



Isla Lipana & Co.

12 April 2021
The Board of Directors
AREIT Fund Managers, Inc.
28/F Tower One & Exchange Plaza,
Ayala Triangle, Ayala Avenue
Makati City, 1226, Philippines

Gentlemen:

You, the Board of Directors of AREIT Fund Managers, Inc. (“You”, the “Company”, “AFM” or the “Management”), as the Fund Manager of AREIT, Inc. (“AREIT”), have requested our opinion (“Opinion”) as to the fairness of the values of the six (6) commercial properties (the “Properties”) owned by Ayala Land, Inc. (“ALI” or the “Parent”) and its subsidiaries: Westview Commercial Ventures Corp. and Glensworth Development, Inc., and the shares of AREIT (the “Shares”) (collectively, the “Subject Entities”), to comply with the requirements of the Philippine Stock Exchange and/or Securities and Exchange Commission in relation to the planned infusion of the Properties to AREIT, Inc. (the “Transaction”).

The six commercial properties are Vertis North Commercial Development in Quezon City; One and Two Evotech in Nuvali Santa Rosa, Laguna; Bacolod Capitol Corporate Center and Ayala Northpoint Technohub, both located in Negros Occidental; and office condominium units at BPI-Philam Life buildings in Makati CBD and Madrigal Business Park in Alabang.

The Valuation Date is 31 January 2021.

In connection with our Opinion, we have:

- i. Considered certain financial, operational, and other information relating to AREIT and the Properties that were publicly available or have been furnished to us by Management, including historical performance and financial forecasts of AREIT and the Properties;
- ii. Discussed with members of the Management to understand the businesses, operations, historical financial results, strategic plans, and financial forecasts of AREIT and each of the Properties;
- iii. Considered certain financial data of AREIT and the Properties and compared those with data for other entities and/or properties with similar operations, as available publicly;
- iv. Performed discounted cash flow (DCF), comparable companies, and precedent transactions approaches in estimating the value of the Shares;
- v. Performed discounted cash flow (DCF) and direct capitalization approaches in estimating the value of the Properties; and

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vi. Considered such other information, analyses and investigations and financial, economic and market data as we deemed relevant and appropriate for purposes of this Opinion.

The Opinion expressed below is subject to the following qualifications and limitations:

i. In arriving at our Opinion, we have relied upon and assumed, without independent verification, the accuracy and completeness of all financial and other information that were publicly available or furnished to us by the Management on AREIT and the Properties. With respect to the financial forecasts used by us, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the Management as to AREIT's and the Properties' future financial performance, and incorporating the potential impact of COVID-19 on their operations based on Management's assessment, strategy, and recovery expectations and plans.

ii. In arriving at our Opinion, we have adopted the relevant provisions of the latest edition of the International Valuation Standards (IVS) in the valuation report dated 12 April 2021 for AREIT and the Properties. In particular, we have used the following relevant provisions in performing the valuation analyses and procedures:

- (a) IVS 101 scope of work,
- (b) IVS 103 reporting,
- (c) IVS 104 bases of value,
- (d) IVS 105 valuation approaches and methods,
- (e) IVS 200 business and business interests,
- (f) IVS 400 real property interests¹

iii. Our services with respect to the Transaction do not constitute, nor should they be construed to constitute in any way, a review or audit of or any other procedures with respect to any financial information nor should such services be relied upon by any person to disclose weaknesses in internal controls or financial statement errors or irregularities.

iv. Our Opinion does not address, and should not be construed to address, either the underlying business decision to effect the Transaction or whether the property valuation used in the Transaction represents the best price. We express no view as to the national or local tax consequences of the Transaction.

v. Our estimates of equity and/or property values reflect the cash flows estimated to be derived from leasing and other income of AREIT and the Properties.

vi. Our Opinion is based on the assumption that AREIT and the Properties will operate as going concern income-generating entity/assets.

¹ Relevant provisions include basis of value and guidelines on valuation approaches



vii. We have used third party industry reports and Management information in coming up with our assumptions and sensitivities. If these assumptions including revenues, lease rates, occupancy rates, escalation rates, operating expenses, capital expenditures, and other key estimates prove to be incorrect, the results of our valuation could be materially and adversely affected.

viii. Our Opinion is based on business, economic, market and other conditions as they exist as of the date hereof or as of the date of the information provided to us. We have not considered events subsequent to the date of our Opinion. Based on discussions with Management, we are not aware of any events subsequent to the Valuation Date and up to the date hereof that may materially impact the forecasted financial performance and other key inputs used in the valuation, or any circumstances that may materially impact the conclusions drawn in the valuation report. As to the impact of the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) signed into law subsequent to the Valuation date, we have simulated its impact on the resulting fair values.

ix. Our Opinion should not be construed as providing Management or any third party with investment advice. Neither are we expressing an opinion on the continued viability of the operations of the Subject Entities and the Properties.

x. We have not considered the impact of any force majeure events which may slow down or adversely affect the operations of AREIT and the Properties. To the extent appropriate and given the information made available to us, we have incorporated the potential impact of COVID-19 in the valuation where we considered the current company, property and market conditions in analyzing the reasonableness of the assumptions used. However, given uncertainties brought about by the pandemic, we do not purport to have fully accounted for its impact in the valuation.

xi. We did not examine and do not express an opinion on the fairness of the compensation in the Transaction to any of the Subject Entities' directors, officers or employees relative to the compensation to the Subject Entities' shareholders.

xii. Our Opinion assumed no significant change in the existing political, legal, and regulatory environment that might influence the business of AREIT and the Properties.

xiii. This Opinion is effective as of the date hereof. We have no obligation to update the Opinion unless requested by you in writing to do so and expressly disclaim any responsibility to do so in the absence of any such request.

Based upon and subject to the foregoing, it is our opinion that as of the Valuation Date, the fair valuation of AREIT's shares is between PHP28.0 and PHP32.0 using the Discounted Cash Flow approach, which we have cross-checked with the comparable companies, and precedent transactions approaches. Further, the fair value of the Properties were estimated to be between PHP14,352.7m to PHP17,642.6m using the discounted cash flows approach, which we cross-checked with the direct capitalization approach.



Based on the above, we are of the opinion that the values set by the Management for AREIT of PHP32.0 per share and PHP15,464.0m for the Properties are fair from a financial point of view.

While CREATE was approved subsequent to the Valuation Date, we note that the fair values used by the Management will still be within range if we simulate its impact on the valuation of AREIT and the Properties.

We formed our Opinion in accordance to the requirements of SEC memorandum circular no. 13 series of 2013, Guidelines on the Conduct of Valuation and Issuance of a Fairness Opinion.

This Opinion is prepared by a team of professionals and has undergone a series of reviews by the senior members of the engagement team, and by a second partner that is independent from the engagement team.

During the execution of the valuation procedures, Isla Lipana & Co. has been compliant with the Firm's Code of Conduct and the Code of Ethics for Professional Accountants released by the International Ethics Standards Board for Accountants in 2018.

Further, the Firm has been compliant with the independence requirements of Securities Regulation Code (SRC) Rule 19 and the Philippine Stock Exchange (PSE) in relation to the Transaction. Specifically, SRC Rule 19 section 19.2.6.1 defines independence as the absence of any business interest or family relationship with any party to the Transaction or of any of its directors, officers, or major stockholders, that could, or could reasonably be perceived to, materially interfere with the exercise of the professional judgment of the Firm, its representative or any member of the engagement team, in carrying out their responsibilities in assessing the fairness of the issuer's securities. Moreover, per Memorandum No. 2011-0104, the PSE does not consider a firm to be independent if:

- a. It is a related party to the applicant companies
- b. Its holding or subsidiary company provides financial advisory in relation to the applicant companies' listing application, or external audit services to the applicant companies, and
- c. There are other circumstances or arrangements, direct or indirect, between the firm and the applicant companies that, in the determination of the PSE, may influence, or tend to influence, the objectivity and reliability of the fairness opinion and valuation report(s).



Isla Lipana & Co. has no present contemplated future interest in the Subject Entities or any other interest that might tend to prevent making a fair and unbiased valuation. Further, while the Firm provides external audit services to the following AFM's, AREIT's and ALI's affiliates and/or associate, we assessed that the relationships with these entities do not affect our capacity to provide an independent fairness opinion.

- Bank of the Philippine Islands (BPI) Group²
- Globe Telecom Inc (Globe) Group²
- Ortigas Land Corporation³

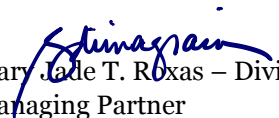
We confirm that there was no interference, direct or indirect, from these entities in the Firm's performance of its obligations as a fairness opinion provider. The following measures were also observed during the course of the valuation engagement, to ensure the independence of the Firm in issuing a fairness opinion on the Transaction:

- Before agreeing to provide the services, the valuation engagement team assessed and concluded that the valuation engagement will not create a review threat, as the results thereof will not be reflected in the financial statements that are audited by the Firm.
- Key team members assigned to perform the valuation engagement, including engagement leader, managers and staff members, are not part of the key engagement team members performing the external audit services for the identified entities. Further, strict compliance with confidentiality measures were also implemented among team members all throughout the engagement.

We will receive a fee as compensation for our services in rendering this Opinion. No portion of our fees or expense reimbursements is refundable or contingent upon the consummation of the Transaction or the tenor of the conclusions reached in this Opinion.

This letter is for the information of the Board of Directors of AREIT Fund Managers, Inc. in connection with the Transaction described herein. This Opinion may not be quoted or referred to, in whole or in part, filed with, or furnished or disclosed to any other party other than the Philippine Stock Exchange and Securities and Exchange Commission, or used for any other purpose, without our prior written consent.

Very truly yours,


Mary Jade T. Roxas – Divinagracia, CFA®, CVA
Managing Partner

² Affiliate of ALI, AREIT and AFM

³ Associate of ALI

Project Dwight

Valuations of the properties of a real estate company and the shares of a REIT company

12 April 2021





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AREIT Fund Managers, Inc.
28/F Tower One & Exchange Plaza,
Ayala Triangle, Ayala Avenue
Makati City, 1226, Philippines

For the attention of Patricia Gail G. Yambao-Samaniego, President of AREIT Fund Managers, Inc.

12 April 2021

Dear Ms. Yambao-Samaniego,

Valuation report in connection with the valuation and issuance of fairness opinion on the properties of a real estate company and the shares of a REIT company

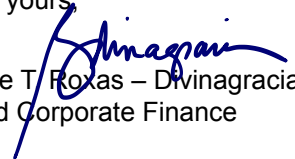
This valuation report (the “Report”) has been prepared by Isla Lipana & Co., a member firm of PwC, solely for AREIT Fund Managers, Inc. (“AFM”, the “Company”) with respect to the estimation of fair values of the six (6) commercial properties (the “Properties”) owned by Ayala Land, Inc. (“ALI” or the “Parent”) and its subsidiaries: Westview Commercial Ventures Corp. and Glensworth Development, Inc., as identified below, and the shares of AREIT, Inc. (“AREIT”, the “Shares”) (collectively, the “Subject Entities”), and issuance of fairness opinion on the value of the Properties and Shares as at 31 January 2021 (the “Valuation Date”). This is in connection with the planned infusion of the Properties to AREIT, Inc.

