, order the closure of business establishments, and require permits and licenses from businesses operating within the territorial jurisdiction of the LGU.

An ordinance may be repealed by a subsequent ordinance expressly repealing or declaring it as invalid. An ordinance may also be repealed by implication by a subsequent ordinance that is inconsistent or contrary, in whole or in part, to the previous ordinance. Under the LGC, the Sangguniang Panlalawigan (provincial council) has the power to review ordinances passed by a component city council and can declare ordinances invalid, in whole or in part, if it finds that the lower council exceeded its authority in enacting the ordinance.

Real Estate Sales on Installments

The provisions of Republic Act No. 6552, or the Maceda Law, apply to all transactions or contracts involving the sale or financing of real estate on installment payments (including residential condominium units but excluding

industrial and commercial lots). Under the provisions of the Maceda Law, where a buyer of real estate has paid at least two years of installments, the buyer is entitled to the following rights in case he/she defaults in the payment of succeeding installments:

To pay, without additional interest, the unpaid installments due within the total grace period earned by him, which is fixed at the rate of one month for every one year of installment payments made. However, the buyer may exercise this right only once every five years during the term of the contract and its extensions, if any.

If the contract is cancelled, the seller shall refund to the buyer the cash surrender value of the payments on the property equivalent to 50% of the total payments made, and in cases where five years of installments have been paid, an additional 5% every year (but with a total not to exceed 90% of the total payments); provided that the actual cancellation of the contract shall take place after 30 days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act and upon full payment of the cash surrender value to the buyer.

Down payments, deposits, or options on the contract shall be included in the computation of the total number of installment payments made.

In the event that the buyer has paid less than two years of installments, the seller shall give the buyer a grace period of not less than 60 days from the date the installment became due. If the buyer fails to pay the installments due at the expiration of the grace period, the seller may cancel the contract after 30 days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act.

Department of Human Settlements and Urban Development Act

Republic Act No. 11201, otherwise known as “Department of Human Settlements and Urban Development Act” was signed by the President on February 14, 2019. The Implementing Rules and Regulations of the Act was approved on July 19, 2019. This Act created DHSUD through the consolidation of HUDCC and HLURB, simultaneously with the reconstitution of HLURB into Human Settlement Adjudication Commission (“HSAC”). The functions of the HUDCC and the planning and regulatory functions of HLURB shall be transferred to and consolidated in the DHSUD, while the HSAC shall assume and continue to perform the adjudication functions of HLURB.

The DHSUD shall:

- Act as the primary national government entity responsible for the management of housing, human settlement and urban development;
- Be the sole and main planning and policy-making, regulatory, program, coordination, and performance monitoring entity for all housing, human settlement and urban development concerns, primarily focusing on the access to an affordability of basic human needs. The following functions of HLURB are transferred to DHSUD:
 - The land use planning and monitoring function, including the imposition of penalties for noncompliance to ensure that LGUs will follow the planning guidelines and implement their CLUPs and ZOs;
 - The regulatory function, including the formulation, promulgation, and enforcement of rules, standards and guidelines over subdivisions, condominiums and similar real estate developments, and imposition of fines and other administrative sanctions for violations, pursuant to PD 957, as amended, BP 220 and other related laws; and
 - The registration, regulation and supervision of Homeowners Associations, including the imposition of fines for violations, pursuant to RA 9904, Section 26 of RA 8763 in relation to Executive Order No. (EO) 535, series of 1979, and other related laws; and

The adjudicatory mandate of the HLURB

Develop and adopt a national strategy to immediately address the provision of adequate and affordable housing to all Filipinos, and ensure the alignment of the policies, programs, and projects of all its attached agencies to facilitate the achievement of this objective.

All existing policies, and rules and regulations of the HUDCC and the HLURB shall continue to remain in full force and effect unless subsequently revoked, modified or amended by the DHSUD or the HSAC, as the case may be.

All applications for permits, licenses and other issuances pending upon the effectivity of the Act and filed during the transition period shall continue to be acted upon by the incumbents until transition shall have been completed.

All cases and appeals pending with the HLURB shall continue to be acted upon by the HLURB Arbiters and the Board of Commissioners, respectively, until transition shall have been completed and the Commission's operations are in place. Thereafter, the Regional Adjudicators and the Commission shall correspondingly assume jurisdiction over those cases and appeals. All decisions of the Commission shall thenceforth be appealable to the Court of Appeals under Rule 43 of the Rules of Court.

The transition period shall commence upon the effectivity of the Implementing Rules and Regulations and shall end on December 31, 2019. Thereafter, the Act shall be in full force and effect.

Fire Code

Republic Act No. 9514, or the Fire Code of the Philippines ("R.A. 9514"), aims to ensure public safety and prevent and suppress all kinds of destructive fires. It provides that building owners or administrators must comply with the following:

- Inspection requirements;
- Safety measures for hazardous materials;
- Safety measures for hazardous operation/processes;
- Provision on fire safety construction, protective and warning system; and
- Abatement of fire hazards.

In addition, R.A. 9514 provides for penalties for violation of its provisions.

Real Property Taxation

Real property taxes are payable annually based on the property's assessed value. Under the LGC, the assessed value of property and improvements vary depending on the location, use and the nature of the property. An additional special education fund tax of 1% of the assessed value of the property may also be levied annually by the local government unit. The basic real property tax and any other tax levied on real property constitute a lien on the property subject to tax, superior to all liens, charges or encumbrances in favor of any person, irrespective of the owner or possessor thereof, enforceable by administrative or judicial action, and may only be extinguished upon payment of the tax and the related interests and expenses. Should the reasonableness or correctness of the amount assessed be questioned, a protest in writing may be filed with the treasurer of the local government unit, but the taxpayer must first pay the tax, and the tax receipts shall be annotated with the words "paid under protest."

Special Economic Zone Act

The State recognizes the indispensable role of the private sector and encourages the growth of private enterprise by providing incentives to needed investments.

The Philippine Economic Zone Authority ("PEZA"), is a government corporation that operates, administers and manages designated special Ecozones around the country. Ecozones, which are generally created by proclamation of the President of the Philippines subject to the evaluation and recommendation of PEZA, are areas earmarked by the Government for development into balanced agricultural, industrial, commercial, and tourist /recreational regions.

