



07 December 2023

Securities and Exchange Commission

17/F SEC Headquarters, 7907 Makati Avenue
Barangay Bel-Air, Makati City

Attention: **Director Vicente Graciano P. Felizmenio, Jr.**
Director, Markets, and Securities Regulation Department

Philippine Stock Exchange, Inc.

6th Floor, PSE Tower, 28th Street corner 5th Avenue,
Bonifacio Global City, Taguig City

Attention: **Ms. Alexandra D. Tom Wong**
Officer-in-Charge, Disclosure Department

Philippine Dealing and Exchange Corporation

29th Floor, BDO Equitable Tower
8751 Paseo de Roxas, Makati City

Attention: **Atty. Marie Rose M. Magallen-Lirio**
Head, Issuer Compliance and Disclosures Department

Re: **Comprehensive Corporate Disclosure on Issuance of Shares**
AREIT, Inc.

Dear Mesdames and Gentlemen,

In compliance with Article V, Part A, Section 6 of the Consolidated Listing and Disclosure Rules of the Philippine Stock Exchange, we hereby submit the Comprehensive Corporate Disclosure on the property-for-share swap among AREIT, Inc. (AREIT) with Ayala Land, Inc. (ALI), Greenhaven Property Ventures, Inc. (Greenhaven), Cebu Insular Hotel Co., Inc. (Cebu Insular), and Buendia Christiana Holdings Corp. (BCHC), a wholly-owned subsidiary of ACEN Corporation (PSE: ACEN), as approved by the AREIT Board of Directors in its meetings last 16 and 29 November 2023.

The transaction involves issuing 841,259,412 AREIT primary common shares to ALI, Greenhaven, Cebu Insular, and BCHC in exchange for four (4) commercial buildings located in Ayala Center Makati and Ayala Center Cebu, and a 276-hectare parcel of industrial land located in Zambales, with an aggregate value of ₱28,602,820,008.00, within the fair range of values as validated by a third-party fairness opinion provider.

Please see the attached information for your reference.

Thank you.


MA. FLORENCE THERESE DG. MARTIREZ-CRUZ
Chief Compliance Officer



AREIT, Inc.
Comprehensive Corporate Disclosure on Issuance of Shares

On the issuance of 841,259,412 AREIT primary common shares (the "Shares") to Ayala Land, Inc. (ALI), Greenhaven Property Ventures, Inc. (Greenhaven), Cebu Insular Hotel Co., Inc. (Cebu Insular) (Greenhaven and Cebu Insular are hereinafter referred to as "Subsidiaries") and Buendia Christiana Holdings Corp. ("BCHC")¹ at an issue price of ₱34.00 per share, set at a 3.75% premium over the thirty (30)-day volume weighted average price ("30-day VWAP") or the Market Price² of ₱32.77, in exchange for four (4) commercial buildings located in Ayala Center Makati and Ayala Center Cebu, and a 276-hectare parcel of industrial land located in Zambales, with an aggregate value of ₱28,602,820,008.00, within the fair range of values as validated by a third-party fairness opinion provider.

I. Duly Executed Agreements Relevant to the Proposed Transaction

Definitive agreements on the transaction (as defined below) will be duly disclosed to the Exchange and the Securities and Exchange Commission ("SEC") upon execution. The Company expects to execute the definitive agreements for the transaction by March 2024.

II. The Proposed Transaction and Timetable for Implementation and Related Regulatory Requirements

The Company, ALI, the Subsidiaries, and BCHC will execute a property-for-share swap transaction whereby the Company will issue the Shares to ALI, the Subsidiaries, and BCHC (as illustrated in Table 2 below) in exchange for the following identified properties valued at ₱28,602,820,008.00 (the "Transaction"), at an issue price of ₱34.00 per share ("Transaction Price"), set at a 3.75% premium over the 30-day VWAP of ₱32.77 or the Market Price.

Table 1 – Properties Subject of Property-For-Share Swap

Property	Registered Owner	Fair Market Value (in Php)	Transaction Value (in Php)
ATG Tower 2	ALI	12,474,406,000.00	12,480,755,836.00
Greenbelt 3 and 5	ALI	5,423,621,000.00	5,414,024,408.00
Holiday Inn	Greenhaven*	2,638,647,000.00	2,635,203,116.00
Seda Ayala Center Cebu	Cebu Insular*	1,327,325,000.00	1,303,115,756.00
BCHC Industrial Land	BCHC	6,734,208,000.00	6,769,720,892.00
Total		₱28,598,207,000.00	₱28,602,820,008.00
*Greenhaven and Cebu Insular are subsidiaries of ALI. Greenhaven is a wholly-owned subsidiary of Ayala Hotels and Resorts Corporation (AHRC), a wholly-owned subsidiary of ALI. Cebu Insular is owned by both ALI and AHRC. (collectively, the " Properties ")			

¹ Buendia Christiana Holdings Corp. ("BCHC") is a wholly-owned subsidiary of ACEN Corporation (PSE: ACEN). ACEN is 58.17% indirectly owned by Ayala Corporation as of 30 September 2023. AREIT, Inc.'s Sponsor, Ayala Land, Inc., is 50.99% owned by Ayala Corporation.