Properties to be infused to AREIT	Registered Owner
Vertis North Commercial Development	Ayala Land, Inc.
BPI-Philam Life Makati	Ayala Land, Inc.
BPI-Philam Life Alabang	Ayala Land, Inc.
Bacolod Capitol Corporate Center	Westview Commercial Ventures Corp.
Ayala Northpoint Technohub	Westview Commercial Ventures Corp.
One & Two Evotech	Glensworth Development, Inc.

This Report has been prepared in accordance with our engagement letter dated 17 February 2021 and is solely for the purpose stated herein and should not be relied upon for any other purpose. This Report is strictly confidential and, save to the extent required by applicable law and/or regulation, must not be released to any third party without our expressed written consent.

If you require any clarification or further information, please contact me at +63 917 523 5913 or Darwin Saribay at +63 917 510 8069.

Sincerely yours,


Mary Jade T. Roxas – Divinagracia, CFA®, CVA
Deals and Corporate Finance

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Scope and process (1 of 4)

Scope of work

To the fullest extent permitted by law, we accept no duty of care to any third-party in connection with the provisions of this Report and/or any related information or explanation (together, the “Information”). Accordingly, regardless of the form of action, whether in contract, tort or otherwise, and to the extent permitted by applicable law, the Firm accepts no liability of any kind to any third-party and disclaims all responsibility for the consequences of any third-party acting or refraining to act in reliance on the Information.

Accordingly, you understand and accept that the Deals and Corporate Finance group of Isla Lipana and Co., a member Firm of PwC, has not been employed in the capacity of examining certified public accountants and therefore has not expressed any form of comfort or assurance on the achievability of forecasts or the reasonableness of underlying assumptions beyond what is generally accepted under the standards common to the asset and business value measurement profession.

We performed our procedures with the assumption that all information obtained in the valuation of the Properties and Shares, including representations and warranties by Management are true, accurate, and provided in good faith.

Moreover, the scope of our work does not include a compliance review of financial information to tax laws and Philippine and International financial reporting standards. Accordingly, this Report may not have identified all matters that might be of concern to you.

Forecasts relate to future events and are based on Management assumptions which may not remain valid for the whole of the relevant period. We express no assurance of any kind on such prospective or forecast information since there will usually be differences between estimated and actual results, because events and circumstances frequently do not occur as expected, and those differences in results may be material. Consequently, this Information cannot be relied upon to the same extent as that derived from audited accounts for completed accounting periods. Accordingly, we express no opinion as to how closely the actual results achieved will correspond to the forecasts, and we take no responsibility of any kind for the achievement of the forecast provided by the Management.

Scope and process (2 of 4)

Sources of information

The information used by the Firm in preparing this Report have been obtained from a variety of sources as indicated within it. These include public disclosures and information obtained, discussed, and agreed with you. **Specifically, the information used by the Firm in preparing this Report is substantially based on information provided by the Management.** These inputs include, but are not limited to:

- Unaudited standalone trial balances of AREIT and the Properties as at 31 December 2020;
- Unaudited standalone trial balances of AREIT as at 31 December 2020 and 31 January 2021;
- Audited financial statements of AREIT and ALI for 2016, 2017, 2018, 2019, and 2020 reporting periods and Westview Commercial Ventures Corp. and Glensworth Development Inc. for 2016, 2017, 2018, and 2019 reporting periods;
- Tax declarations for AREIT and the Properties;
- Forecasted financial information for AREIT and the Properties;
- Lapsing schedules for AREIT and the Properties;
- Historical and forecasted operating statistics for AREIT and the Properties, particularly gross leasable area (GLA), lease rates, escalation rates, occupancy rates, common area charges, and estimated capital expenditures;
- Appraisal reports on the subject properties there were issued in 2019, 2020, and 2021;
- Sample lease agreements for Ayala North Exchange, Evotech 1 & 2, BPI Philam Life Makati, BPI Philam Life Alabang and Technopark Land, Inc; and
- Estimated land lease rates for Evotech 1 & 2.

Moreover, except where otherwise stated in the Report, we have not subjected the financial information in the Report to checking or verification procedures. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of AREIT, ALO and ALI. Our work cannot be relied upon to discover errors, irregularities, or illegal acts.

Scope and process (3 of 4)

Limitations

Our Report is not intended to be the basis for investment decisions and any action you take must ultimately remain a decision for you, taking into account matters outside the scope of our work of which you are aware of.

By its very nature, valuation work cannot be regarded as an exact science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value and we normally express our valuation as falling within expected ranges, which in our opinion is reasonable and defensible, and others might wish to argue for different values.

Our conclusions are based on the information available as at the date of the Report. **To the extent appropriate and given the information made available to us, we have incorporated the potential impact of COVID-19 in the valuation. We have considered current Subject Entity and market conditions as a result of the pandemic in analyzing the reasonableness of assumptions used. However, given the uncertainties brought about by the pandemic, we do not purport to have fully accounted for its impact in the valuation.**

We have not considered events subsequent to the date of the Report. Based on discussions with Management, we are not aware of any events subsequent to the Valuation Date and up to the date hereof that may materially impact the forecasted financial performance and other key inputs used in the valuation, or any circumstances that may materially impact the conclusions drawn in the valuation report. The impact of the Corporate Recovery and Tax Incentives for Enterprises (“CREATE”) bill was not considered in the valuation as it has not been enacted as at the Valuation Date.

Economic conditions, market factors and changes in the performance of the business of the Subject Entities may result in our conclusions becoming quickly outdated and may require updating from time to time or before any major decisions are taken based on the Report. In any event, if you intend to make any decision based on the Report more than three months from the date of the Report, you must request our written confirmation as to the currency of our findings and conclusions.

Scope and process (4 of 4)

Independence

The Firm is compliant with the independence requirements of Securities Regulation Code (“SRC”) Rule 19 and the Philippine Stock Exchange (“PSE”) in relation to the Transaction. Specifically, SRC Rule 19 section 19.2.6.1 defines independence as the absence of any business interest or family relationship with any party to the Transaction or of any of its directors, officers, or major stockholders, that could, or could reasonably be perceived to, materially interfere with the exercise of the professional judgment of the Firm, its representative or any member of the engagement team, in carrying out their responsibilities in assessing the fairness of the issuer’s securities. Moreover, per Memorandum No. 2011-0104, the PSE does not consider a firm to be independent if:

- It is a related party to the applicant companies,
- Its holding or subsidiary company provides financial advisory in relation to the applicant companies’ listing application, or external audit services to the applicant companies, and
- There are other circumstances or arrangements, direct or indirect, between the firm and the applicant companies that, in the determination of the PSE, may influence, or tend to influence, the objectivity and reliability of the fairness opinion and valuation report(s).

Isla Lipana & Co. has no present contemplated future interest in the Subject Entities or any other interest that might tend to prevent making a fair and unbiased valuation. Further, while the Firm provides external audit services to the following AFM’s, AREIT’s and ALI’s affiliates and/or associate, we assessed that the relationships with these entities do not affect our capacity to provide an independent fairness opinion.

- Bank of the Philippine Islands (BPI) Group (Affiliate of ALI, AREIT and AFM)
- Globe Telecom Inc (Globe) Group (Affiliate of ALI, AREIT and AFM)
- Ortigas Land Corporation (Associate of ALI)

We confirm that there was no interference, direct or indirect, from these entities in the Firm’s performance of its obligations as a fairness opinion provider. The following measures were also observed during the course of the valuation engagement, to ensure the independence of the Firm in issuing a fairness opinion on the Transaction:

- Before agreeing to provide the services, the valuation engagement team assessed and concluded that the valuation engagement will not create a review threat, as the results thereof will not be reflected in the financial statements that are audited by the Firm.
- Key team members assigned to perform the valuation engagement, including engagement leader, managers and staff members, are not part of the key engagement team members performing the external audit services for the identified entities. Further, strict compliance with confidentiality measures were also implemented among team members all throughout the engagement.

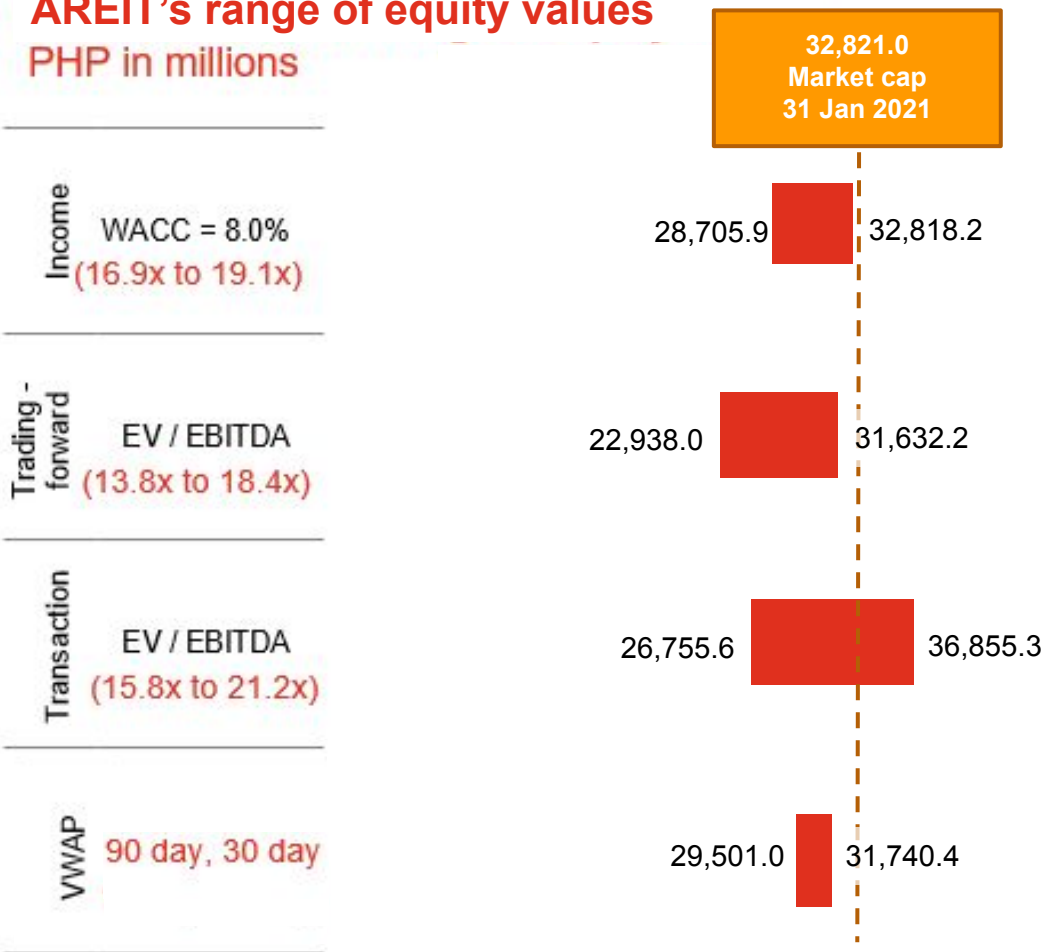
At a glance

At a glance (1 of 2)

Highlights – The range of equity values of AREIT is estimated to be between **PHP28,705.9m and PHP32,818.2m** using the discounted cash flows approach, **PHP22,938.0m and PHP31,632.2m** using the comparable companies approach, and **PHP26,755.6m and PHP36,855.3m** using the precedent transactions approach.