An Ecozone may contain any or all of the following: industrial estates, export processing zones, free trade zones, and tourist/recreational centers. Under R.A. No. 7916, as amended (the "Special Economic Zone Act of 1995"), an Ecozone enterprise, on the other hand, includes, among others, export enterprises, domestic market enterprises, pioneer enterprises, facilities enterprises, and developers or operators. Generally, enterprises

registered with PEZA and PEZA facility developers and operators enjoy fiscal and non-fiscal incentives such as an income tax holiday, and duty-free importation of equipment, machinery, and raw materials. In order to avail of such incentives however, enterprises are required to comply with the obligations under the Special Economic Zone Act of 1995 as well as directives PEZA may issue and conditions stipulated in the registration. Further, there are reportorial requirements to comply with such as the submission of financial documents (Audited Financial Statements, Income Tax Returns).

An Ecozone developer or operator refers to a business entity or concern duly registered with or licensed by PEZA to develop, operate, and maintain an Ecozone or any or all of the component industrial estates, export processing zones, free trade zones, or tourist or recreational centers and the required infrastructure facilities and utilities such as light and power systems, water supply and distribution systems, sewerage and drainage systems, pollution control devices, communication facilities, paved road networks, administration buildings, and other facilities as may be required by PEZA. An Ecozone developer or operator may be an information technology park developer or operator, among other types of developers or operators.

LABOR LAWS

The Philippine Constitution

The Philippine Constitution provides that the State shall regulate the relations between workers and employers, recognizing the right of labor to its just share in the fruits of production and the right of enterprises to reasonable returns on investments, and to expansion and growth. The seven basic rights that are specifically guaranteed by the Philippine Constitution are as follows:

- Right to organize;
- Right to conduct collective bargaining or negotiation with management;
- Right to engage in peaceful concerted activities, including strikes in accordance with law;
- Right to enjoy security of tenure;
- Right to work under humane conditions;
- Right to receive a living wage; and
- Right to participate in policy and decision-making processes affecting their rights and benefits as may be provided by law.

Labor Code of the Philippines

The Department of Labor and Employment or DOLE is the Philippine government agency mandated to formulate policies, implement programs and services, and serves as the policy-coordinating arm of the Executive Branch in the field of labor and employment. The DOLE has exclusive authority in the administration and enforcement of labor and employment laws such as Presidential Decree No. 442, as amended, or the Labor Code of the Philippines ("Labor Code") and the Occupational Safety and Health Standards, as amended, and such other laws as specifically assigned to it or to the Secretary of the DOLE.

The Labor Code seeks to protect labor, promote full employment, ensure equal opportunities regardless of sex, race, or creed and regulate the relations between workers and employers. All doubts in the implementation and interpretation of the provisions of the Labor Code shall be resolved in favor of labor.

The Labor Code and other statutory laws specify the minimum statutory benefits that employers are required to grant to their employees.

Retirement Benefits

All employees are entitled to receive retirement benefits that they have earned upon retirement under existing laws or collective bargaining agreements. An employee's retirement benefits under a collective bargaining agreement and other agreements must not be less than those provided under the Labor Code. In the absence of a retirement plan or agreement providing for retirement benefits of employees, an employee, upon reaching the age of 60 years or more, but not beyond 65 years, who has served at least five years in the establishment, may retire and shall be entitled to retirement pay equivalent to at least $\frac{1}{2}$ month salary for every year of service with a fraction of at least six months being considered as one whole year. For the purpose of computing the retirement pay, "one-half month's salary" shall include all of the following: 15 days salary based on the latest

salary rate; in addition, one-twelfth (1/12) of the thirteenth month pay and the cash equivalent of five days of service incentive leave pay. Other benefits may be included in the computation of the retirement pay upon agreement of the employer and the employee or if provided in a collective bargaining agreement.

Social Security System or the Social Security Law

On March 15, 2019, Republic Act No. 11199, otherwise known as the Social Security Act of 2018 took effect, rationalizing and expanding the powers and duties of the Social Security Commission to ensure the long-term viability of the Social Security System, effectively repealing Republic Act No. 1161, as amended by Republic Act No. 8282. The Social Security Act of 2018 rationalizes the organization of the Social Security System, mandating it to function and operate as an independent and accountable government-owned and-controlled corporation. The system is a security program that provides financial benefits to qualified members in cases of contingencies such as retirement, disability, death, sickness, maternity and other employment-related injury. All employees, including domestic workers not over 60 years of age are automatically covered by the SSS. Under this law, an employer must deduct from its employees their monthly contributions based on a given schedule, pay its share of contribution and remit these to the SSS within a period set by law and/or SSS regulations. Every employer required to deduct and to remit the contributions shall be liable for the payment of a penalty in addition to the contributions, if any of the contributions are not remitted to the SSS, and shall also be held criminally liable.

National Health Insurance Act

This act provides for the National Health Insurance Program of the Philippines, administered by the Philippine Health Insurance Corporation ("PhilHealth"), a government corporation under the Department of Health ("DOH"). It provides for universal and compulsory health insurance coverage and it ensures affordable, acceptable, available and accessible health care services for all Filipino citizens. The law provides that a member should have paid his contributions for at least three months within the six months prior to the first day of availment, including those of his dependents, to be entitled to the benefits of the program.

On March 8, 2019, Republic Act No. 11223 otherwise known as the Universal Health Care Law took effect.

Home Development Mutual Fund

The Home Development Mutual Fund, otherwise known as Pag-IBIG Fund and currently governed by Republic Act No. 9679, is a savings system for employees and other earning groups, supported by matching mandatory contributions from the employer with housing as the primary investment. All employees covered by the SSS and the Government Service Insurance System are mandatorily covered by this law. The basis of the corresponding contributions of both the employer and the employee is the employee's monthly compensation.

Workers' Health and Safety

The Rules for Occupational Safety and Health Standards ("OSHS") issued by the Bureau of Working Conditions of the DOLE establishes the threshold limit values ("TLV") for toxic and carcinogenic substances which may be present in the atmosphere of the work environment. The TLV refer to airborne concentration of substances and represent the conditions under which it is believed that nearly all workers may be repeatedly exposed daily without adverse effect. The TLV also pertains to the time weighted concentrations for an eight-hour workday and a total of 48 work hours per week.

The employees' exposure to the substances identified in the OSHS must be limited to the ceiling value given for the relevant substance in the OSHS, or must not exceed the eight-hour time weighted average limit given for that substance in the OSHS, as the case may be.

To protect the employees, an employer is required to furnish its workers with protective equipment for the eyes, face, hands, and feet as well as protective shields and barriers, whenever necessary, by reason of the hazardous nature of the process or environment, chemical or radiological or other mechanical irritants or hazards capable of causing injury or impairment in the function of any part of the body through absorption, inhalation, or physical contact. The employer is responsible for ensuring the adequacy and proper maintenance of personal protective equipment used in its workplace.