² **Market Price** means the volume weighted average of the closing price for a period of thirty (30) trading days prior to the approval of the transaction (PSE Consolidated Listing and Disclosure Rules, Rule V, Section 3, paragraph (a)). Transaction date refers to the approval of the Board of Directors when issue price was set, or the meeting of the Board of Directors on 07 March 2023.



Table 2 – Breakdown of Shares to be Issued to ALI, ALMI, and NBCC

Stockholder	Number of Shares
ALI	526,317,066
Greenhaven	77,505,974
Cebu Insular	38,326,934
BCHC	199,109,438
TOTAL	841,259,412

The Properties will be used by ALI, the Subsidiaries, and BCHC as payment for the Shares. The Transaction will be implemented as a tax-free exchange and was supported by a fairness opinion on the valuation of the Shares and of the Properties prepared and issued by FTI Consulting Philippines, Inc. ("FTI Consulting"), an independent fairness opinion provider accredited by both the SEC and the Philippine Stock Exchange ("PSE"). The Properties have been evaluated by AREIT Fund Managers, Inc. ("AFMI") and has been appraised by Cuervo Appraisers, Inc. ("Cuervo"). The Fairness Opinion issued by FTI Consulting and the Valuation Reports issued by Cuervo are collectively attached hereto as **Annexes A** and **B**, respectively.

The infusion of the Properties into AREIT is in line with the objective of AREIT and its Sponsor, ALI, and the Ayala Group of Companies to grow the asset base of AREIT through the infusion of several high-quality assets to maximize value accretion for AREIT's shareholders.

The Transaction is subject to the approval of AREIT stockholders at the Company's special meeting to be held on 12 February 2024.

AREIT will apply for the additional listing of the Shares resulting from the Transaction. The final Transaction Price is set at a 3.75% premium over the 30-day VWAP of ₱32.77 or the Market Price. In accordance with the PSE's Consolidated Listing and Disclosure Rules ("PSE Rules"), Article V, Part A, Section 3, paragraph (a), "Market Price" means the volume weighted average of the closing prices for a period of thirty (30) Trading Days prior to the transaction or the date of the approval of the Board of Directors. As such, the Transaction falls within the Exceptions to the conduct of a rights or public offering requirement of the PSE Rules, thus:

"ARTICLE V
ADDITIONAL LISTING OF SECURITIES

PART A
GENERAL

XXX

SECTION 3. Exceptions to the Rights or Public Offering Requirement – The Exchange shall grant an exception to the rights or public offering requirement in the following cases:

- (a) The transaction price for the shares subscribed is set at a premium over the prevailing market price. Market Price shall mean the weighted average of the closing prices for a period of thirty (30) Trading Days prior to the transaction;

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The exchange of the Shares for the Properties will qualify as a tax-free exchange under Section 40(C)(2) of the Tax Code, as amended, which provides that:

“Section 40. Determination of Amount and Recognition of Gain or Loss –

(C) Exchange of Property – * * *

(2) Exception. – * * *

No gain or loss shall also be recognized on a corporation or on its stock or securities if such corporation is a party to a reorganization and exchanges property in pursuance to a plan of reorganization solely for stock or securities in another corporation that is a party to the reorganization. A reorganization is defined as: ***

No gain or loss shall also be recognized if property is transferred to a corporation by a person alone or together with others, not exceeding four (4) persons, in exchange for stock or unit of participation in such a corporation of which as a result of such exchange the transferor or transferors, collectively, gains or maintains control of said corporation: *Provided*, That stocks issued for services shall not be considered as issued in return for property. ****

Section 40(C)(2) of the Tax Code, as amended, has been interpreted by the Supreme Court in the case of *Commissioner of Internal Revenue vs. Filinvest Development Corporation* (G.R. No. 167689, 9 July 2011), to mean that a tax-free exchange applies when the controlling person gains "further control" or transfers where the exchanger already has control of the corporation at the time of the exchange.

Further, in the case of *Commissioner of Internal Revenue vs. Lucio L. Co, et al.* (G.R. No. 241424, 26 February 2020) reiterated that Section 40(C)(2) applies even in cases where the transferors collectively gain or maintains control of the transferor, as such the Supreme Court “clarified that it is not necessary that, after the exchange, each of the transferors individually gains control of the transferee corporation.” The Court explained that the application of Section 40(C)(2) “does not prohibit instances where the transferor gains further control of the transferee corporation” and that “the element of control is satisfied even if one of the transferors is already owning at least 51% of the shares of the transferee corporation, as long as after the exchange, the transferors, not more than five, collectively increase their equity in the transferee corporation by 51% or more.”