AREIT's range of equity values

PHP in millions



Values in PHPm	Low	High	Management
Sum of PV of cash flows	30,034.3	34,148.9	34,480.7
Add: NOAL	3,232.3	3,232.3	3,502.3
Enterprise value	33,266.6	37,381.2	37,983.0
Less: Net debt and debt-like items	(4,560.7)	(4,563.0)	(4,562.6)
Indicative equity value	28,705.9	32,818.2	33,420.4
Indicative value per share ³	28.0	32.0	32.6

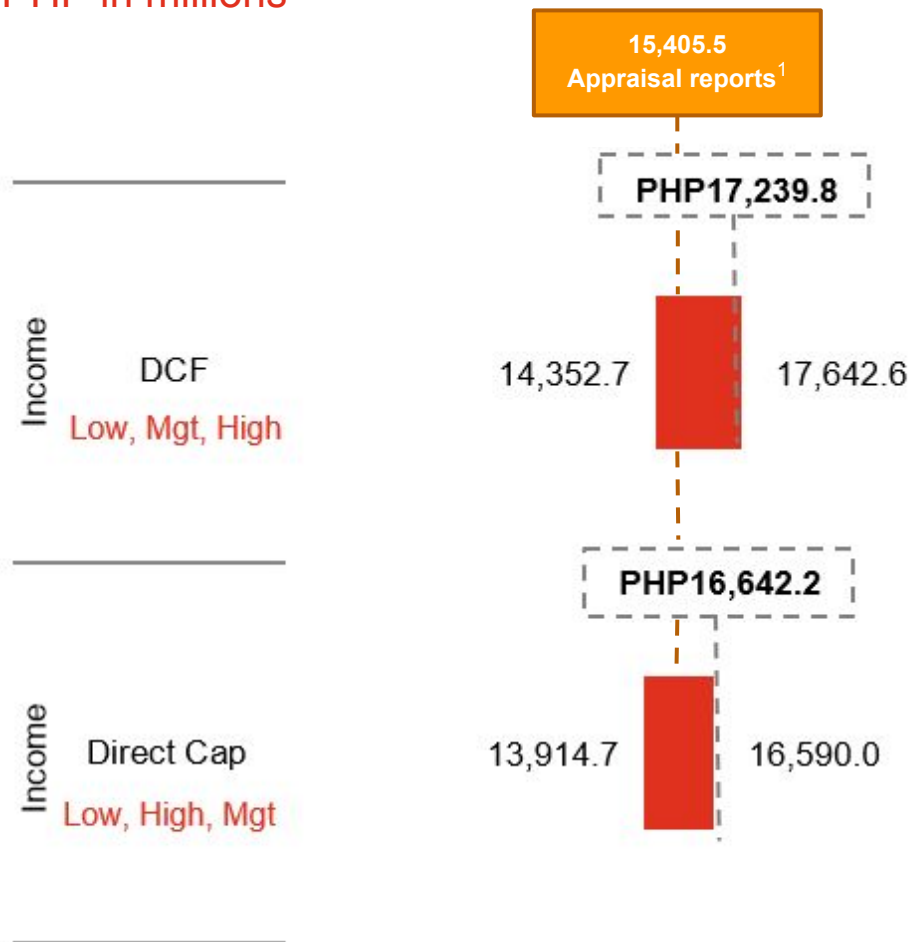
Notes

1. The cash flows are discounted using a WACC of 8.0% using the Capital Asset Pricing Model. Kindly refer to page 20 for more details. For the summary of assumptions used for the high, low, and management cases, please refer to the pages 22 to 25.
2. We understand from the Management that economic rights from The 30th Mall operations remain with North Eastern Commercial Corp. ("NECC"), a wholly-owned subsidiary of ALI, and will not be transferred to AREIT. Given this arrangement, it was not included in the valuation of AREIT.
3. The number of outstanding shares as of Valuation date is 1,025,656,435, per disclosure in PSE Edge.
4. Values may not add up to due to rounding-off.

At a glance (2 of 2)

Highlights – The range of values of the Properties is estimated to be between **PHP14,352.7m to PHP17,642.6m** using the discounted cash flows approach, and **PHP13,914.7m to PHP16,590.0m** using the direct capitalization approach.

Range of Property values PHP in millions



Values in PHPm	Low	High	Management
Vertis (Offices)	11,455.6	13,944.7	13,619.5
Evotech One and Two	1,643.3	2,076.8	2,067.3
Ayala Northpoint	259.9	327.4	295.6
Bacolod Capitol Corporate Center	706.8	947.6	933.7
BPI Philam Life Makati	225.7	270.5	255.9
BPI Philam Life Alabang	61.2	75.7	67.8
Indicative values	14,352.7	17,642.6	17,239.8

Notes

1. Based on latest appraisal reports provided by Management.
2. The cash flows are discounted using a WACC of 7.0% using the Capital Asset Pricing Model. Kindly refer to page 20 for more details. For the summary of assumptions used for the high, low, and management case, please refer to the pages 22 to 25.
3. We understand from the Management that economic rights from Vertis Mall operations remain with NECC and will not be transferred to AREIT. Given this arrangement, it was not included in the Properties valued.
4. Values may not add up to due to rounding-off.

Valuation methodologies

Valuation methodologies (1 of 2)

Income approach

The income-based approaches are premised on the principle that the value of an asset is dependent upon the future economic benefits it can generate.

Discounted Cash Flows Approach (“DCF”)

This method indicates the value of an asset based on the present value of the cash flows that the asset can be expected to generate in the future. Such cash flows are discounted at the weighted average cost of capital (“WACC”) that reflects the time value of money and the risks associated with the cash flows and/or the asset.

We deem it appropriate to use the discounted cash flows approach as the primary method to estimate the fair value of the Shares and the Properties for the following reasons:

- AREIT and the Properties have cash flows that can be reasonably estimated;
- The DCF valuation methodology has the advantage of allowing explicit judgments to be made regarding matters specific to the subject properties (e.g. occupancy rate, lease escalation rate, repairs and maintenance, management fees, capital expenditures, discount rate, etc.); and,
- The DCF valuation methodology allows explicit recognition of time value of money.

Direct capitalization approach (“Direct Cap”)

The direct capitalization method values an asset based on an a stable level net operating income (“NOI”) and maintenance capex, at an estimated capitalization rate based on the expected yield of the property after considering growth.

Unlike the DCF which uses an explicit forecast period to estimate growth, any forecasted growth rate in the NOI is incorporated in the capitalization rate, (i.e. discount rate - growth rate).

We deem it appropriate to use the direct capitalization method for the Properties since these have, or expected to have, a stable level of income that can be reasonably estimated.

For the Properties, projected net operating income in 2023 was used. Given the potential impact of COVID-19 on financial performances of the Properties, as estimated by the Management, it was assessed that 2023 net operating income is more reflective of the normalized and stable level of earnings for the Properties.

The estimated NOI was divided by the capitalization rate to estimate the property values. The capitalization rate represents the difference between WACC of 7.0%, and the long-term sustainable growth rate of 3.0%.

Valuation methodologies (2 of 2)

Market approach

We used the market approach to cross-check the value of AREIT. The market approach entails three main steps:

1. selection of suitable comparable companies/transactions,
2. estimation of appropriate valuation multiples for the selected comparable companies/transactions, and
3. application of valuation multiples to the financials, adjusted for unusual or non-recurring items.

Comparable company analysis or “trading comps”

Trading comps was applied to know and understand how businesses similar to AREIT are currently valued in the market relative to their peers. This is based on the idea that similar companies provide an appropriate and significant benchmark for valuing a company since they share key business and financial characteristics, performance drivers, and risks.

In performing relative valuation using this approach, we selected a set of comparable publicly-listed companies based on certain criteria (i.e. operating segments, growth, market size, returns, etc.), as a result of their varying nature of business.

Precedent transaction analysis or “transaction comps”

Similar to trading comps, transaction comps approach employs a multiples-based approach to estimate an implied valuation range for the Shares.

The selection process included determining a universe of recent comparable transactions, considering targets with similar business models and financial characteristics as AREIT.

Business overview

Business overview (1 of 2)

AREIT, Inc.

AREIT, Inc., formerly known as One Dela Rosa Property Development, Inc. is the first real estate investment trust (“REIT”) in the Philippines. It had its Initial Public Offering (“IPO”) in August 2020.

As of Valuation date, its property portfolio consists of six (6) operational commercial properties located in Metro Manila and key provinces in the Philippines.

The company generates income through the following properties:

Solaris One

Solaris One is a 24-story Class A building located along Dela Rosa Street in the Makati Central Business District. It is a Business Process Outsourcing (“BPO”)-ready building, with a GLA of 46,768 sqm, and offers large, efficient floor plates approximately 2,800 sqm per floor.

Ayala North Exchange (ANE)

ANE is one of ALI’s signature commercial mixed-use development located at the northern end of Ayala Avenue. The two-tower office facility stand above a three-level retail podium which houses restaurant and shopping spaces with a combined GLA of 95,551.8 sqm.

McKinley Exchange Corporate Center (MECC)

MECC is an office building at the corner of EDSA and McKinley Road in Makati City. It has a GLA of 10,687.5 sqm.

Source: Management information

The 30th Office and Mall

The 30th consists of Office and Mall. The office facility (“The 30th Corporate Center”) is a 19-story building located in the Ortigas Business District in Pasig City, which caters to the needs of BPO firms and traditional businesses. It has a GLA of 47,740.6 sqm.

The mall (“Ayala Malls The 30th” or “The 30th Mall”), is Ayala’s first commercial development in the center of Pasig-Ortigas business district and has 26,833 sqm of GLA. As we understand from the Management, the operations of The 30th Mall shall retain with NECC, hence, no longer part of the valuation of AREIT.

Teleperformance Cebu (TP Cebu)

TP Cebu is a Grade-A, PEZA-accredited, and LEED Gold Certified Business Process Outsourcing (BPO) development located in Cebu I.T. Park. It houses BPO operations and a fast food chain within its 17,948 sqm GLA.

Property in Laguna Technopark

The property comprises of two (2) sites with a combined GLA of 98,179 sqm. Both are located within Laguna Technopark, in Binan City, Laguna. It is currently leased by Integrated Micro-Electronics, Inc., the manufacturing portfolio of AC Industrial, Inc., a wholly-owned subsidiary of Ayala Corporation.

Business overview (2 of 2)

The Properties

The properties to be infused to AREIT, Inc. consist of seven (7) assets that are either owned by Ayala Land, Inc (ALI) or ALI's subsidiaries. The Properties comprise of one (1) major office and mall development in Metro Manila, two (2) office floors in Metro Manila, and three (3) provincial office properties.