To ensure compliance with the OSHS, every establishment or place of employment will be inspected at least

once a year. Special inspection visits may be authorized by the Regional Labor Office to investigate accidents, occupational illnesses or dangerous occurrences, especially those resulting in permanent total disability or death, to conduct surveys of working conditions for the purpose of evaluating and assessing environmental contaminants and physical conditions, or to conduct investigations, inspections or follow-up inspections upon request of an employer, worker or a labor union of the establishment.

Any violation of the provisions of the OSHS will be subject to the applicable penalties provided under Department of Labor and Employment Department Order No. 198-18 and imposable upon any employer, contractor, or subcontractor who willfully fails or refuses to comply with the OSHS standards or a compliance order issued by the Secretary of Labor and Employment or his/her authorized representative.

Depending on the size of the workforce and the nature of the work place as either hazardous or non-hazardous, an employer is obliged to provide certain free medical and dental attendance and facilities. For large-scale industries with workers of 200 to 600, the employer is required to provide the services of a part-time occupational health physician and a part-time dentist, each of whom is required to stay on the premises of the workplace at least five times a day, six times a week, and each working in alternate periods. It is also required to provide the services of a full-time occupational health nurse and a full-time first aider. The employer must further maintain an emergency clinic, unless there is a hospital or dental clinic within 25 minutes of travel, and ensure that it has facilities readily available for transporting its workers to the hospital or clinic in case of an emergency.

Under the OSHS, every place of employment is required to have a health and safety committee. Further, the employer has the duty to write administrative policies on safety in conformity with OSHS. It must provide to DOLE copies of the policies adopted and the health and safety organization established to carry out the program on safety and health within one month after the organization or reorganization of the health and safety committee.

Moreover, Republic Act No. 7877 makes it the duty of every employer to create a committee on decorum and investigation of sexual harassment cases. Such committee must be composed of at least one representative each from management, the union, the employees from the supervisory rank, and the rank-and-file employees. In addition, it is likewise the duty of the employer to promulgate rules and regulations prescribing the procedure for the investigation of sexual harassment cases and the administrative sanctions therefor, which rules must be formulated in consultation with, and approved by, the employees.

Other Labor-Related Laws and Regulations

Contracting and Subcontracting

The Labor Code recognizes subcontracting arrangements, whereby a principal puts out or farms out with a contractor the performance or completion of a specific job, work, or service within a definite or predetermined period, regardless of whether such job, work, or service is to be performed or completed within or outside the premises of the principal. Such arrangements involve a “trilateral relationship” among: (i) the principal who decides to farm out a job, work, or service to a contractor; (ii) the contractor who has the capacity to independently undertake the performance of the job, work, or service; and (iii) the contractual workers engaged by the contractor to accomplish the job, work, or service.

On March 16, 2017, the DOLE issued DOLE Department Order No. 174-17 or Rules Implementing Articles 106 to 109 of the Labor Code, as Amended (“D.O. No 174-17”), under the principle that non-permissible forms of contracting and subcontracting arrangements undermine the constitutional and statutory right to security of tenure of workers. D.O. No 174-17 empowered the Secretary of Labor and Employment to regulate contracting and subcontracting arrangements by absolutely prohibiting labor-only contracting, and restricting job contracting allowed under the provisions of the Labor Code. Labor-only contracting refers to an arrangement where the contractor or subcontractor merely recruits, supplies, or places workers to perform a job or work for a principal, and the contractor or subcontractor does not have substantial capital, or the contractor or subcontractor does not exercise the right to control over the performance of the work of the employee. D.O. No. 174-17 expressly requires the registration of contractors with the Regional Office of the DOLE where it principally operates, without which, a presumption that the contractor is engaged in labor-only contracting arises.

D.O. No. 174-17 provides that in the event that there is a finding that the contractor or subcontractor is engaged in labor-only contracting and other illicit forms of employment arrangements, the principal shall be deemed the direct employer of the contractor’s or subcontractor’s employees. Further, in the event of violation of any

provision of the Labor Code, including the failure to pay wages, there exists a liability on the part of the principal and the contractor for purposes of enforcing the provisions of the Labor Code and other social legislation, to the extent of the work performed under the employment contract.

On May 2, 2018, President Rodrigo Duterte signed Executive Order No. 51, reiterating the prohibition of the practice of illegal contracting or subcontracting in the country. The executive order aims to protect the worker's right to security of tenure, self-organization, and collective bargaining and peaceful concerted activities.

Employment of Foreign Nationals

Under Department Order No. 186, Series of 2017 ("D.O. No. 186-17"), issued by the DOLE, all foreign nationals who intend to engage in gainful employment in the Philippines shall apply for an Alien Employment Permit ("AEP"). However, D.O. No. 186-17 clarifies that an AEP is not an exclusive authority for a foreign national to work in the Philippines. It is just one of the requirements in the issuance of a work visa (9g) to legally engage in gainful employment in the country. The foreign national must obtain the required special temporary permit from the Professional Regulation Commission in case the employment involves practice of profession and Authority to Employ Alien from the Department of Justice where the employment is in a nationalized or partially nationalized industry, as well as from the Department of Environment and Natural Resources in case of employment in a mining company.

D.O. No. 186-17 also provides for the list of foreign nationals who are exempt and excluded from securing an AEP.

Under D.O. No. 186-17, the Regional Director shall impose a fine of ₱10,000.00 for every year or a fraction thereof to foreign nationals found working without a valid AEP. Employers found employing foreign nationals without a valid AEP shall also pay a fine of ₱10,000.00 for every year or a fraction thereof. Further, an employer who is found to have failed to pay the penalty provided under D.O. No. 186-2017 shall not be allowed to employ any foreign national for any position in the employer's company.

DOLE Mandated Work-Related Programs

Under the Comprehensive Dangerous Drugs Act, a national drug abuse prevention program implemented by the DOLE must be adopted by private companies with 10 or more employees. For this purpose, employers must adopt and establish company policies and programs against drug use in the workplace in close consultation and coordination with the DOLE, labor and employer organizations, human resource development managers and other such private sector organizations. DOLE Department Order No. 053-03 sets out the guidelines for the implementation of Drug-Free Workplace policies and programs for the private sector.