The Company expects to execute the Deed of Exchange and file the application for approval of the original issuance of shares with the SEC within March 2024, and the issuance of the Certificates Authorizing Registration ("CAR") with the relevant Revenue District Office of the Bureau of Internal Revenue ("BIR") within the third quarter of 2024. The SEC's approval of the Transaction is expected to be issued within the third quarter of 2024, and the BIR's CAR issuance is expected to be issued within the fourth quarter of 2024. The Company shall likewise apply for the additional listing of shares with the Exchange by the first quarter of 2025. The indicative timetable for implementation of the Transaction is as follows:

Table 3 – Indicative Timetable for Implementation

Special Stockholders' Meeting	February 2024
Deed of Exchange Execution	March 2024
SEC Approval (Issuance of Shares and Transaction)	Q2 to Q3 2024
Issuance of CAR	Q4 2024
PSE Listing of Additional Shares	Q2 2025



III. The Rationale of the Benefits Expected to Accrue to the Listed Company as a Result of the Proposed Transaction

As the first Philippine Real Estate Investment Trust ("REIT") successfully listed amidst the COVID-19 pandemic, and true to its commitment to diversify and expand its portfolio through constant, accretive asset infusions, AREIT aspires to further grow its leasing portfolio with prime and stable assets. Since its IPO, AREIT has delivered on its growth plan, resulting in a 46% total shareholder return from dividend yield and price appreciation, based on the closing price of ₱32.80 on 29 September 2023.

AREIT started with 153 thousand square meters equivalent to ₱30 billion of Assets Under Management ("AUM") in 2020. By December 2021, this has grown to 549 thousand square meters, equivalent to ₱53 billion in AUM. At the close of 2022, AREIT expanded to 673 thousand square meters, equivalent to ₱64 billion in AUM. In September 2023, AREIT further grew its portfolio to 861 thousand square meters and ₱87 billion in AUM, nearly tripling its size since AREIT went public, exceeding its target to double in size within two years from its IPO. With this asset infusion, AREIT will further grow its building portfolio to over one million square meters in gross leasable area and 286 hectares of industrial land totaling ₱117 billion in AUM.³ The new asset infusion of prime commercial buildings as well as industrial land will expand, balance, and diversify AREIT's portfolio to capture growth opportunities across various types of real estate. Furthermore, the acquisition of land assets strengthens the Company's potential for long-term capital appreciation while earning guaranteed lease income on the property.

The Properties are expected to contribute further to AREIT's operating cashflows, boosting dividends per share. At capitalization rates of 6.8% and 6.92% for the properties of ALI and the Subsidiaries, and the BCHC industrial land, respectively, the Properties were valued based on a stable level of operating income and the expected yield of the property after considering a long-term sustainable growth of 3% for the office asset, 2.5% for mall and hotel assets, and 1.5% for industrial land. AREIT's 2023 yield is approximately 6.6% from its existing assets based on the 30-day VWAP of ₱32.77. Hence, the asset-for-share swap would be accretive and potentially increase the overall yield to approximately 6.96% after the new assets are infused. Estimated yields and total shareholder return are subject to actual operating performance and market conditions.

The Properties transferred to AREIT, including the gross leasable area, location, occupancy, and average rent, are attached herewith as **Annex C**.

IV. Aggregate Value of the Consideration and Terms of Any Payment Arrangement

The Properties are valued at approximately ₱28.6 Billion within the range of values provided in the Fairness Opinion by FTI Consulting and the Appraisal Reports issued by Cuervo. The Transaction Price of ₱34.00 per share was set at a 3.75% premium over the 30-day VWAP of ₱32.77 or Market Price, and falls within the range of values provided in the Fairness Opinion.

FTI Consulting used the Discounted Cashflows ("DCF") Approach as the primary method to estimate the fair value of the Shares and Properties. Under the DCF approach, FTI Consulting discounted the cashflows of AREIT and the Properties based on a weighted average cost of capital ("WACC") using the Capital Asset Pricing Model for the office asset and Built-up Method for the mall, hotel and industrial land assets. The Comparable Public Companies Method and Volume Weighted Average Price Method were used as secondary methods to cross-check the value of the AREIT shares. The Direct Capitalization Approach was used to cross-check the value of the Properties.

Subject to regulatory approvals (including BIR's CAR issuance allowing the transfer of Properties to AREIT as a tax-free exchange transaction under the Tax Code, as amended, and SEC's approval of the original issuance of Shares to ALI, the Subsidiaries, and BCHC), the Transaction will close upon the listing of the Shares with the PSE.

³ Inclusive of the proposed acquisition of Seda Lio from Econorth Hotel Ventures, Inc. for ₱1,192,000,000.00.



V. Consideration/Issue Value

AREIT will issue the Shares to ALI, the Subsidiaries, and BCHC at an issue price of ₱34.00 per share, set at a 3.75% premium over the 30-day VWAP of ₱32.77 or Market Price, which is likewise based on AFMI's valuation, which AREIT believes is fair to both the Company, as the issuer, and ALI, the Subsidiaries, and BCHC, as the subscribers. The issue price of ₱34.00 per share is within the range of fair values based on the fairness opinion issued by FTI Consulting.