The properties engage in the following lines of business:



Offices



Shopping center (i.e. retail leasing)

Vertis North Corporate Center 1, 2, and 3 ("Vertis Office")

Vertis Office is a three-tower high rise office building in Quezon City. It has a total GLA of 125,507 sqm. which caters to both small and enterprise businesses. Vertis Mall is a shopping mall located across Trinoma and Landmark Malls in Vertis North Complex, Quezon City with a total GLA of 39,306 sqm. As we understand from the Management, the operations of Vertis Mall shall retain with NECC, hence, no longer included in the valuation of the Properties.

Bacolod Capitol Corporate Center

The five-story corporate center in Bacolod City has a single tenant BPO firm. The property has a GLA of 11,313 sqm.

Ayala North Point Technohub

Ayala North Point Technohub is a two-story PEZA-certified technohub in Bacolod City and occupied by a single tenant BPO firm. The property has a GLA of 4,654 sqm.

Evotech One and Two

One and Two Evotech consists of two (2) office buildings situated in Lakeside Evozone, Nuvali. The property caters to the special demands of IT and BPO companies looking to establish themselves in the south. Evotech One and Two have a combined total GLA of 23,092 sqm.

BPI Philam Life Makati

BPI Philam Life Makati is a 32-story office tower at the intersection of Ayala Avenue and Gil Puyat Avenue. The building has a total GLA of approximately 27,269 sqm. The office floor subject to be transferred has a GLA of 1,072 sqm.

BPI Philam Life Alabang

BPI Philam Life Alabang is a corporate center Alabang, Muntinlupa City. The 14-story corporate center offers office spaces for rent that caters to all employees, primarily corporate professionals. The office floor subject to be transferred has a total GLA of approximately 551 sqm.

Source: Management information

Industry overview

Industry overview

Office real estate overview

Strict protocols and quarantine measures have significantly affected office sales and leasing activity in the Philippines given work from home arrangements and reconsideration of office requirements of current tenants.

According to Santos Knight Frank (“SKF”), the office leasing sector is likely to perform better in 2021 than 2020. Office vacancy rate in Metro Manila has increased annually to 9.8% in 2020 from the historical levels between 2.0% to 5.0%. It is estimated that about 1.2 million sqm of office space will add to Metro Manila’s 2021 inventory which would increase vacancy rates and lower rental fees.

They expect multinational occupiers, especially those engaged in BPO to resume looking for new locations to expand. For cities outside of Metro Manila, the office market in 2021 would continue to look generally soft similar to 2020 given the decrease in cost savings as rents in Metro Manila continue to decline.

The BPO industry will continue to be the dominant player in cities outside Metro Manila. Growth in net leasing space is estimated at 20,000 to 40,000 sqm in 2021 based on estimates of SKF. This growth will mostly come from third party BPO companies, but a relatively new industry segment—healthcare BPOs—will play a significant role as well.

Long-run occupancy rate outlook

94% Long-run occupancy rate
Metro Manila

82% Long-run occupancy rate
Cebu

Source: Colliers

Source: Santos Knight Frank, Colliers International Philippines, JLL Philippines
Project Dwight
PwC

COVID-19 impact on office real estate

The COVID-19 pandemic together with prolonged community quarantine caused companies to adopt work from home arrangements. On average, office rent dropped by 17.0% in 2020 due to move outs from traditional occupiers, while rent declined quarter-on-quarter as some landlords lowered rates to attract new tenants. According to Colliers International Philippines (“Colliers”), planned expansion strategies have been delayed or halted as investors continue to reassess office space requirements amid flexible work arrangements. On the flip side, businesses that are still expanding are likely to take advantage of the opportunity to negotiate cheaper rates.

Total office vacancy rate during 4Q2020



Source: JLL Philippines

12 April 2021

General assumptions

General assumptions (1 of 2)

Discount rate

The discount rate is based on our independent estimate of the WACC using the Capital Asset Pricing Model (“CAPM”), derived from an identified set of publicly listed comparable companies.

We identified companies that operate office buildings in their portfolios in the ASEAN region. Using these, we have calculated the discount rate summarized as follows.

Description of the comparable companies are provided in the Appendix 1.

	Inputs	AREIT	Properties
A	Pre-tax Cost of Debt (K_d)	5.3%	5.3%
B	Tax	0.0%	30.0%
	Post-tax Cost of Debt (K_d)	5.3%	3.7%
C	PHP Risk-free rate (R_f)	2.9%	2.9%
D	Debt-to-Equity ratio (D/E)	53.8%	49.0%
E	Equity Beta	0.74	0.80
F	Philippine market risk premium (MRP)	7.0%	7.0%
	Tax	0.0%	30.0%
	Cost of Equity (K_e), before unsystematic risk	8.1%	8.5%
G	Size Adjustment	0.7%	-
	Cost of Equity (K_e), after unsystematic risk	8.9%	8.5%
	WACC (%), rounded	8.0%	7.0%

A Cost of debt: Average finance cost on ALI’s long-term debts

B Tax rate: Effective tax rate for AREIT; Statutory income tax rate in the Philippines for the Properties

C Risk-free rate: Yield on 10-year treasury bonds as of 31 January 2021

D D/E ratio: Target D/E ratio based on REIT Law for AREIT; Average D/E ratio of comparable companies for the Properties

E Equity beta: Average unlevered beta of comparable companies, relevered using the target D/E ratio for AREIT and the average D/E ratio of comparable companies for the Properties

F Market risk premium: Damodaran’s COVID-adjusted equity risk premium rating for the Philippines

G Size Adjustment: A company specific risk measure that takes into account the median size differential between comparable companies.

Terminal growth rate

The terminal growth rate is a stable and sustainable rate at which an entity or property will grow from the terminal year to perpetuity.

We assumed a stable growth rate of 3.0% from the end of the forecast horizon until perpetuity, based on Economist Intelligence Unit’s (“EIU”) forecast for both AREIT and the Properties.

General assumptions (2 of 2)

Taxes

The CREATE Act proposes to lower the corporate income tax rate and rationalize corporate tax incentives, which may result in a potential upside on the valuation. However, this was not considered yet in this Report, as it has not been enacted as at the Valuation Date.

While CREATE was enacted on 26 March 2021 (subsequent to the Valuation Date), we note that the fair values used by the Management will still be within range if we simulate its impact on the valuation of AREIT.

Please refer to pages 24 and 25 for the tax assumptions for AREIT and the Properties.

Valuation analysis and key assumptions

Key assumptions for the valuation of the Shares (1 of 2)

Revenues

Rental income

AREIT mainly derives revenues from office leasing operations (“Office”) which comprise more than 90% of total revenues in the forecast period. Other revenues pertain to retail leasing operations (“Malls”) and parking revenues. The key drivers of AREIT’s revenues include average rental growth rates and occupancy rates for Office.

- **Average rental growth rate (Office):** For the Management case, annual escalation rates from 3.0% to 7.0% were assumed. High case follows Management assumptions which are aligned with historical performance. Low case trends towards 3.0%, which is on the low end of the range.
- **Occupancy rate (Office):** Management expects similar occupancy rates in the forecast period as historical experience. High and low cases trend towards the long-term industry outlook of Metro Manila at 94% and Cebu at 81.7% (Colliers). The occupancy rate assumptions also consider the expiration and potential renewals of the lease contracts.

Industry outlook and circumstances specific to the locations of the subject properties were considered in the valuation assumptions.

Makati

With the prolonged effects of lockdown, Makati continues to experience increasing vacancy rates given new office spaces scheduled for completion in 2021 (KMC Savills). However, its position as the premier investment destination would allow it to weather the long-term effects of the pandemic, especially compared to other submarkets in Metro Manila. The potential effects of exodus of POGO operators is not assessed by the Management to have a material impact on AREIT as tenants mostly pertain to BPO and traditional companies.

BGC

According to KMC Savills, pre-leasing activity remains positive and vacancy rates fare better than the Metro Manila average despite the pandemic as current tenants are expected to maintain their contracts. With new office space set for completion in 2021, there may be downward pressure on rent rates due to tenant expectations and rates set by newer buildings.

Ortigas

Among the Metro Manila submarkets, Ortigas remains to have the highest vacancies (KMC Savills). Forecasted completion of office space within 2021 may prolong these increasing vacancy rates in the area. However, the Ortigas property (The 30th - Office) has historically performed better (around 93% in 2020) than the market (around 85% according to KMC Savills) and may maintain their competitive position.

Cebu

The submarket is slated to see more available office space in the short-term with a development pipeline of around 274,259.7 sqm, according to a report from KMC Savills. With more office spaces, this may lead to continued higher vacancies and downward pressure on rental rates. However, historical performance has shown that the project in Cebu (Teleperformance Cebu) has a competitive position (100% in 2020) relative to the market (around 85% according to KMC Savills).

Key assumptions for the valuation of the Shares (2 of 2)

Other revenues

Mall leasing revenues: For occupancy rates, both high and low cases assume 95.0% in 2025 which is consistent with the general industry outlook for malls (JLL). The high case, however, assumes occupancy rates to recover in 2024. This is expected to be driven by increased consumer confidence on the containment of the pandemic and accelerated public vaccine rollouts. Generally, the lease rates reflect recovery to 2019 levels by 2024, then assume long-run inflation rate (3.0%) in 2025.

- **Dues** are modelled net of common area charges and utilities. These are generally escalated using inflation for the low case and 5.0% for the high case based on Management estimates. Parking revenues generally follow occupancy rates for high and low cases as these are mainly intended for the tenants of the buildings.

Expenses

- **Land lease:** Land leases are calculated as percentage of gross rental income. These are aligned with the disclosed land lease rates in the REIT plan for all cases.
- **Management fees:** These pertain to fund and property management fees and are estimated using Management estimates based on the REIT plan.
- **General and administrative expenses:** These consist of professional fees, systems costs, and other operating expenses. High case is assumed to grow by inflation annually, while the low case is assumed to follow Management assumptions (3.0% to 4.2% escalation).
- **Other expenses:** These mainly consist of taxes and licenses, building insurance, and other miscellaneous expenses. These are generally forecasted to grow by inflation rate for both high and low cases.

- **Income tax expense:** For the high and low cases, taxable income is calculated by deducting dividends from the earnings before taxes. After which, the statutory tax rate of 30% was applied to estimate income tax expenses. Per the REIT law, REITs are required to declare at least 90% of its distributable income as dividends and are tax deductible. Per discussion with Management, AREIT's policy is a dividend payout ratio of 100%.

Other assumptions

- **Working capital:** Generally, DSO¹ used is 30 days while DPO¹ is 15 days. These are aligned with Management policies and historical performance.
- **CAPEX and depreciation:** All cases assume an annual replacement capex equal to 3.0% to 5.0% of gross rental income, with an estimated useful life of seven (7) years.

Note:

¹ DSO and DPO pertain to Days Sales Outstanding and Days Payable Outstanding, respectively.

Key assumptions for the valuation of the Properties

Other considerations

The portfolio of AREIT and the Properties have similar value drivers since both are primarily involved in the Office and Mall leasing operations. Given circumstances specific to the Properties, key differences in inputs and assumptions include:

- **Income tax:** For properties which are not PEZA-registered, the high and low cases apply an RCIT of 30% to estimate income tax expense. Whereas for those that are PEZA-registered properties, a preferential tax rate of 5% on gross income was assumed.
- **Management fees:** Management fees are based on historical performance, and not necessarily on the REIT plan post-transfer.
- **Average rental growth rate (Office):** Management estimates adjustments in rent for certain properties due to contract renewals in 2022. High and low cases deferred to Management during the period.