The employer or the head of the work-related, educational or training environment or institution, also has the duty to prevent or deter the commission of acts of sexual harassment and to provide the procedures for the resolution, settlement or prosecution of such cases. Under the Anti-Sexual Harassment Act, the employer will be solidarity liable for damages arising from the acts of sexual harassment committed in the workplace if the employer is informed of such acts by the offended party and no immediate action is taken. Notwithstanding, the victim of sexual harassment is not precluded from instituting a separate and independent action for damages and other affirmative relief. Any person who violates the provisions of this law shall, upon conviction, be penalized by imprisonment of not less than one month nor more than six months, or a fine of not less than ₱10,000 nor more than ₱20,000, or both such fine and imprisonment, at the discretion of the court. Any action arising from the violation of the provisions of this law shall prescribe in three years.

Moreover, Department Order No. 102-10 requires all private workplaces to have a policy on HIV and AIDS and to implement a workplace program in accordance with the Philippines AIDS Prevention and Control Act. The workplace policies aim to manage sensitive issues, such as confidentiality of medical information and continuation of employment for HIV-positive staff, and to avoid the discrimination of any employee due to HIV/AIDS. Any HIV/AIDS-related information of workers should be kept strictly confidential and kept only on medical files, whereby access to it are strictly limited to medical personnel. All private workplaces are also required to establish policies and programs on solo parenting, Hepatitis B, and tuberculosis prevention and control.

ENVIRONMENTAL LAWS

Environmental Impact Statement System

Real estate development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an Environmental Compliance Certificate (“ECC”) prior to commencement. DENR, through its regional offices or through the Philippine Environmental Management Bureau (“EMB”), determines whether a project is environmentally critical or located in an environmentally critical area. As a requisite for the issuance of an ECC, an environmentally critical project is required to submit an Environmental Impact Statement (“EIS”) to the EMB. A project in an environmentally critical area is generally required to submit an Initial Environmental Examination (“IEE”) to the proper DENR regional office.

The issuance of an ECC is a government certification that the proposed project or undertaking will not cause a significant negative environmental impact, that the proponent has complied with all the requirements of the EIS System and that the proponent is committed to implement its approved environmental management plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein.

Project proponents that prepare an EIS are mandated to include a commitment to establish an Environmental Monitoring Fund (“EMF”) when an ECC is eventually issued. In any case, the establishment of an EMF must not be later than the initial construction phase of the project. The EMF shall be used to support the activities of a multi-partite monitoring team, which will be organized to monitor compliance with the ECC and applicable laws, rules, and regulations.

Aside from the EIS and IEE, engineering geological and geo-hazard assessments are also required for ECC applications covering subdivisions, housing and other land development and infrastructure projects.

Philippine Clean Water Act

In 2004, Republic Act No. 9275, or the “Philippine Clean Water Act of 2004,” was enacted to streamline processes and procedures in the prevention, control, and abatement of pollution in the country’s water resources and provide for a comprehensive water pollution management program focused on pollution prevention. The law primarily applies to the abatement and control of water pollution from land-based sources. The EMB, in partnership with other Philippine government agencies and the respective local government units, is tasked by the Implementing Rules of the Clean Water Act to identify existing sources of water pollutants and strictly monitor pollution sources which are not in compliance with the effluent standards provided in the law. The Philippine Clean Water Act also authorizes the DENR to formulate water quality criteria and standards for oil and gas exploration which encounter re-injection constraints.

The Clean Water Act requires owners or operators of facilities that discharge regulated effluents (such as wastewater from manufacturing plants or other commercial facilities) to secure a discharge permit from the DENR which authorizes the owners and operators to discharge waste and/or pollutants of specified concentration and volumes from their facilities into a body of water or land resource for a specified period of time.

Ecological Solid Waste Management Act

Republic Act No. 9003, or the Ecological Solid Waste Management Act of 2000, provides for the proper management of solid waste which includes discarded commercial waste and non-hazardous institutional and industrial waste. The said law prohibits, among others, the transporting and dumping of collected solid wastes in areas other than prescribed centers and facilities. The same law mandates all, especially, the local government units, to adopt a systematic, comprehensive and ecological solid waste management program which shall ensure protection of public health and environment, utilize environmentally sound methods, set targets and guidelines for solid waste avoidance and reduction, and ensure proper segregation, collection, transport and storage of solid waste.

The National Solid Waste Management Commission, together with other government agencies and the different local government units, are responsible for the implementation and enforcement of the said law.

Philippine Clean Air Act

Republic Act No. 8749, also known as the Philippine Clean Air Act of 1999 (the “Clean Air Act”) provides for

specific emission standards for stationary sources of air pollution, for motor vehicles, and other sources. It also sets specifications for fuel and fuel-related substances; bans incineration; provides for phasing-out of ozone-depleting substances; reduction and elimination of greenhouse gas emissions and persistent organic pollutants; and proper handling of radioactive emissions. To implement the foregoing, the Clean Air Act requires establishments with machinery or equipment that are sources of regulated air pollutants to obtain a permit to operate from the EMB. This permit is valid for one year, renewable at least 30 days prior to its expiration date. The permits issued by DENR shall state the limitations for regulated air pollutants to achieve and maintain air quality standards.

Republic Act No. 9275, also known as the Philippine Clean Water Act of 2004 (the “Clean Water Act”) applies to water quality management in all bodies of water.

DENR implements a wastewater charge system in all management areas. DENR requires owners or operators of facilities that discharge regulated effluents to secure a permit to discharge. This permit for the discharge of effluents shall state the quality and quantity of effluent that the facilities are allowed to discharge into a particular body of water, compliance schedule and monitoring requirement.

The EMB, in partnership with other Philippine government agencies and the respective local government units, is tasked by the Implementing Rules of the Clean Water Act to identify existing sources of water pollutants and strictly monitor pollution sources which are not in compliance with the effluent standards provided in the law. In addition, they have the right to (a) enter any premises or have access to documents and relevant materials; (b) inspect any pollution or waste source, control device, monitoring equipment or method required; and (c) test any discharge. If there is fish kill, the Department of Agriculture may also enter the establishment reported to have caused the incident.

Toxic Substances and Hazardous and Nuclear Wastes Control Act

DENR, through its authority granted by Republic Act No. 6969, or the Toxic Substances and Hazardous and Nuclear Wastes Act, is mandated to regulate, restrict or prohibit the importation, manufacture, processing, sale, distribution, use and disposal of chemical substances and mixtures that present unreasonable risk and/or injury to health or the environment. Entities that generate or produce hazardous wastes must register as Hazardous Waste Generators with the EMB Regional Office having jurisdiction over the location of the waste generator and submit quarterly reports to DENR specifying the type and quantity of hazardous waste generated, produced or transported outside, and such other information as may be required.