VI. Application of Proceeds

The Shares will be issued to ALI, the Subsidiaries, and BCHC in exchange for the Properties. AREIT expects to execute the Deed of Exchange within March 2024 and file the application for the confirmation of valuation and issuance of original shares, and the Transaction with the SEC in the same month. The application for CAR with the BIR is expected to be filed within Q4 2024.

VII. Identity of Beneficial Owners of the Shares Subscribed

Table 4 – Identity of Beneficial Owners of the Shares Subscribed

Beneficial Owners/ Subscribers	Nature of Business	Nature of any material relationship with the Issuer and the parties to the transaction, their directors/officers or any of their affiliates
Ayala Land, Inc.	ALI is a public corporation organized under the laws of the Philippines. ALI is the largest property developer in the Philippines with a solid track record in developing large-scale, integrated, mixed-use, sustainable estates that are thriving economic centers in their respective regions. ALI holds a balanced and complementary mix of residential developments, shopping centers, offices, hotels and resorts, and other businesses.	<p>ALI is the Sponsor of AREIT and, as of date hereof, directly and indirectly owns 66% of AREIT shares, as follows:</p> <p>ALI – direct ownership of 1,026,398,049 shares equivalent to 43.33%</p> <p>AyalaLand Malls, Inc. (ALMI) – direct ownership of 287,186,771 shares equivalent to 12.12% (ALMI is 100% owned by ALI)</p> <p>AyalaLand Offices, Inc. (ALO) – indirect ownership of 96,292,435 shares equivalent to 4.06% (ALO is 100% owned by ALI)</p> <p>Westview Commercial Ventures Corp. (WCVVC) – direct ownership of</p>

		<p>37,443,313 shares equivalent to 1.58% (WVCV is 100% owned by ALI)</p> <p>Northbeacon Commercial Corporation (NBCC) – direct ownership of 55,382,567 shares equivalent to 2.34% (WVCV is 100% owned by ALI)</p> <p>GDI – indirect ownership of 62,146,531 shares equivalent to 1.58% (GDI is 100% owned by ALO)</p>
Greenhaven Property Ventures, Inc.	Greenhaven is organized as a real estate development company and is authorized to engage in the business of operating and managing hotels. It is the owner and operator of Holiday Inn & Suites Makati.	Greenhaven is a wholly-owned subsidiary of Ayala Hotels and Resorts Corporation (AHRC), a wholly-owned subsidiary of ALI
Cebu Insular Hotel Co., Inc.	Cebu Insular is organized primarily to engage in the business of a hotel, apartment hotel, inn, resort, restaurant, café, bar, entertainment, and other allied businesses. It is the owner and operator of Seda Ayala Center Cebu.	Cebu Insular is a subsidiary of ALI and AHRC.
Buendia Christiana Holdings Corp.	BCHC is organized primarily to engage in the activities of a holding company except as a stockbroker or dealer of securities. It is the owner of the 276-hectare industrial parcel of land in Zambales.	BCHC is a wholly-owned subsidiary of ACEN Corporation (PSE: ACEN). Both ACEN and ALI are part of the Ayala Group with Ayala Corporation owning 58.17% of ACEN and 50.99% of AREIT as of 30 September 2023.

VIII. Additional Information on Ayala Land, Inc., Greenhaven Property Ventures, Inc., Cebu Insular Hotel Co., Inc., and Buendia Christiana Holdings Corp.

A. *Ayala Land, Inc.*

ALI was registered with the SEC on 20 June 1988. It is the largest property developer in the country with a solid track record in developing large-scale, integrated, mixed-use, and sustainable estates that are now thriving economic centers.

1. *Articles of Incorporation*

The Articles of Incorporation of ALI is attached hereto as **Annex D**.

The primary purpose of ALI, as stated in its Amended Articles of Incorporation dated 22 August 2014, is:

"To deal and engage in land or real estate business in all its branches and ramifications, to hold, develop, manage, administer, sell, convey, encumber, purchase, acquire, rent, or otherwise deal in and dispose of, for itself or for others, for profit and advantage, residential including, but not limited to, all kinds of housing projects, commercial, industrial, urban or other kinds of real property, improved or unimproved, with or to such persons and entities and under such terms and conditions as may be permitted by law; to acquire, purchase, hold, manage, develop, and sell subdivision lots, with or without buildings or improvements, for such other consideration and in such manner or form as the Corporation may determine or as the law permits; to erect, construct, alter, manage, operate, lease, in whole or in part, buildings and tenements of the Corporation or of other persons, to engage or act as real estate broker, on commission or for such fees as may be proper or legal and to exercise or undertake such powers and purposes as may be required and necessarily implied from the purposes herein mentioned."

2. *Major Projects and Investments*

ALI is the largest property developer in the Philippines with a solid track record in developing large-scale, integrated, mixed-use, sustainable estates that are thriving economic centers in their respective regions. ALI has successfully developed properties in and transformed the neighborhoods of the Makati CBD, Ayala Alabang, Cebu Park District, and Bonifacio Global City. With 12 thousand hectares in its land bank, 47 estates, and presence in 57 growth centers across the country, ALI holds a balanced and complementary mix of residential developments, shopping centers, offices, hotels and resorts, and other businesses. ALI has ample experience in the real estate industry in the Philippines, focusing its business on strategic business lines, including property development, commercial leasing, hotels and resorts, and real-estate-adjacent services.