Generally, from 2023 onwards, the high-end of the planned escalation rate range of 5.0% was used for the high case if this has been achieved historically. Otherwise, the low end of the range at 3.0% was assumed. For the low case, Management growth rates were used.

- **Occupancy rate (Office):** Management estimates full occupancy rates for majority of the properties. For the high and low cases, alignment with long-term industry rates of 81.7% to 94.0% based on property location or historical average was used given potential lease negotiations.
- **Occupancy rate (Limited floors):** Management assumes full occupancy rates for properties with limited floors such as Makati and Alabang FGU. High case assumes full occupancy rates, while low case trends towards long-term industry outlook of 94.0% in Metro Manila.
- **Land lease expense:** Land lease rate for Evotech One and Two is projected to be adjusted given scheduled rent review. Management estimates were used in the high and low case scenarios.
- **Deposits:** Management plans to include deposit liabilities upon transfer of Properties. As such, these were deducted from the value of the Properties.

Market approach - AREIT (1 of 2)

Market approach using comparable company analysis

Using Standard and Poor's Capital IQ ("CapIQ"), we screened for companies that have a similar business model to AREIT. We selected comparable companies to establish a range of values. The following criteria were used:

- a. Publicly listed and currently operating
- b. Company operates in the real estate industry
- c. Domiciled and mainly operating in Asia

Please refer to the Appendix 1 for a detailed description of the comparable companies.

Range of relative values based on trading multiples

We determined the value of AREIT by applying the trailing and forward EV/EBITDA multiples of the comparable companies to the 2021 EBITDA attributable to AREIT. We also considered any non-operating assets and liabilities and net debt attributable to AREIT.

A 30.0% discount was applied to the multiples to consider differences in financial profiles and performances between AREIT and the identified comparable companies.

Market approach using precedent transaction analysis

We estimated the range of values of AREIT using the disclosed EV/EBITDA multiples of precedent transactions. The selection process considered targets with the same business model as AREIT, as well as the availability of EV/EBITDA multiples.

Please refer to the Appendix 2 for a detailed description of the comparable companies.

Multiples based on previous similar transactions are multiplied to AREIT's 2021 EBITDA, then adjusted for any NOAL and net debt.

Discount to account for the potential impact of the COVID-19 pandemic

A 20.0% discount was also applied to the multiples for the transactions that occurred before the onset of the COVID-19 pandemic, to consider lower liquidity in the market relative to when the transactions occurred.

The discount is aligned with the decrease in the market capitalization of listed real estate investment trusts in Japan from 31 January 2020 to Valuation Date.

Market approach - AREIT (2 of 2)

Equity values using trading and transaction multiples

The estimated range of equity value of the AREIT based on forward trading, and precedent transaction multiples are summarized below:

Valuation using comparable companies (EV/EBITDA)

PHP in millions, except for multiples and prices per share

Scenario	EV/EBITDA	2021 EBITDA	Implied enterprise value	Net debt	NOAL	Implied equity value	Price per share
Low	13.8	1,869.6	25,767.1	(4,172.7)	1,343.6	22,938.0	22.4
Base	16.4	1,869.6	30,723.2	(4,175.0)	1,343.6	27,891.8	27.2
High	18.4	1,869.6	34,463.2	(4,174.6)	1,343.6	31,632.2	30.8

Valuation using precedent transactions (Implied EV/EBITDA)

PHP in millions, except for multiples and prices per share

Scenario	Implied EV/EBITDA	2021 EBITDA	Implied enterprise value	Net debt	NOAL	Implied equity value	Price per share
Low	15.8	1,869.6	29,584.7	(4,172.7)	1,343.6	26,755.6	26.1
Base	18.7	1,869.6	34,965.1	(4,175.0)	1,343.6	32,133.7	31.3
High	21.2	1,869.6	39,686.2	(4,174.6)	1,343.6	36,855.3	35.9

Notes:

1. Net debt includes cash, loans payables, and lease liability.
2. NOAL includes nontrade receivables and payables, deposits, and the fair value of finance lease receivable.
3. Values may not add up to due to rounding-off.

Appendices

Appendix 1: Comparable companies - AREIT

Company name	Country	Business description
Nippon Building Fund Incorporation	Japan	NBF (Nippon Building Fund Inc.) is Japan's largest real estate investment trust (J-REIT) which invests in office buildings primarily in Tokyo as well as nationwide. its objective is to source the solid growth of the stable revenues from its assets through exploitation of Mitsui Fudossan's know-how.
Daiwa Office Investment Corporation	Japan	Daiwa Office Investment Corporation is a REIT focused on investment and management of office buildings in the central five wards of Tokyo.
Ichigo Office REIT Investment Corporation	Japan	Ichigo Office (8975) is a specialized office REIT that focuses on mid-size offices, an asset class that offers both return stability and upside potential. Ichigo Office seeks to drive higher earnings and sustainable growth for its shareholders by increasing the value of its assets through a broad array of value-add activities, including tailored tenant services, structural building improvements, and targeted tenant leasing. Ichigo Office is managed by Ichigo Investment Advisors, the asset management subsidiary of Ichigo, a major Japanese real estate owner/operator.

Appendix 2: Comparable companies - Properties (1 of 2)

Company name	Country	Business description
Cebu Holdings, Inc.	Philippines	Cebu Holdings, Inc. owns, develops, markets, and manages real properties in the Philippines. The company's Commercial Development segment develops and sells commercial lots and club shares. Its Residential Development segment develops and sells residential lots and condominium units. The company's Shopping Centers segment develops shopping centers and leases retail space and land; operates movie theaters, food courts, entertainment facilities, and car parks in its shopping centers; and operates and manages malls. Its Corporate Business segment develops and leases office buildings. Cebu Holdings, Inc. also owns and operates City Sports Club Cebu, a recreational and sports resort; and develops and operates a hotel. The company was incorporated in 1988 and is headquartered in Cebu City, the Philippines. Cebu Holdings, Inc. is a subsidiary of Ayala Land, Inc.
Soundwill Holdings Limited	Hong Kong	Soundwill Holdings Limited, an investment holding company, provides property development, property leasing, and building management services in the People's Republic of China. The company develops medium to high end commercial and residential, as well as industrial properties; and offers building management, repair and maintenance services to large-scale commercial buildings, and small and medium sized residential estates. It also invests in and leases commercial, office, and residential buildings, as well as advertising and mini-storage spaces; provides construction services; and operates as an investment manager of funds. In addition, the company engages in the property assembly and sales business. The company was founded in 1978 and is headquartered in Causeway Bay, Hong Kong. Soundwill Holdings Limited is a subsidiary of Ko Bee Limited.
Siam Future Development Public Company Limited	Thailand	Siam Future Development Public Company Limited, together with its subsidiaries, engages in the rental of building space and provision of utility services in Thailand. The company is involved in the development and management of shopping centers; and installation of electricity and water meters. As of December 31, 2019, it operated 20 centers with GLA of approximately 441,158 square meters. The company also provides utility services that comprise electricity, gas, water supply, and telephone services; and location procurement services. The company was founded in 1994 and is based in Bangkok, Thailand.

Appendix 2: Comparable companies - Properties (2 of 2)

Company name	Country	Business description
Kepwealth Property Phils., Inc.	Philippines	Kepwealth Property Phils., Inc. engages in the real estate business in the Philippines. It operates through two segments, Leasing and Asset Management. The Leasing segment leases condominium units and parking slots in Kepwealth Center located in Cebu Business Park, Cebu City. The Asset Management segment manages various properties located in Metro Manila. The company was incorporated in 2005 and is headquartered in Makati City, the Philippines. Kepwealth Property Phils., Inc. is a subsidiary of Crown Castle Holdings.Com, Inc.
PT MNC Land Tbk	Indonesia	PT MNC Land Tbk, together with its subsidiaries, rents office spaces and provides property services in Indonesia. Its property services includes building security, housekeeping, technical, and property management services; and manpower supply services. The company was formerly known as PT Global Land Development Tbk and changed its name to PT MNC Land Tbk in 2012. The company was founded in 1990 and is based in Jakarta, Indonesia. PT MNC Land Tbk is a subsidiary of PT MNC Investama Tbk.

Appendix 2: Comparable transactions - AREIT

Company name	Country	Business description
Top REIT, Inc.	Japan	Top REIT Inc., a real estate investment trust, invests in office buildings, and commercial and residential properties. The Company was delisted on August 29, 2016, and has merged with Nomura Real Estate Master Fund, Inc. on September 1, 2016.
IREIT Global	Singapore	REIT Global (“IREIT”) is the first Singapore-listed real estate investment trust with the investment strategy of principally investing, directly or indirectly, in a portfolio of income-producing real estate in Europe which is used primarily for office, retail and industrial (including logistics) purposes, as well as real estate-related assets. IREIT’s portfolio comprises five freehold office properties in Germany and four freehold office properties in Spain, with a total attributable lettable area of c.230,000 sqm and c.4,000 parking spaces. As at 31 December 2019, the portfolio has an occupancy rate of 94.6% and a valuation of €630.2 million. IREIT is managed by IREIT Global Group Pte. Ltd., which is jointly owned by Tikehau Capital and City Developments Limited (“CDL”). Tikehau Capital is an asset management and investment group listed in France, while CDL is a leading global real estate company listed in Singapore.
Mori Hills REIT Investment Corporation	Japan	Mori Hills REIT Investment Corporation (“MHR”) is a listed Japan-based real estate investment trust company. It mainly invests in office buildings, but its portfolio also includes residential and commercial facilities. Its property portfolio includes Roppongi Hills Mori Tower, Ark Mori Building, Roppongi Hills Mori Tower, Ark Mori Building, Koraku Mori Building, Akasaka Tameike Tower, Holland Hills Mori Tower And Roppongi view tower. MHR seeks to maintain the exceptional level of quality of its portfolio while aggressively expanding. To that end, MHR has established a high standard for <i>Premium Properties</i> (i.e. large-scale properties located mainly in the central five wards of Tokyo (especially Minato-ku) which are to comprise at least 50% of the portfolio.