OTHER RELEVANT LAWS

Anti-Money Laundering Act

Republic Act No. 9160, otherwise known as the “Anti-Money Laundering Act of 2001” (“AMLA”) was enacted to ensure that the Philippines shall not be a money laundering site for the proceeds of any unlawful activity. The AMLA provides a list of covered persons that are required to register with the Anti-Money Laundering Council (“AMLC”). Under Republic Act No. 9160, trust entities are covered persons. Under Republic Act No. 11521, which recently expanded the list of covered persons, real estate developers and brokers are now included in the list of covered persons. Thus, the Company, as well as Ayala Land and its relevant subsidiaries engaged in development of land for sale and/or lease are covered persons.

The AMLA requires covered persons to report covered and suspicious transactions to the AMLC. In general, a covered transaction is a transaction in cash or other equivalent monetary instrument involving a total amount in excess of Five Hundred Thousand Pesos (₱500,000.00) within one (1) banking day. For real estate developers and brokers, a covered transaction is a single cash transaction involving an amount in excess of Seven Million Five Hundred Thousand Pesos (₱7,500,000.00). Suspicious transactions are transactions with covered persons, regardless of the amounts involved, where any of the following circumstances exist:

1. There is no underlying legal or trade obligation, purpose or economic justification;
2. The client is not properly identified;
3. The amount involved is not commensurate with the business or financial capacity of the client;
4. Taking into account all known circumstances, it may be perceived that the client's transaction is structured in order to avoid being the subject of reporting requirements

- under the AMLA;
5. Any circumstance relating to the transaction which is observed to deviate from the profile of the client and/or the client's past transactions with the covered person;
 6. The transaction is in any way related to an unlawful activity or offense under the AMLA that is about to be, is being or has been committed; or
 7. Any transaction that is similar or analogous to any of the foregoing.

The Company, AREIT Fund Managers, Inc., Ayala Land and its relevant subsidiaries have been taking steps to ensure compliance with AMLC rules.

Data Privacy Act

The Philippines government enacted legislation with the aim to protect the fundamental human right to privacy while ensuring the free flow of information. Republic Act No. 10173, or the “Data Privacy Act of 2012,” applies to processing of all types of information, whether that be of individuals or legal entities, except for publicly available information, or those required for public functions. The law provides that when an entity collects personal data, the purpose and extent of processing of such information collected must be legitimate and declared specifically to the owner of the personal information (i.e., whether such information will be used for marketing, data-sharing and the like), and that consent must be obtained from the owner. This requirement applies to all data collectors and data processors. The term “data collector” refers to a natural or juridical person who controls or supervises the person collecting, storing, or processing the relevant personal information, while the term “data processors” refers to a natural or juridical person who processes the information, whether or not outsourced by the data collector.

Personal information that is collected must be retained only for a reasonable period of time. Such a reasonable period of time is the reasonable amount of time the collector needs the information for its purposes, and the collector must notify the owner of the personal information of that duration. The data collector must implement appropriate measures for the storage and protection of the collected personal information from accidental alteration, destruction, disclosure and unlawful processing. Furthermore, the data controller must assign compliance officer(s) to ensure compliance with the provisions of the data privacy law and its accompanying implementing rules and regulations.

Philippine Competition Act

Republic Act No. 10667 or the Philippine Competition Act (“PCA”) authorizes the Philippine Competition Commission or the PCC to review mergers and acquisitions to ensure compliance with the PCA. The PCA, its Implementing Rules and Regulations, as amended, and the Rules on Merger Procedure (collectively, the “Merger Rules”) provide for mandatory notification to the PCC of any merger or acquisition within 30 days of signing any definitive agreement relating to the transaction, where the transaction value exceeds ₱2.2 billion; and where the size of the ultimate parent entity, including the entities directly or indirectly controlled by the ultimate parent entity of either party exceeds ₱5.6 billion. Parties may not consummate a notifiable transaction prior to receiving PCC approval or the lapse of the period stated in the Merger Rules. A merger or acquisition that meets the thresholds under the Merger Rules but was not notified to the PCC, or notified but consummated, in whole or in part, prior to the expiration of the waiting period, is considered void and will subject the parties to a fine ranging from 1% to 5% of the value of the transaction. Anti-competitive agreements, as defined under the law, are subject to penalties that include: (a) a fine of not less than ₱50 million but not more than ₱250 million; and (b) imprisonment for two to seven years for directors and management personnel who knowingly and wilfully participate in such criminal offenses. Administrative fines of ₱100 million to ₱250 million may be imposed on entities that engage in anti- competitive agreements, abuse their dominant position and conclude prohibited mergers and acquisitions. Treble damages may be imposed where the violation involves the trade or movement of basic necessities and prime commodities.

Section 4(eee) of Republic Act No. 11494 or the Bayanihan 2 Act exempts from compulsory notification all mergers and acquisitions with transaction values below ₱50 billion if entered into within two years from the effectivity of Bayanihan 2 Act, or from September 152020. A transaction is considered “entered into” upon signing by the parties of the definitive agreement.

Under the PCC Resolution No. 22-2020 adopting the rules implementing Section 4 (eee) of the Bayanihan 2 Act, mergers and acquisitions shall still be subject to compulsory notification when:

- a. both the transaction value and the size of the ultimate parent entity of either party is at least ₱50 billion; and
- b. the transaction is entered into prior to the effectivity of the Bayanihan 2 Act and exceeds the thresholds applicable.

Additionally, the Bayanihan Act 2 suspends PCC's power to motu proprio review mergers and acquisitions for one year from the effectivity of the law. However, transactions entered into prior to the effectivity of the Bayanihan 2 Act which has not yet been reviewed by the PCC; and transactions pending review by the PCC prior to the effectivity of the Bayanihan 2 Act shall not be covered by the exemption from the PCC's power to review transactions motu proprio. Further, mergers and acquisitions entered into during the effectivity of the Bayanihan 2 Act may still be reviewed by the PCC motu proprio after one year from the effectivity of the law.

Any voluntary notification shall constitute a waiver to the exemption from review.