ALI's property development activities concern the sale of high-end residential lots and units (including leisure community developments), office spaces, commercial and industrial lots, middle-income residential lots and units, affordable lot units and house and lot packages, economic housing units and house and lot packages, and socialized housing packages, and the lease of residential units and marketing of residential developments. These products are developed and sold through ALI's subsidiaries under a variety of brands, including AyalaLand Premier for high-end village lots and condominium units; Alveo Land Corp. for upscale village lots, condominium and office units; Avida Land Corp. for middle-income village lots, house and lot packages, condominium and office units; Amaia Land Corp. for economic house and lot packages; and BellaVita Land Corp. for the socialized house and lot packages.

ALI's experience with commercial leasing is broad and encompasses the development and leasing of office buildings, factory buildings, shopping centers, and hotels and resorts. This experience also includes the operation of movie theaters, food courts, entertainment facilities, and carparks in developed shopping centers; management and operations of malls which are co-owned with partners; and operation and management of branded and owner-operated hotels.

ALI also offers real estate related services such as construction, for land development and construction of ALI and third-party projects, and property management, for properties of ALI and third-party projects. Such property management activities also include operation of water and sewage treatment facilities, distribution of district cooling systems, and bulk purchase and supply

of electricity for energy solutions. Construction and property management services are led by ALI's subsidiaries, Makati Development Corporation and Ayala Property Management Corporation, respectively.

3. *Capital and Organizational Structure*

Attached as **Annexes E** and **F** are the latest General Information Sheet and Organizational Structure of ALI, respectively.

4. *Latest Audited Financial Statements*

The audited financial statements of ALI for the years 2020, 2021, and 2022 are attached as **Annexes G, H, and I**, respectively.

5. *List of Subsidiaries and Affiliates*

Please refer to Annex F for the complete list of companies under the ALI Group.

6. *Board of Directors and Officers*

Directors:

- a. Jaime Augusto Zobel de Ayala – Chairman
- b. Cezar P. Consing – Director, Vice Chairman
- c. Anna Ma. Margarita B. Dy – Director, President and Chief Executive Officer
- d. Daniel Gabriel M. Montecillo – Lead Independent Director
- e. Rex Ma. A. Mendoza – Independent Director
- f. Mariana Beatriz Zobel de Ayala – Director, Senior Vice President
- g. Cesar V. Purisima – Independent Director
- h. Surendra Mohan Menon – Independent Director
- i. Arturo G. Corpuz – Director
- j. Mariana Beatriz E. Zobel de Ayala – Director

Officers:

- a. Anna Ma. Margarita B. Dy – President and Chief Executive Officer
- b. Augusto D. Bengzon – Senior Vice President, Chief Finance Officer, Treasurer, and Chief Compliance Officer
- c. Robert S. Lao – Senior Vice President
- d. Dante M. Abando – Senior Vice President
- e. Laurent P. Lamasuta – Senior Vice President
- f. Roscoe M. Pineda – Vice President and Chief Information Officer
- g. Annabeth R. Bernardo – Chief Audit Executive
- h. Solomon M. Hermosura – Group General Counsel and Corporate Secretary
- i. Maphilindo S. Tandoc – Chief Risk Officer
- j. Ma. Florence Therese dG. Martinez-Cruz – Assistant Corporate Secretary

B. *Greenhaven Property Ventures, Inc.*

1. *Articles of Incorporation*

The Amended Articles of Incorporation of Greenhaven is attached hereto as **Annex J**.

The primary purpose of Greenhaven, as stated in its Amended Articles of Incorporation dated 26 June 2008, is:

"To acquire by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, and hold for investment or otherwise, real estate of all kinds; to develop, establish, construct, invest in, own, acquire, sell, lease, dispose of, operate and/or manage hotels, and to develop, establish, construct, invest in, own, acquire, sell, lease and/or dispose of condominium units, and other structures of whatever kind, together with their appurtenances."

2. *Major Projects and Investments*

Greenhaven is a wholly-owned subsidiary of Ayala Hotels and Resorts Corporation (AHRC). AHRC is a wholly-owned subsidiary of ALI. Greenhaven is organized primarily as a real estate developer and is authorized to operate and manage hotels. It is the owner and operator of Holiday Inn & Suites Makati.

3. *Capital and Organizational Structure*

Greenhaven is 100% owned by AHRC. Attached as **Annex K** is the latest General Information Sheet of Greenhaven. Please refer to Annex F for the Organizational Structure.

4. *Latest Audited Financial Statements*

The audited financial statements of Greenhaven for the years 2020, 2021, and 2022 are attached as **Annexes L, M, and N**.

5. *List of Subsidiaries and Affiliates*

Greenhaven does not have any subsidiaries. Please refer to Annex F for a list of its affiliates under the ALI Group.