AREIT: Management case

PHP in millions	2021	2022	2023	2024	2025	Terminal value
Total revenues	2,504.4	2,633.4	2,716.8	2,813.8	2,880.3	59,334.4
Expenses	(600.8)	(615.7)	(624.6)	(634.2)	(641.4)	(13,212.9)
EBITDA	1,903.7	2,017.7	2,092.2	2,179.6	2,238.9	46,121.5
Depreciation	(414.3)	(417.5)	(425.8)	(430.9)	(440.4)	(9,071.6)
EBIT	1,489.3	1,600.2	1,666.4	1,748.7	1,798.5	37,049.9
Net interest income (expense)	(165.7)	(167.3)	(160.2)	(152.3)	(144.1)	(2,968.6)
Net income ¹	1,323.6	1,433.0	1,506.3	1,596.4	1,654.4	34,081.3
Add: Change in working capital	17.0	(10.1)	(6.6)	(7.1)	(5.8)	(139.0)
Add: Depreciation	414.3	417.5	425.8	430.9	440.4	9,071.6
Add: Interest expense after tax	165.7	167.3	160.2	152.3	144.1	2,968.6
Less: Capex	(65.0)	(67.9)	(69.8)	(72.1)	(73.4)	-
Less: Maintenance capex	-	-	-	-	-	(9,071.6)
FCFF	1,855.7	1,939.6	2,015.9	2,100.5	2,159.7	36,910.9
Present value factor	0.97	0.90	0.83	0.77	0.71	0.71
Discounted cash flows	1,644.0	1,739.1	1,673.6	1,614.6	1,537.2	26,272.1
Sum of PV of FCFF	34,480.7					
Net debt and debt-like items	(4,562.6)					
Non-operating liabilities	3,502.3					
Equity Value, 31 Jan 2021	33,420.4					
Outstanding Common Shares ²	1,025.7					
Price per share	32.6					

Notes

1. There are no forecasted income taxes given Management's forecasted dividend policy of 100% payout ratio.
2. Outstanding common shares are as of 29 January 2021.
3. Partial period adjustment was applied in discounting the cash flows.
4. Values may not add up to due to rounding-off.

AREIT: Low case

PHP in millions	2021	2022	2023	2024	2025	Terminal value
Total revenues	2,451.0	2,510.2	2,561.7	2,605.4	2,669.8	54,997.2
Expenses	(607.4)	(620.5)	(632.3)	(642.5)	(656.2)	(13,517.7)
EBITDA	1,843.6	1,889.7	1,929.5	1,962.9	2,013.6	41,479.4
Depreciation	(371.8)	(389.9)	(411.2)	(432.9)	(466.3)	(9,605.6)
EBIT	1,471.9	1,499.8	1,518.2	1,530.0	1,547.3	31,873.8
Net interest income (expense)	(165.7)	(167.3)	(160.2)	(152.3)	(144.1)	(2,968.6)
Net income ¹	1,306.1	1,332.5	1,358.1	1,377.7	1,403.2	28,905.2
Add: Change in working capital	21.7	(4.5)	(3.9)	(2.8)	(5.4)	(127.7)
Add: Depreciation	371.8	389.9	411.2	432.9	466.3	9,605.6
Add: Interest expense after tax	165.7	167.3	160.2	152.3	144.1	2,968.6
Less: Capex	(103.3)	(105.5)	(107.5)	(109.4)	(112.2)	-
Less: Maintenance capex	-	-	-	-	-	(9,605.6)
FCFF	1,762.0	1,779.7	1,818.0	1,850.8	1,896.0	31,746.1
Present value factor	0.97	0.90	0.83	0.77	0.71	0.71
Discounted cash flows	1,561.0	1,595.7	1,509.4	1,422.7	1,349.5	22,595.9
Sum of PV of FCFF	30,034.3					
Net debt and debt-like items	(4,560.7)					
Non-operating liabilities	3,232.3					
Equity Value, 31 Jan 2021	28,705.9					
Outstanding Common Shares ²	1,025.7					
Price per share	28.0					

Notes

1. There are no forecasted income taxes given Management's forecasted dividend policy of 100% payout ratio.
2. Outstanding common shares are as of 29 January 2021.
3. Partial period adjustment was applied in discounting the cash flows.
4. Values may not add up to due to rounding-off.

AREIT: High case

PHP in millions	2021	2022	2023	2024	2025	Terminal value
Total revenues	2,510.5	2,619.8	2,707.9	2,791.3	2,875.1	59,226.5
Expenses	(614.8)	(633.9)	(650.9)	(666.4)	(682.8)	(14,065.2)
EBITDA	1,895.7	1,986.0	2,057.1	2,124.9	2,192.3	45,161.2
Depreciation	(366.0)	(372.5)	(382.1)	(392.1)	(407.4)	(8,393.0)
EBIT	1,529.7	1,613.4	1,674.9	1,732.9	1,784.9	36,768.2
Net interest income (expense)	(165.7)	(167.3)	(160.2)	(152.3)	(144.1)	(2,968.6)
Net income ¹	1,364.0	1,446.2	1,514.8	1,580.5	1,640.8	33,799.6
Add: Change in working capital	17.1	(8.4)	(6.7)	(5.8)	(6.9)	(137.8)
Add: Depreciation	366.0	372.5	382.1	392.1	407.4	8,393.0
Add: Interest expense after tax	165.7	167.3	160.2	152.3	144.1	2,968.6
Less: Capex	(63.6)	(66.2)	(68.4)	(70.4)	(72.4)	-
Less: Maintenance capex	-	-	-	-	-	(8,393.0)
FCFF	1,849.2	1,911.4	1,982.0	2,048.7	2,113.0	36,630.4
Present value factor	0.97	0.90	0.83	0.77	0.71	0.71
Discounted cash flows	1,638.3	1,713.8	1,645.5	1,574.9	1,503.9	26,072.5
Sum of PV of FCFF	34,148.9					
Net debt and debt-like items	(4,563.0)					
Non-operating liabilities	3,232.3					
Equity Value, 31 Jan 2021	32,818.2					
Outstanding Common Shares ²	1,025.7					
Price per share	32.0					

Notes

1. There are no forecasted income taxes given Management's forecasted dividend policy of 100% payout ratio.
2. Outstanding common shares are as of 29 January 2021.
3. Partial period adjustment was applied in discounting the cash flows.
4. Values may not add up to due to rounding-off.

Vertis Office: Management case

PHP in millions	2021	2022	2023	2024	2025	Terminal value
Total revenues	1,110.5	1,141.9	1,174.2	1,207.4	1,241.4	31,966.4
Expenses	(184.7)	(189.7)	(192.6)	(188.3)	(192.2)	(4,950.0)
EBITDA	925.8	952.2	981.6	1,019.0	1,049.2	27,016.4
Depreciation	(182.9)	(187.5)	(192.2)	(197.0)	(201.9)	(5,199.9)
EBIT	742.9	764.7	789.4	822.1	847.2	21,816.4
Less: Income taxes	(222.9)	(229.4)	(236.8)	(246.6)	(254.2)	(6,544.9)
Net income	520.0	535.3	552.6	575.4	593.1	15,271.5
Add: Change in working capital	(71.7)	(2.9)	(2.4)	(3.4)	(2.6)	(66.0)
Add: Depreciation	182.9	187.5	192.2	197.0	201.9	5,199.9
Less: Capex	(30.9)	(31.8)	(32.7)	(33.7)	(34.7)	-
Less: Maintenance capex	-	-	-	-	-	(5,199.9)
FCFF	600.4	688.1	709.7	735.3	757.7	15,205.5
Present value factor	0.97	0.91	0.85	0.79	0.74	0.74
Discounted cash flows	534.2	625.2	602.6	583.5	561.9	11,276.9

Sum of PV of FCFF	14,184.2
Deposit Liabilities	(564.7)
Property value	13,619.5

Note

1. Partial period adjustment was applied in discounting the cash flows.
2. Values may not add up to due to rounding-off.

Vertis Office: Low case

PHP in millions	2021	2022	2023	2024	2025	Terminal value
Total revenues	1,005.3	1,032.1	1,068.7	1,115.3	1,146.7	29,528.2
Expenses	(189.5)	(200.1)	(206.3)	(213.0)	(218.2)	(5,618.9)
EBITDA	815.9	832.0	862.3	902.3	928.5	23,909.3
Depreciation	(185.2)	(192.0)	(199.1)	(206.5)	(214.1)	(5,513.6)
EBIT	630.7	640.0	663.2	695.8	714.4	18,395.7
Less: Income taxes	(189.2)	(192.0)	(199.0)	(208.7)	(214.3)	(5,518.7)
Net income	441.5	448.0	464.3	487.1	500.1	12,877.0
Add: Change in working capital	(62.3)	(1.6)	(2.2)	(2.7)	(2.1)	(56.4)
Add: Depreciation	185.2	192.0	199.1	206.5	214.1	5,513.6
Less: Capex	(46.5)	(47.8)	(49.6)	(51.8)	(53.4)	-
Less: Maintenance capex	-	-	-	-	-	(5,513.6)
FCFF	517.8	590.6	611.6	639.0	658.7	12,820.5
Present value factor	0.97	0.91	0.85	0.79	0.74	0.74
Discounted cash flows	460.7	536.6	519.3	507.1	488.5	9,508.1

Sum of PV of FCFF	12,020.4
Deposit Liabilities	(564.7)
Property value	11,455.6

Note

1. Partial period adjustment was applied in discounting the cash flows.
2. Values may not add up to due to rounding-off.

Vertis Office: High case

PHP in millions	2021	2022	2023	2024	2025	Terminal value
Total revenues	1,005.3	1,069.1	1,136.0	1,206.0	1,244.1	32,035.7
Expenses	(159.1)	(160.5)	(165.5)	(163.4)	(167.8)	(4,319.7)
EBITDA	846.3	908.6	970.4	1,042.7	1,076.3	27,716.0
Depreciation	(182.5)	(186.8)	(191.3)	(196.0)	(200.9)	(5,174.1)
EBIT	663.7	721.8	779.2	846.7	875.4	22,541.9
Less: Income taxes	(199.1)	(216.5)	(233.7)	(254.0)	(262.6)	(6,762.6)
Net income	464.6	505.3	545.4	592.7	612.8	15,779.3
Add: Change in working capital	(64.4)	(5.2)	(4.8)	(6.0)	(2.8)	(66.2)
Add: Depreciation	182.5	186.8	191.3	196.0	200.9	5,174.1
Less: Capex	(27.9)	(29.7)	(31.5)	(33.4)	(34.4)	-
Less: Maintenance capex	-	-	-	-	-	(5,174.1)
FCFF	554.9	657.2	700.4	749.3	776.6	15,713.1
Present value factor	0.97	0.91	0.85	0.79	0.74	0.74
Discounted cash flows	493.7	597.1	594.7	594.6	576.0	11,653.4

Sum of PV of FCFF	14,509.4
Deposit Liabilities	(564.7)
Property value	13,944.7

Note

1. Partial period adjustment was applied in discounting the cash flows.
2. Values may not add up to due to rounding-off.

Evotech 1 & 2: Management case

PHP in millions	2021	2022	2023	2024	2025	Terminal value
Total revenues	156.0	170.6	173.9	179.3	185.8	4,785.1
Expenses	(35.2)	(43.0)	(44.5)	(46.0)	(47.6)	(1,226.2)
EBITDA	120.8	127.6	129.4	133.2	138.2	3,558.9
Depreciation	(42.6)	(43.5)	(44.3)	(45.1)	(45.8)	(1,180.4)
EBIT	78.2	84.1	85.2	88.2	92.4	2,378.5
Less: Income taxes	(4.0)	(4.3)	(4.3)	(4.5)	(4.7)	(120.4)
Net income	74.3	79.8	80.8	83.7	87.7	2,258.1
Add: Change in working capital	(8.6)	0.0	(0.0)	(0.2)	(0.3)	(7.2)
Add: Depreciation	42.6	43.5	44.3	45.1	45.8	1,180.4
Less: Capex	(4.6)	(5.1)	(5.2)	(5.3)	(5.5)	-
Less: Maintenance capex	-	-	-	-	-	(1,180.4)
FCFF	103.7	118.3	119.9	123.3	127.7	2,250.9
Present value factor	0.97	0.91	0.85	0.79	0.74	0.74
Discounted cash flows	92.2	107.5	101.8	97.8	94.7	1,669.3

Sum of PV of FCFF	2,163.4
Deposit Liabilities	(96.1)
Property value	2,067.3

Notes

1. Tax rate is 5.0% of gross income as the property is PEZA registered.
2. Partial period adjustment was applied in discounting the cash flows.
3. Values may not add up to due to rounding-off.