Revised Corporation Code

Republic Act No. 11232 or the Revised Corporation Code ("Revised Corporation Code") was signed into law on February 20, 2019 and became effective on March 8, 2019. Among the salient features of the Revised Corporation Code are:

- corporations are granted perpetual existence, unless the articles of incorporation provide otherwise. Perpetual existence shall also benefit corporations whose certificates of incorporation were issued before the effectivity of the Code, unless a corporation, upon a vote of majority of the stockholders of the outstanding capital stock notifies the SEC that it elects to retain its specific corporate term under its current Articles of Incorporation.
- the Code allows the creation of a "One Person Corporation" ("OPC"), which is a corporation composed of a single stockholder, provided that, only natural person, trust or an estate may form such. No minimum authorized capital stock is also required for an OPC, unless provided for under special laws.
- material contracts between the corporation and its own directors, trustees, officers, or their spouses and relatives within the fourth civil degree of consanguinity or affinity must be approved by at least 2/3 of the entire membership of the Board, with at least a majority of the independent directors voting to approve the same.
- the right of stockholders to vote in the election of directors or trustees, or in shareholders meetings, may now be done through remote communication or in absentia if authorized by the corporate by-laws. However, as to corporations vested with public interest, these votes are deemed available, even if not expressly stated in the corporate by-laws. The shareholders who participate through remote communication or in absentia are deemed present for purposes of quorum. When attendance, participation and voting are allowed by remote communication or in absentia, the notice of meetings to the stockholders must state the requirements and procedures to be followed when a stockholder or member elects either option; and
- in case of transfer of shares of listed companies, the SEC may require that these corporations whose securities are traded in trading markets and which can reasonably demonstrate their capability to do so, to issue their securities or shares of stock in uncertificated or scripless form in accordance with the Rules of the SEC.

The Revised Corporation Code refers to the PCA in case of covered transactions under said law involving the sale, lease, exchange, mortgage, pledge, or disposition of properties or assets; increase or decrease in the capital stock, incurring creating or increasing bonded indebtedness; or mergers or consolidations covered by the PCA thresholds.

PHILIPPINE TAXATION

The following is a discussion of the material Philippine tax consequences of the acquisition, ownership and disposition of the Securities based on the laws in force as of the date of this Prospectus and are subject to any changes in law occurring after such date. This general description does not purport to be a comprehensive description of the Philippine tax aspects of the Securities and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing of the Securities under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequence in light of particular situations of acquiring, owning, holding and disposing of the Debt Securities in such other jurisdictions. This discussion is based upon laws, regulations, rulings, and income tax conventions (treaties) in effect at the date of this Prospectus.

The tax treatment of a holder of Debt Securities may vary depending upon such holder's particular situation, and certain holders may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to a Bondholder.

PROSPECTIVE PURCHASERS OF THE DEBT SECURITIES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF A SECURITY, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS.

The following is a general description of certain Philippine tax aspects of the Debt Securities. It is based on the present provisions of the Tax Code, the regulations promulgated thereunder and judicial and ruling authorities in force as of the date of this Prospectus, all of which are subject to changes occurring after such date, which changes could be made on a retroactive basis.

As used in this section, the term "resident foreign individual" refers to an individual whose residence is within the Philippines and who is not a citizen thereof. A "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien doing business in the Philippines," otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a "non-resident alien not doing business in the Philippines." A "domestic corporation" is created or organized under the laws of the Philippines while a "resident foreign corporation" is a foreign corporation engaged in trade or business in the Philippines. A "non-resident foreign corporation" is a foreign corporation not engaged in trade or business within the Philippines.

TAXATION OF INTEREST

Interest-bearing obligations of Philippine residents are Philippine-sourced income subject to Philippine income tax. Interest income derived by Philippine citizens, resident foreign individuals, domestic corporations, and resident foreign corporations from the Debt Securities is subject to income tax at the rate of 20%. Generally, interest on bonds or other deposit substitutes received by non-resident foreign individuals engaged in trade or business in the Philippines is subject to a 20% withholding tax while that received by non-resident foreign individuals not engaged in trade or business is taxed at the rate of 25%. Interest income derived by non-resident foreign corporations from the bonds or other deposit substitutes is subject to income tax at the rate of 25% upon the effectivity of the CREATE Act. The income tax is withheld at source and constitutes a final settlement of Philippine income tax liability with respect to such interest.

The foregoing rates may be subject to further reduction by any applicable tax treaties in force between the Philippines and the country of residence of the non-resident Bondholder. Most tax treaties to which the Philippines is a party generally provide for a reduced tax rate of 15% in cases where the interest arises in the Philippines and is paid to a resident of the other contracting state. However, most tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the interest who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant interest-bearing instrument is effectively connected with such permanent establishment.

TAX EXEMPT STATUS

Bondholders who are exempt from, are not subject to final withholding tax, or are subject to a lower rate of final withholding tax on interest income may avail of such exemption or preferential withholding tax rate by submitting the necessary documents. Said Bondholder shall submit the following requirements, in form and substance

prescribed by the Issuer, to the Registrar or to the Underwriter or selling agents (together with their completed Application to Purchase) who shall then forward the same to the Registrar:

- (i) A copy of the current and valid tax exemption certificate, ruling or opinion issued by the BIR (dated no earlier than required to be considered valid under applicable tax regulations at the relevant time), addressed to the Security Holder, confirming the exemption or preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014 including any clarification, supplement or amendment thereto, and certified by the Corporate Secretary of the Security Holder as being a true copy of the original on file with the Security Holder, which notarized certification indicates that:
 - (a) the exemption certificate is a true copy of the original;
 - (b) the original is in the possession of the Corporate Secretary of the Security Holder as the duly authorized custodian of the same; and
 - (c) the Corporate Secretary of the Security Holder has personal knowledge based on his official functions of any amendment, revocation, expiration, change or any circumstance affecting said certification's validity, or a copy of the law of the country of domicile allowing a deemed paid tax credit in an amount equivalent to the 15% spared or waived by the Philippines duly authenticated by the Philippine embassy or, for countries that are members to the Apostille Convention, an apostilled copy of the law of the country of domicile which apostilled or authenticated copy shall be valid for one year from the date of issuance;
- (ii) With respect to tax treaty relief:
 - (a) prior to the payment of the initial interest due:
 - i. three (3) originals of the submitted BIR Form 0901-I (Interest Income) or Application Form for Treaty Purposes filed by the Security Holder or, if the Security Holder is a fiscally transparent entity, each of the Security Holder's owners or beneficiaries with the proof of receipt by the concerned office of the Bureau of Internal Revenue, as required under Revenue Memorandum Order No. 14-2021;
 - ii. one (1) original of the valid and existing tax residency certificate duly issued by the respective foreign tax authority of the country of residence of the Security Holder or, if the Security Holder is a fiscally transparent entity, the country of residence of each of the Security Holder's owners or beneficiaries in the form acceptable for recognition under Philippine laws;
 - iii. the relevant provision of the tax treaty providing for the claimed tax exemption or preferential tax rate, in a form acceptable to the Issuer; and
 - iv. if executed outside of the Philippines, three (3) originals of the duly notarized, consularized or apostilled (as the case may be), Special Power of Attorney executed by the Security Holder or the Security Holder's owners or beneficiaries, as may be applicable, in favor of the authorized representative (if the Application Form for Treaty Purposes and other documents are accomplished by an authorized representative) and confirmation acceptable to the Issuer that the Security Holder or the Security Holder's owners or beneficiaries, as may be applicable, is/are not doing business in the Philippines to support the applicability of a tax treaty relief; and
 - (b) prior to the payment of subsequent interests due:
 - i. three (3) originals of the submitted new or updated BIR Form 0901-I (Interest Income) or Application Form for Treaty Purposes, as the Issuer deems applicable;
 - ii. one (1) original of the valid and existing tax residency certificate duly issued by the respective foreign tax authority of the country of residence of the Security Holder or, if the Security Holder is a fiscally transparent entity, the country of residence of each of the Security Holder's owners or beneficiaries in the form acceptable for recognition under Philippine laws, if the validity period of the previously issued tax residency certificate has already lapsed; and