6. *Board of Directors and Officers*

Directors:

- a. Jose Emmanuel H. Jalandoni – Chairman
- b. Michael Alexis C. Legaspi – Member
- c. Javier D. Hernandez – Member
- d. Eileen Anne J. Escobido – Member
- e. Phearl Zennyland V. Raz – Member

Officers:

- a. Javier D. Hernandez – President and Chief Executive Officer
- b. Phearl Zennyland V. Raz – Treasurer, Chief Finance Officer, and Chief Compliance Officer
- c. Nimfa Ambrosia L. Perez-Paras – Corporate Secretary
- d. Maria Paula G. Romero-Bautista – Assistant Corporate Secretary
- e. Amelia Ann T. Alipao – Data Protection Officer

C. *Cebu Insular Hotel Co., Inc.*

1. *Articles of Incorporation*

The Amended Articles of Incorporation of Cebu Insular is attached hereto as **Annex O**.

The primary purpose of Cebu Insular, as stated in its Amended Articles of Incorporation dated 13 March 2018, is:

"To own, hold in ownership, manage, deal and engage in the general business of a hotel, apartment hotel, inn, resort, restaurant, café, bar, entertainment and other allied businesses and, to the extent permitted by law, to acquire, own and hold, either by purchase, lease, or other means of acquisition, lands, buildings, and other improvements necessary or required by its business and to use such lands, building, and improvements thereto for the conduct and operation of the general nature of its business and object and all other matters incidental thereto."

2. *Major Projects and Investments*

Cebu Insular is a subsidiary of ALI and AHRC with ALI owning 37.06% and AHRC owning 62.94%. AHRC is a wholly-owned subsidiary of ALI. Cebu Insular is the owner and operator of Seda Ayala Center Cebu.

3. *Capital and Organizational Structure*

Cebu Insular is a subsidiary of ALI and AHRC with ALI owning 37.06% and AHRC owning 62.94%. AHRC is a wholly-owned subsidiary of ALI. Attached as **Annex P** is the latest General Information Sheet of Cebu Insular. Please refer to Annex F for the Organizational Structure.

4. *Latest Audited Financial Statements*

The audited financial statements of Cebu Insular for the years 2020, 2021, and 2022 are attached as **Annexes Q, R, and S**.

5. *List of Subsidiaries and Affiliates*

Cebu Insular does not have any subsidiaries. Please refer to Annex F for a list of its affiliates under the ALI Group.

6. *Board of Directors and Officers*

Directors:

- a. Jose Emmanuel H. Jalandoni – Chairman
- b. Phearl Zennylane V. Raz – Member
- c. Michael Alexis C. Legaspi – Member
- d. Eileen Anne J. Escobido – Member
- e. Javier D. Hernandez – Member

Officers:

- a. Javier D. Hernandez – President and Chief Executive Officer
- b. Phearl Zennylane V. Raz – Treasurer, Chief Finance Officer, and Chief Compliance Officer
- c. Nimfa Ambrosia L. Perez-Paras – Corporate Secretary
- d. Maria Paula G. Romero-Bautista – Assistant Corporate Secretary
- e. Amelia Ann T. Alipao – Data Protection Officer



D. Buendia Christiana Holdings Corp.

1. Articles of Incorporation

The Articles of Incorporation of BCHC is attached hereto as **Annex T**.

The primary purpose of BCHC, as stated in its Amended Articles of Incorporation dated 20 August 2020, is:

"To engage in the activities of a holding company except as stockbroker or dealer of securities."

2. Major Projects and Investments

BCHC primarily holds investment properties in certain locations in the Philippines. It also holds a minority interest in Manapla Sun Power Development Corp., a leasing company with assets located in Negros Occidental.

3. Capital and Organizational Structure

Attached as **Annexes U and V** are the latest General Information Sheet and Organizational Structure of BCHC, respectively.

4. Latest Audited Financial Statements

The audited financial statements of BCHC for the years 2020, 2021, and 2022 are attached as **Annexes W, X, and Y**, respectively.

5. List of Subsidiaries and Affiliates

Please refer to Annex V for the complete list of affiliates of BCHC.

6. Board of Directors and Officers

Directors:

- a. Jose Maria Eduardo P. Zabaleta – Chairman and President
- b. Janel M. Bea – Director, Chief Finance Officer and Treasurer
- c. Dodjie D. Lagazo – Director
- d. Rodrigo M. San Pedro, Jr. - Director
- e. Anabele R. Natividad – Director

Officers:

- a. Jose Maria Eduardo P. Zabaleta –President
- b. Janel M. Bea – Chief Finance Officer and Treasurer
- c. Alan T. Ascalon – Corporate Secretary
- d. Lawrence Andrew F. Quina – Assistant Corporate Secretary

IX. Statement of Active Business Pursuits and Objectives

The Company is the first Philippine REIT that successfully became publicly listed amidst the COVID-19 pandemic. Upon listing in August 2020, the Company's property portfolio consists of three (3) commercial buildings in Metro Manila:

Table 5 – AREIT's Property Portfolio Upon Listing

	Solaris One	Ayala North Exchange	McKinley Exchange
Year Completed	2008	2019	2014
Description	Grade A, PEZA-Accredited 24-storey commercial building	Grade A, PEZA-accredited, mixed-use development	Grade A, PEZA-accredited, mixed-use development
Location	130 Dela Rosa, Legaspi Village, Makati City	6796 Ayala Avenue corner Salcedo Street, Legaspi Village, Makati City	McKinley Road corner EDSA, Makati City
GLA	46,768 sq.m.	95,300 sq.m.	10,687 sq.m.
Right over Building	Owned	Owned	Leased
Right over Land	Leased	Leased	Leased
Land Lease Expiry	2048	2058	2054

On 15 September 2020, AREIT purchased from ALO Prime Realty Corp., a wholly-owned subsidiary of ALI, the building known as Teleperformance Cebu, in accordance with its REIT Plan. Thereafter, AREIT continued to grow its portfolio by acquiring The 30th Commercial Development, and parcels of industrial land in Laguna Technopark:

Table 6 – AREIT's Acquisitions 2020 to January 2021

	Teleperformance Cebu	The 30th	Laguna Technopark Lots
Year Completed	2010	2017	N/A
Description	Grade A, Gold LEED, PEZA-Accredited 12-storey commercial building	Grade A, PEZA-accredited, mixed-use development	Four (4) land parcels leased by Integrated Micro-Electronics, Inc.
Location	Inez Villa Street, Cebu I.T. Park (formerly Asiatown I.T. Park), Barangay Apas, Cebu City	Meralco Avenue, Pasig City	Laguna Technopark, Binan, Laguna
GLA	18,092 sq.m.	74,704 sq.m.	98,179 sq.m. (land)
Right over Building	Owned	Owned	N/A
Right over Land	Leased	Leased	Owned
Land Lease Expiry	2051	2056	N/A

On 8 June 2021, ALI, and its subsidiaries, Westview Commercial Ventures Corp. ("WCVC") and Glensworth Development, Inc. ("GDI"), entered into a Deed of Exchange with AREIT whereby the latter issued 483,254,375 primary common shares of stock 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. On 8 October 2021, AREIT received the approval of the SEC of the said property-for-share swap and allowed the issuance of 483,254,375 shares of AREIT in favor of ALI, WCVC, and GDI, in exchange for the following identified properties valued at ₱15,464,140,000:

Table 7 – AREIT's Property-for-Share Swap with ALI, WCVC, and GDI

	Vertis North Mall and Corporate Centers 1, 2, and 3	BPI-Philam Life Makati	BPI-Philam Life Alabang	Bacolod Capitol Corporate Center	Ayala Northpoint Technohub	One Evotech and Two Evotech
Year Completed	2017	1998	1997	2018	2011	2013
Description	Grade A, LEED Certified, PEZA-accredited mixed-use development	Grade A office units	Grade A office units	Grade A, PEZA-accredited office building	Grade A, PEZA-accredited office building	Grade A, LEED Silver-Certified, PEZA-accredited office building
Location	Quezon City	Makati	Alabang	Bacolod City	Talisay City, Negros Occidental	Sta. Rosa, Laguna
GLA	Office – 125k Mall – 39k	1k	0.5k	11k	5k	23k
Right over Building	Owned	Owned	Owned	Owned	Owned	Owned

Right over Land	Leased	Office Condominium Units	Office Condominium Units	Leased	Leased	Leased
Land Lease Expiry	2058	N/A	N/A	2062	2058	2058

Consistent with its investment strategy, AREIT entered into a Deed of Exchange with ALI whereby the former issued 252,136,383 primary common shares of stock to ALI at an issue price of ₱44.65 per share in exchange for six (6) office buildings located in Cebu with an aggregate value of ₱11,257,889,535.91. The SEC issued the Confirmation of Valuation and approved the said property-for-share swap and allowed the issuance of 483,254,375 shares of AREIT in favor of ALI on 29 December 2022:

Table 8 – AREIT's Property-for-Share Swap with ALI (Cebu Properties)

	eBloc 1	eBloc 2	eBloc 3	eBloc 4	ACC Tower	Tech Tower
Year Completed	2009	2011	2014	2015	2016	2016
No. of Storeys	12	16	12	12	20	12
Description	Grade A, commercial building, PEZA-accredited	Grade A, commercial building, PEZA-accredited	Grade A, commercial building, PEZA-accredited	Grade A, commercial building, PEZA-accredited	Grade A, commercial building, PEZA-accredited	Grade A, commercial building, PEZA-accredited
Location	Cebu IT Park	Cebu IT Park	Cebu IT Park	Cebu IT Park	Ayala Center Cebu	Ayala Center Cebu
GLA (sq.m)	20,842	27,727	15,233	16,167	27,517	16,813
Right over Land	Leasehold	Leasehold	Leasehold	Leasehold	Leasehold	Leasehold

Earlier this year, the Company and ALI, AyalaLand Malls, Inc. ("ALMI"), and NorthBeacon Commercial Corp. ("NBCC") entered into a Deed of Exchange executing another property-for-share swap transaction whereby the Company issued 607,559,380 primary common shares to ALI, ALMI, and NBCC in exchange for the following identified properties valued at ₱22,479,697,060, at an issue price of ₱37.00 per share, set at a 3% premium over the 30-day VWAP of ₱35.83 or the Market Price.