Evotech 1 & 2: Low case

PHP in millions	2021	2022	2023	2024	2025	Terminal value
Total revenues	148.2	157.5	156.3	152.3	157.8	4,064.1
Expenses	(35.0)	(41.4)	(42.2)	(42.1)	(43.7)	(1,125.1)
EBITDA	113.1	116.1	114.1	110.1	114.1	2,939.0
Depreciation	(39.8)	(39.9)	(38.9)	(40.0)	(41.1)	(1,057.9)
EBIT	73.4	76.2	75.3	70.1	73.1	1,881.2
Less: Income taxes	(3.8)	(3.9)	(3.9)	(3.6)	(3.8)	(97.0)
Net income	69.6	72.2	71.4	66.5	69.3	1,784.2
Add: Change in working capital	(8.0)	0.3	0.2	0.3	(0.2)	(5.9)
Add: Depreciation	39.8	39.9	38.9	40.0	41.1	1,057.9
Less: Capex	(7.3)	(7.8)	(7.7)	(7.6)	(7.8)	-
Less: Maintenance capex	-	-	-	-	-	(1,057.9)
FCFF	94.1	104.6	102.7	99.3	102.3	1,778.3
Present value factor	0.97	0.91	0.85	0.79	0.74	0.74
Discounted cash flows	83.7	95.1	87.2	78.8	75.9	1,318.8

Sum of PV of FCFF	1,739.4
Deposit Liabilities	(96.1)
Property value	1,643.3

Notes

1. Tax rate is 5.0% of gross income as the property is PEZA registered.
2. Partial period adjustment was applied in discounting the cash flows.
3. Values may not add up to due to rounding-off.

Evotech 1 & 2: High case

PHP in millions	2021	2022	2023	2024	2025	Terminal value
Total revenues	156.0	166.3	170.4	170.2	178.7	4,600.7
Expenses	(34.8)	(41.4)	(43.2)	(43.8)	(45.9)	(1,181.3)
EBITDA	121.3	124.9	127.2	126.3	132.8	3,419.4
Depreciation	(39.4)	(39.1)	(37.7)	(38.4)	(39.2)	(1,009.2)
EBIT	81.9	85.7	89.5	87.9	93.6	2,410.3
Less: Income taxes	(4.1)	(4.3)	(4.5)	(4.4)	(4.7)	(122.0)
Net income	77.7	81.4	85.0	83.4	88.9	2,288.3
Add: Change in working capital	(8.6)	0.2	(0.1)	0.1	(0.4)	(7.0)
Add: Depreciation	39.4	39.1	37.7	38.4	39.2	1,009.2
Less: Capex	(4.6)	(4.9)	(5.1)	(5.1)	(5.3)	-
Less: Maintenance capex	-	-	-	-	-	(1,009.2)
FCFF	103.9	115.8	117.6	116.9	122.3	2,281.3
Present value factor	0.97	0.91	0.85	0.79	0.74	0.74
Discounted cash flows	92.4	105.2	99.8	92.8	90.7	1,691.9

Sum of PV of FCFF	2,172.9
Deposit Liabilities	(96.1)
Property value	2,076.8

Notes

1. Tax rate is 5.0% of gross income as the property is PEZA registered.
2. Partial period adjustment was applied in discounting the cash flows.
3. Values may not add up to due to rounding-off.

Ayala North Point: Management case

PHP in millions	2021	2022	2023	2024	2025	Terminal value
Total revenues	27.1	26.4	26.8	27.6	27.1	698.3
Expenses	(3.6)	(3.8)	(3.9)	(4.0)	(4.0)	(102.4)
EBITDA	23.5	22.6	22.9	23.6	23.1	595.9
Depreciation	(10.8)	(11.0)	(11.1)	(11.2)	(11.3)	(291.3)
EBIT	12.7	11.6	11.8	12.4	11.8	304.7
Less: Income taxes	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(15.3)
Net income	12.1	11.0	11.2	11.8	11.2	289.4
Add: Change in working capital	(2.5)	0.1	(0.0)	(0.1)	0.0	(2.0)
Add: Depreciation	10.8	11.0	11.1	11.2	11.3	291.3
Less: Capex	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	-
Less: Maintenance capex	-	-	-	-	-	(291.3)
FCFF	19.6	21.3	21.4	22.1	21.8	287.4
Present value factor	0.97	0.91	0.85	0.79	0.74	0.74
Discounted cash flows	17.4	19.4	18.2	17.5	16.1	213.2

Sum of PV of FCFF	301.8
Deposit Liabilities	(6.3)
Property value	295.6

Notes

1. Tax rate is 5.0% of gross income as the property is PEZA registered.
2. Partial period adjustment was applied in discounting the cash flows.
3. Values may not add up to due to rounding-off.

Ayala North Point: Low case

PHP in millions	2021	2022	2023	2024	2025	Terminal value
Total revenues	27.1	25.9	25.7	25.9	25.5	656.4
Expenses	(3.6)	(3.8)	(3.8)	(3.9)	(3.9)	(99.4)
EBITDA	23.5	22.0	21.8	22.0	21.6	557.0
Depreciation	(10.7)	(10.9)	(11.1)	(11.3)	(11.5)	(295.4)
EBIT	12.8	11.1	10.7	10.7	10.2	261.7
Less: Income taxes	(0.6)	(0.6)	(0.5)	(0.5)	(0.5)	(13.1)
Net income	12.2	10.6	10.2	10.2	9.7	248.6
Add: Change in working capital	(2.5)	0.2	0.0	(0.0)	0.0	(1.8)
Add: Depreciation	10.7	10.9	11.1	11.3	11.5	295.4
Less: Capex	(1.4)	(1.3)	(1.3)	(1.3)	(1.3)	-
Less: Maintenance capex	-	-	-	-	-	(295.4)
FCFF	19.0	20.4	20.0	20.2	19.9	246.8
Present value factor	0.97	0.91	0.85	0.79	0.74	0.74
Discounted cash flows	16.9	18.5	17.0	16.0	14.7	183.0

Notes

1. Tax rate is 5.0% of gross income as the property is PEZA registered.
2. Partial period adjustment was applied in discounting the cash flows.
3. Values may not add up to due to rounding-off.

Sum of PV of FCFF	266.2
Deposit Liabilities	(6.3)
Property value	259.9

Ayala North Point: High case

PHP in millions	2021	2022	2023	2024	2025	Terminal value
Total revenues	27.1	25.9	26.6	27.4	28.7	740.0
Expenses	(3.4)	(3.7)	(3.8)	(3.9)	(4.1)	(104.6)
EBITDA	23.7	22.2	22.8	23.5	24.7	635.5
Depreciation	(10.7)	(10.8)	(10.9)	(11.0)	(11.1)	(286.4)
EBIT	13.0	11.4	11.9	12.5	13.6	349.1
Less: Income taxes	(0.7)	(0.6)	(0.6)	(0.6)	(0.7)	(17.5)
Net income	12.4	10.8	11.3	11.9	12.9	331.6
Add: Change in working capital	(2.5)	0.2	(0.1)	(0.1)	(0.1)	(2.1)
Add: Depreciation	10.7	10.8	10.9	11.0	11.1	286.4
Less: Capex	(0.8)	(0.8)	(0.8)	(0.8)	(0.9)	-
Less: Maintenance capex	-	-	-	-	-	(286.4)
FCFF	19.7	21.0	21.4	22.0	23.0	329.5
Present value factor	0.97	0.91	0.85	0.79	0.74	0.74
Discounted cash flows	17.5	19.1	18.1	17.4	17.1	244.4

Notes

1. Tax rate is 5.0% of gross income as the property is PEZA registered.
2. Partial period adjustment was applied in discounting the cash flows.
3. Values may not add up to due to rounding-off.

Sum of PV of FCFF	333.6
Deposit Liabilities	(6.3)
Property value	327.4

Bacolod Capitol Corporate Center: Management case

PHP in millions	2021	2022	2023	2024	2025	Terminal value
Total revenues	72.7	71.2	73.3	75.5	77.7	2,001.7
Expenses	(12.1)	(12.4)	(12.8)	(13.2)	(13.6)	(349.0)
EBITDA	60.6	58.8	60.5	62.3	64.2	1,652.7
Depreciation	(22.1)	(22.4)	(22.7)	(23.0)	(23.3)	(600.6)
EBIT	38.5	36.4	37.8	39.3	40.9	1,052.1
Net interest income (expense)	(21.7)	-	-	-	-	-
EBT	16.9	36.4	37.8	39.3	40.9	1,052.1
Less: Income taxes	(2.0)	(1.9)	(2.0)	(2.0)	(2.1)	(54.6)
Net income	14.9	34.5	35.9	37.3	38.7	997.5
Add: Change in working capital	(6.3)	0.2	(0.2)	(0.2)	(0.2)	(5.3)
Add: Depreciation	22.1	22.4	22.7	23.0	23.3	600.6
Add: Interest expense after tax	20.6	-	-	-	-	-
Less: Capex	(2.0)	(2.0)	(2.1)	(2.2)	(2.2)	-
Less: Maintenance capex	-	-	-	-	-	(600.6)
FCFF	49.3	55.1	56.3	58.0	59.6	992.2
Present value factor	0.97	0.91	0.85	0.79	0.74	0.74
Discounted cash flows	43.8	50.0	47.8	46.0	44.2	735.8

Notes

1. Tax rate is 5.0% of gross income as the property is PEZA registered.
2. Partial period adjustment was applied in discounting the cash flows.
3. Values may not add up to due to rounding-off.

Sum of PV of FCFF	967.7
Deposit Liabilities	(34.0)
Property value	933.7

Bacolod Capitol Corporate Center: Low case

PHP in millions	2021	2022	2023	2024	2025	Terminal value
Total revenues	63.1	61.8	63.6	65.5	67.4	1,736.4
Expenses	(11.3)	(11.8)	(12.1)	(12.5)	(12.8)	(330.5)
EBITDA	51.8	50.0	51.5	53.0	54.6	1,405.9
Depreciation	(22.3)	(22.8)	(23.2)	(23.7)	(24.1)	(621.0)
EBIT	29.4	27.2	28.3	29.3	30.5	784.9
Net interest income (expense)	(21.7)	-	-	-	-	-
EBT	7.8	27.2	28.3	29.3	30.5	784.9
Less: Income taxes	(1.5)	(1.4)	(1.5)	(1.5)	(1.6)	(41.4)
Net income	6.3	25.8	26.8	27.8	28.9	743.6
Add: Change in working capital	(5.3)	0.2	(0.1)	(0.1)	(0.2)	(4.5)
Add: Depreciation	22.3	22.8	23.2	23.7	24.1	621.0
Add: Interest expense after tax	20.6	-	-	-	-	-
Less: Capex	(3.0)	(3.0)	(3.0)	(3.1)	(3.2)	-
Less: Maintenance capex	-	-	-	-	-	(621.0)
FCFF	40.9	45.8	46.8	48.2	49.6	739.1
Present value factor	0.97	0.91	0.85	0.79	0.74	0.74
Discounted cash flows	36.4	41.6	39.7	38.2	36.8	548.1

Notes

1. Tax rate is 5.0% of gross income as the property is PEZA registered.
2. Partial period adjustment was applied in discounting the cash flows.
3. Values may not add up to due to rounding-off.