- (c) other additional documents as may be required by the Issuer or pursuant to applicable tax regulations, which shall be submitted by the Security Holder/Registrar to the Issuer no later than the first day of the month when such initial or subsequent interest payment/s shall fall due and, if applicable, including any clarification, supplement or amendment thereto;
- (iii) a letter addressed to the Issuer and the Registrar, requesting both the Issuer and the Registrar not to make any withholding on said Security Holder's interest income;
- (iv) A duly notarized undertaking (in the form attached as Schedule 4 of the Trust Indenture) executed by:
 - (a) the Corporate Secretary of the Security Holder or any authorized representative of the Security Holder, who has personal knowledge of the exemption based on his official functions, if the Security Holder purchases the bonds or other deposit substitutes for its account; or
 - (b) the Trust Officer, if the Security Holder is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the bonds or other deposit substitutes pursuant to its management of tax-exempt entities (i.e. Employee Retirement Fund, etc.), declaring and warranting that the same Security Holder named in the tax exemption certificate described in (1) above, is specifically exempt from the relevant tax or is specifically subject to a preferential tax rate for the relevant tax, and undertaking to immediately notify the Issuer and the Registrar and Paying Agent of any suspension or revocation or modification of its tax exemption or treaty privileges and agreeing to indemnify and hold the Issuer and the Registrar and Paying Agent free and harmless against any claims, actions, suits, and liabilities arising from the non-withholding or reduced withholding of the required tax; and
- (v) Such other documentary requirements as may be reasonably required by the Issuer or the Registrar or Paying Agent, or as may be required under applicable regulations of the relevant taxing or other authorities, which for purposes of claiming tax treaty relief, as required under BIR Revenue Memorandum Order No. 14-2021, including a copy of the duly submitted Application Form for Treaty Purposes, a valid and existing tax residency certificate duly issued by the respective foreign tax authority of the country of residence of the Security Holder or, if the Security Holder is a fiscally transparent entity, the country of residence of each of the Security Holder's owners or beneficiaries in the form acceptable for recognition under Philippine laws, the relevant provision of the tax treaty providing for the claimed tax exemption or preferential tax rate, in a form acceptable to the Issuer and confirmation acceptable to the Issuer that the Security Holder is not doing business in the Philippines; provided further that, all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties, assessments or government charges, subject to the submission by the Bondholder claiming the benefit of any exemption of the required documents and of additional reasonable evidence of such tax-exempt status to the Registrar.

Transfers taking place in the Register of Bondholders after the Debt Securities are listed in PDEX may be allowed between taxable and tax-exempt entities without restriction and observing the tax exemption of tax-exempt entities, if and/or when allowed under, and are in accordance with the relevant rules, conventions and guidelines of PDEX and PDTCC. A selling or purchasing Bondholder claiming tax-exempt status is required to submit the following documents to the Registrar, including the tax status of the transferor or transferee, as appropriate, together with the supporting documents specified under Registry and Paying Agency Agreement upon submission of Account Opening Documents to the Registrar.

GROSS RECEIPTS TAX

Bank and non-bank financial intermediaries performing quasi-banking functions are subject to gross receipts tax on gross receipts derived from sources within the Philippines in accordance with the following schedule:

On interest, commissions and discounts from lending activities as well as income from financial leasing, on the basis of remaining maturities of instruments from which such receipts are derived:

- Maturity period is five years or less: 5%
- Maturity period is more than five years: 1%

Non-bank financial intermediaries not performing quasi-banking functions doing business in the Philippines are likewise subject to gross receipts tax. Gross receipts of such entities derived from sources within the Philippines

from interests, commissions and discounts from lending activities are taxed in accordance with the following schedule based on the remaining maturities of the instruments from which such receipts are derived:

- Maturity period is five years or less: 5%
- Maturity period is more than five years: 1%

In case the maturity period of the instruments held by banks, non-bank financial intermediaries performing quasi-banking functions and non-bank financial intermediaries not performing quasi-banking functions is shortened through pre-termination, then the maturity period shall be reckoned to end as of the date of pretermination for purposes of classifying the transaction and the correct rate shall be applied accordingly.

Net trading gains realized within the taxable year on the sale or disposition of the Bonds by banks and nonbank financial intermediaries performing quasi-banking functions shall be taxed at 7%.

DOCUMENTARY STAMP TAX

A documentary stamp tax is imposed upon the issuance of debentures and certificates of indebtedness issued by Philippine companies, such as bonds, notes and other deposit substitutes, at the rate of ₱1.50 for each ₱200, or fractional part thereof, of the issue price of such debt instruments; provided, that for debt instruments with terms of less than one year, the documentary stamp tax to be collected shall be proportionate to the ratio of the debt instrument's term in number of days to 365 days.

The documentary stamp tax is collectible wherever the document is made, signed, issued, accepted, or transferred, when the obligation or right arises from Philippine sources, or the property is situated in the Philippines, or where the object of the contract is located or used in the Philippines. Any applicable documentary stamp taxes on the original issue shall be paid by the Issuer for its own account.

No documentary stamp tax is imposed on the subsequent sale or disposition of bonds or other deposit substitutes; trading of bonds or other deposit substitutes in a secondary market or through an exchange as long as such subsequent sale, disposition or trading is not made in the Philippines or there is no change in the maturity date or the material terms and conditions of the relevant bonds or other deposit substitutes.