Sum of PV of FCFF	740.9
Deposit Liabilities	(34.0)
Property value	706.8

Bacolod Capitol Corporate Center: High case

PHP in millions	2021	2022	2023	2024	2025	Terminal value
Total revenues	72.7	71.2	73.4	75.7	78.0	2,008.6
Expenses	(11.8)	(12.0)	(12.3)	(12.7)	(13.1)	(336.1)
EBITDA	60.9	59.2	61.1	63.0	65.0	1,672.6
Depreciation	(22.2)	(22.5)	(22.8)	(23.1)	(23.4)	(603.6)
EBIT	38.7	36.7	38.2	39.9	41.5	1,069.0
Net interest income (expense)	(21.7)	-	-	-	-	-
EBT	17.0	36.7	38.2	39.9	41.5	1,069.0
Less: Income taxes	(2.0)	(1.9)	(2.0)	(2.1)	(2.2)	(55.5)
Net income	15.0	34.8	36.3	37.8	39.4	1,013.5
Add: Change in working capital	(6.3)	0.2	(0.2)	(0.2)	(0.2)	(5.3)
Add: Depreciation	22.2	22.5	22.8	23.1	23.4	603.6
Add: Interest expense after tax	20.6	-	-	-	-	-
Less: Capex	(2.0)	(2.0)	(2.1)	(2.2)	(2.2)	-
Less: Maintenance capex	-	-	-	-	-	(603.6)
FCFF	49.5	55.4	56.8	58.6	60.3	1,008.2
Present value factor	0.97	0.91	0.85	0.79	0.74	0.74
Discounted cash flows	44.1	50.4	48.2	46.5	44.8	747.7

Notes

1. Tax rate is 5.0% of gross income as the property is PEZA registered.
2. Partial period adjustment was applied in discounting the cash flows.
3. Values may not add up to due to rounding-off.

Sum of PV of FCFF	981.6
Deposit Liabilities	(34.0)
Property value	947.6

BPI Philam Life Makati: Management case

PHP in millions	2021	2022	2023	2024	2025	Terminal value
Total revenues	23.4	17.9	18.5	19.0	19.6	505.4
Expenses	(2.7)	(2.8)	(2.9)	(2.9)	(3.0)	(77.9)
EBITDA	20.8	15.1	15.6	16.1	16.6	427.5
Depreciation	(0.1)	(0.1)	(0.2)	(0.3)	(0.3)	(8.5)
EBIT	20.7	15.0	15.4	15.8	16.3	419.0
Less: Income taxes	(6.2)	(4.5)	(4.6)	(4.7)	(4.9)	(125.7)
Net income	14.5	10.5	10.8	11.1	11.4	293.3
Add: Change in working capital	(1.6)	0.5	(0.0)	(0.0)	(0.0)	(1.0)
Add: Depreciation	0.1	0.1	0.2	0.3	0.3	8.5
Less: Capex	(0.5)	(0.4)	(0.5)	(0.5)	(0.5)	-
Less: Maintenance capex	-	-	-	-	-	(8.5)
FCFF	12.5	10.6	10.5	10.8	11.2	292.3
Present value factor	0.97	0.91	0.85	0.79	0.74	0.74
Discounted cash flows	11.1	9.7	8.9	8.6	8.3	216.8

Sum of PV of FCFF	263.3
Deposit Liabilities	(7.4)
Property value	255.9

Note

1. Partial period adjustment was applied in discounting the cash flows.
2. Values may not add up to due to rounding-off.

BPI Philam Life Makati: Low case

PHP in millions	2021	2022	2023	2024	2025	Terminal value
Total revenues	23.0	17.1	17.2	17.3	17.9	459.9
Expenses	(2.7)	(2.8)	(2.9)	(2.9)	(3.0)	(78.0)
EBITDA	20.2	14.3	14.3	14.4	14.8	381.9
Depreciation	(0.1)	(0.2)	(0.3)	(0.4)	(0.5)	(13.1)
EBIT	20.1	14.1	14.0	14.0	14.3	368.8
Less: Income taxes	(6.0)	(4.2)	(4.2)	(4.2)	(4.3)	(110.6)
Net income	14.1	9.9	9.8	9.8	10.0	258.1
Add: Change in working capital	(1.5)	0.5	0.0	0.0	(0.0)	(0.9)
Add: Depreciation	0.1	0.2	0.3	0.4	0.5	13.1
Less: Capex	(0.8)	(0.7)	(0.7)	(0.7)	(0.7)	-
Less: Maintenance capex	-	-	-	-	-	(13.1)
FCFF	11.9	9.9	9.4	9.5	9.8	257.2
Present value factor	0.97	0.91	0.85	0.79	0.74	0.74
Discounted cash flows	10.6	9.0	8.0	7.5	7.3	190.8

Sum of PV of FCFF	233.1
Deposit Liabilities	(7.4)
Property value	225.7

Note

1. Partial period adjustment was applied in discounting the cash flows.
2. Values may not add up to due to rounding-off.

BPI Philam Life Makati: High case

PHP in millions	2021	2022	2023	2024	2025	Terminal value
Total revenues	23.4	17.9	18.8	19.7	20.7	533.4
Expenses	(2.7)	(2.8)	(2.9)	(3.0)	(3.0)	(78.4)
EBITDA	20.7	15.1	15.9	16.8	17.7	455.0
Depreciation	(0.1)	(0.1)	(0.2)	(0.3)	(0.3)	(8.7)
EBIT	20.6	15.0	15.7	16.5	17.3	446.3
Less: Income taxes	(6.2)	(4.5)	(4.7)	(4.9)	(5.2)	(133.9)
Net income	14.4	10.5	11.0	11.5	12.1	312.4
Add: Change in working capital	(1.6)	0.5	(0.1)	(0.1)	(0.1)	(1.9)
Add: Depreciation	0.1	0.1	0.2	0.3	0.3	8.7
Less: Capex	(0.5)	(0.4)	(0.5)	(0.5)	(0.5)	-
Less: Maintenance capex	-	-	-	-	-	(8.7)
FCFF	12.5	10.6	10.7	11.3	11.9	310.5
Present value factor	0.97	0.91	0.85	0.79	0.74	0.74
Discounted cash flows	11.1	9.7	9.1	8.9	8.8	230.3
Sum of PV of FCFF	277.9					
Deposit Liabilities	(7.4)					
Property value	270.5					

Note

1. Partial period adjustment was applied in discounting the cash flows.
2. Values may not add up to due to rounding-off.

BPI Philam Life Alabang: Management case

PHP in millions	2021	2022	2023	2024	2025	Terminal value
Total revenues	6.8	5.9	6.0	6.1	6.3	162.5
Expenses	(1.3)	(1.4)	(1.4)	(1.5)	(1.5)	(39.1)
EBITDA	5.6	4.5	4.5	4.7	4.8	123.3
Depreciation	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(11.5)
EBIT	5.2	4.1	4.1	4.2	4.3	111.8
Less: Income taxes	(1.6)	(1.3)	(1.3)	(1.4)	(1.4)	(35.8)
Net income	3.6	2.8	2.8	2.9	3.0	76.1
Add: Change in working capital	(0.4)	0.1	0.0	(0.0)	(0.0)	(0.2)
Add: Depreciation	0.4	0.4	0.4	0.4	0.4	11.5
Less: Capex	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	-
Less: Maintenance capex	-	-	-	-	-	(11.5)
FCFF	3.5	3.2	3.1	3.1	3.2	75.9
Present value factor	0.97	0.91	0.85	0.79	0.74	0.74
Discounted cash flows	3.1	2.9	2.6	2.5	2.4	56.3
Sum of PV of FCFF	69.8					
Deposit Liabilities	(2.0)					
Property value	67.8					

Note

1. Partial period adjustment was applied in discounting the cash flows.
2. Values may not add up to due to rounding-off.

BPI Philam Life Alabang: Low case

PHP in millions	2021	2022	2023	2024	2025	Terminal value
Total revenues	6.8	5.8	5.7	5.8	5.9	152.7
Expenses	(1.3)	(1.4)	(1.4)	(1.5)	(1.5)	(39.1)
EBITDA	5.6	4.4	4.3	4.3	4.4	113.6
Depreciation	(0.4)	(0.4)	(0.4)	(0.5)	(0.5)	(13.1)
EBIT	5.2	4.0	3.8	3.8	3.9	100.5
Less: Income taxes	(1.6)	(1.2)	(1.2)	(1.2)	(1.2)	(32.2)
Net income	3.6	2.7	2.6	2.6	2.7	68.4
Add: Change in working capital	(0.4)	0.1	0.0	0.0	(0.0)	(0.2)
Add: Depreciation	0.4	0.4	0.4	0.5	0.5	13.1
Less: Capex	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	-
Less: Maintenance capex	-	-	-	-	-	(13.1)
FCFF	3.4	3.0	2.8	2.8	2.9	68.2
Present value factor	0.97	0.91	0.85	0.79	0.74	0.74
Discounted cash flows	3.0	2.7	2.4	2.3	2.2	50.6

Sum of PV of FCFF	63.2
Deposit Liabilities	(2.0)
Property value	61.2

Note

1. Partial period adjustment was applied in discounting the cash flows.
2. Values may not add up to due to rounding-off.

BPI Philam Life Alabang: High case

PHP in millions	2021	2022	2023	2024	2025	Terminal value
Total revenues	6.8	5.9	6.2	6.5	6.8	175.5
Expenses	(1.3)	(1.3)	(1.4)	(1.4)	(1.5)	(37.7)
EBITDA	5.6	4.6	4.8	5.1	5.4	137.8
Depreciation	(0.4)	(0.4)	(0.4)	(0.4)	(0.5)	(11.6)
EBIT	5.2	4.2	4.4	4.6	4.9	126.2
Less: Income taxes	(1.6)	(1.3)	(1.4)	(1.5)	(1.6)	(40.4)
Net income	3.6	2.9	3.0	3.2	3.3	85.9
Add: Change in working capital	(0.4)	0.1	(0.0)	(0.0)	(0.0)	(0.3)
Add: Depreciation	0.4	0.4	0.4	0.4	0.5	11.6
Less: Capex	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	-
Less: Maintenance capex	-	-	-	-	-	(11.6)
FCFF	3.5	3.2	3.2	3.4	3.6	85.6
Present value factor	0.97	0.91	0.85	0.79	0.74	0.74
Discounted cash flows	3.1	2.9	2.7	2.7	2.7	63.5

Sum of PV of FCFF	77.6
Deposit Liabilities	(2.0)
Property value	75.7

Note

1. Partial period adjustment was applied in discounting the cash flows.
2. Values may not add up to due to rounding-off.

Thank you.

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