TAXATION ON SALE OR OTHER DISPOSITION OF BONDS OR OTHER DEPOSIT SUBSTITUTES

Income Tax

Ordinary asset – The gain is included in the computation of taxable income, which is subject to the following graduated tax rates for Philippine citizens or resident foreign individuals, or non-resident alien engaged in trade or business in the Philippines effective January 1, 2018 until December 31, 2022:

Not over ₱250,000	0%
Over ₱250,000 but not over ₱400,000	20% of the excess over ₱250,000
Over ₱400,000 but not over ₱800,000	₱30,000 + 25% of the excess over ₱400,000
Over ₱800,000 but not over ₱2,000,000	₱130,000 + 30% of the excess over ₱800,000
Over ₱2,000,000 but not over ₱8,000,000	₱490,000 + 32% of the excess over ₱2,000,000
Over ₱8,000,000	₱2,410,000 + 35% of the excess over ₱8,000,000

and effective January 2, 2023 and onwards:

Not over ₱250,000	0%
Over ₱250,000 but not over ₱400,000	15% of the excess over ₱250,000
Over ₱400,000 but not over ₱800,000	₱22,500 + 20% of the excess over ₱400,000
Over ₱800,000 but not over ₱2,000,000	₱102,500 + 25% of the excess over ₱800,000
Over ₱2,000,000 but not over ₱8,000,000	₱402,500 + 30% of the excess over ₱2,000,000
Over ₱8,000,000	₱2,202,500 + 35% of the excess over ₱8,000,000

For non-resident alien not engaged in trade or business, the gain shall be subject to the 25% final withholding tax.

Gains derived by domestic or resident foreign corporations on the sale or other disposition of the bonds or other deposit substitutes are subject to a 25% income tax upon the effectivity of the CREATE Act. Gross income derived by non-resident foreign corporations on the sale or other disposition of the bonds or other deposit substitutes is subject to 25% income tax upon the effectivity of the CREATE Act, unless a preferential rate is allowed under a tax treaty subject to such other documentary requirements as may be reasonably required under the applicable regulations of the relevant taxing or other authorities for purposes of claiming tax treaty relief.

Any gains realized by non-residents on the sale of the bonds or other deposit substitutes may be exempt from Philippine income tax under an applicable tax treaty subject to such other documentary requirements as may be reasonably required under the applicable regulations of the relevant taxing or other authorities for purposes of claiming tax treaty relief.

Any gains realized from the sale, exchange or retirement of bonds, debentures and other certificate of indebtedness with a maturity of more than five (5) years are not subject to income tax.

Estate and Donor's Tax

The transfer of bonds or other deposit substitutes upon the death of an individual holder to his heirs by way of succession, whether such holder was a citizen of the Philippines or an alien and regardless of residence, is subject to Philippine taxes at a fixed rate of 6% based on the value of the decedent's net estate.

Individual and corporate Bondholders, whether or not citizens or residents of the Philippines, who transfer bonds by way of gift or donation are liable to pay Philippine donors' tax at the fixed rate of 6% based on the total gifts in excess of ₱250,000 exempt gifts made during the calendar year.

The estate tax and the donor's tax, in respect of bonds or other deposit substitutes, shall not be collected (a) if the deceased, at the time of death, or the donor, at the time of the donation, was a citizen and resident of a foreign country which, at the time of his death or donation, did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or (b) if the laws of the foreign country of which the deceased or donor was a citizen and resident, at the time of his death or donation, allow a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in the foreign country.

Value-Added Tax

Gross receipts derived by dealers in securities from the sale of bonds or other deposit substitutes in the Philippines, equivalent to the gross selling price less the acquisition cost of bonds or other deposit substitutes sold, shall be subject to value-added tax of 12%.

"Dealer in securities" means a merchant of stock or securities, whether an individual partnership or corporation, with an established place of business, regularly engaged in the purchase of securities and their resale to customers, that is, one who, as a merchant, buys securities and sells them to customers with a view to the gains and profits that may be derived therefrom.

DESCRIPTION OF DEBT

As of June 30, 2021, AREIT had the equivalent of ₱4.42 billion of outstanding debt which are all unsecured.

The following tables set forth the outstanding short-term debt of AREIT as of June 30, 2021 (in ₱ millions).

Short-Term Debt

Borrower	Amount
AREIT	4,422.5 ¹⁸
Total	4,422.5

The table below details AREIT's availments of loans from January 1 to June 30, 2021 (in ₱ millions):

Borrower	Amount	Nature
AREIT	9,449.0	Availment of short-term loan
Total	9,449.0	

The table below details AREIT's repayments of loans from January 1 to June 30, 2021 (in ₱ millions):

Borrower	Amount	Nature
AREIT	5,026.5	Repayment of short-term loans
Total	5,026.5	

¹⁸ This includes short-term bank loans with (i) RCBC amounting to ₱4.0 billion maturing on November 22, 2021 with a rate of 2.0%; and (ii) Bank of the Philippine Islands amounting to ₱0.28 billion and ₱0.14 billion that matured on July 16 and 23, 2021, respectively with a rate of 2.0%.

CORPORATE GOVERNANCE

Corporate Governance

The Company adopted the Manual to ensure the compliance with the leading practices on good corporate governance and related SEC rules and regulations. The Manual was approved and adopted by the Board on March 25, 2019.

The Manual features the following provisions:

- *Protection of investors.* The Manual provides for shareholders' rights and protection, investor relations, rights to dividends, and provisions on transparency and accountability.
- *Board of directors and management.* The detailed duties, functions, and responsibilities of the Board, the Directors, and executive officers are also enumerated in the Manual.
- *Checks and balances.* The Manual contains the vision, strategic objectives, key policies, procedure for the management of the Company, governance policy on conflict of interest, the audit and compliance system, and mechanisms for monitoring and evaluating management's performance.
- *Compliance with the Manual.* The appointment of a Compliance Officer to monitor compliance with and violations of the Manual is also provided.
- *Creation of committees.* The Manual mandates the creation of the Executive Committee, the Corporate Governance and Nomination Committee, the Personnel and Compensation Committee, the Audit Committee, the Risk Oversight Committee, the Related Party Transactions Review Committee, the Proxy Validation Committee, and the Sustainability Committee to ensure the performance of certain important functions of the Board and management.

To ensure compliance by the corporation, its officers and directors of the Manual, among others, the Compliance Officer is tasked to monitor, review, and evaluate the same. Violations are likewise reported to the Board and the Compliance Officer shall recommend the imposition of appropriate disciplinary action or penalty after following due process.

The Manual shall also be subject to quarterly review and the Board shall also exert its best effort to ensure a high standard of best practice for the Corporation. The review and amendment to take into account the Corporation's changing needs, factual conditions prevailing in the environment and regulatory requirements.

As of date of this Prospectus, there have been no deviations from the Company's Manual of Corporate Governance.