Table 9 – AREIT's Property-for-Share Swap with ALI, ALMI, and NBCC

	Glorietta BPO 1	Glorietta BPO 2	One Ayala West Tower	One Ayala East Tower	Glorietta Mall Wings 1 and 2	MarQueen Mall
Year Completed	2016	2016	2021	2022	2012	2009
Description	Grade A, commercial building, PEZA-accredited	Grade A, commercial building, PEZA-accredited	Grade A, commercial building, PEZA-accredited	Grade A, commercial building, PEZA-accredited	Regional Mall	Regional Mall
Location	Ayala Center Makati					Angeles City, Pampanga
GLA (sq.m)	18,770	23,492	30,999	39,996	68,764	66,041
Occupancy	98%	98%	98%	98%	100%	100%
Right over Land	Leasehold	Leasehold	Leasehold	Leasehold	Leasehold	Leasehold
Landowner	Ayala Land, Inc.	Ayala Land, Inc.	Ayala Land, Inc.	Ayala Land, Inc.	Ayala Land, Inc.	NorthBeacon Commercial Corp.

Current Transaction

AREIT's principal strategy is to invest in income-generating real estate properties that meet a select set of 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 maybe other types of real estate properties available in the market, and (3) have stable occupancy, tenancy, and income operations.



Upon approval of the Transaction by the Company's stockholders and obtaining regulatory approvals, the Company will own the Properties, thereby increasing AREIT's building portfolio from 861 thousand square meters to over one million square meters in gross leasable area and 286 hectares of industrial land, a size at par with regional players; increasing AREIT's assets under management from ₱87 billion to around ₱117 billion;⁴ diversify its asset base of offices, malls, hotels, and industrials to reduce sector risks; capitalize on flagship commercial assets from its Sponsor, ALI, and expand opportunities across the Ayala Group; include freehold land which generates income and long-term value appreciation; and at the Transaction Price of ₱34.00 per share, the assets to be infused are yield accretive to AREIT at a capitalization rate of 6.8% for the Properties of ALI and the Subsidiaries, and 6.92% for the BCHC industrial land, ultimately redounding to the benefit of all stockholders, including the minority retail investors through dividend accretion.

X. Effects to the Company Before and After the Transaction

A. Increase in Authorized Capital Stock

There is no change in the Company's Authorized Capital Stock.

B. Change in the Nature of Business

There is no change in the nature of the business of the Company.

C. Change in the Board of Directors and Officers

There is no change in the Company's Board of Directors and Officers as a result of the Transaction.

D. Change in Name

There is no change in the name of the Company.

E. Capital Structure – Ownership Structure of AREIT before and after the Transaction

Provided on the following table is the change in the ownership structure after the transaction.

Table 10 – Ownership Structure of AREIT Before and After the Transaction

Stockholder	Current (before property for share swap)		Indicative Post-Transaction (after the property for share swap)	
	Number of Shares	Percentage of Ownership	Number of Shares	Percentage of Ownership
ALI	1,026,398,049	43.33%	1,273,715,115	39.68%
ALO	96,292,435	4.06%	96,292,435	3.00%
Westview	37,443,313	1.58%	37,443,313	1.17%
GDI	62,146,531	2.62%	62,146,531	1.94%
ALMI	287,186,771	12.12%	287,186,771	8.95%
NBCC	55,382,567	2.34%	55,382,567	1.73%
Greenhaven	0	0.00%	77,505,974	2.41%
Cebu Insular	0	0.00%	38,326,934	1.19%
BCHC	0	0.00%	199,109,438	6.20%
Directors and Officers	4,014,507	0.17%	4,014,507	0.13%
Non-ALI/Public	799,742,400	33.76%	1,078,742,400	33.61%
TOTAL	2,368,606,573	100%	3,209,865,985	100%

⁴ Inclusive of the proposed acquisition of Seda Lio from Econorth Hotel Ventures, Inc. for ₱1,192,000,000.00.



AREIT shall ensure that ALI will sell some of its AREIT shareholdings before the approval by the SEC of the Transaction to ensure compliance with the minimum public ownership requirements imposed upon the Company. The relevant disclosures on the sale of shareholdings will be made in due course once its terms are finalized.

XI. Identities of Controlling and Substantial Stockholders of the Parties to the Transaction

The controlling stockholder of AREIT is as follows:

Table 11 – Controlling Stockholder of AREIT

Name of Stockholder	Form of Ownership	Number of Shares	% Ownership
ALI	Direct	1,026,398,049	43.33%
ALMI	Direct	287,186,771	12.12%
ALO	Indirect	96,292,435	4.06%
WCVC	Direct	37,443,313	1.58%
GDI	Indirect	62,146,531	2.62%
NBCC	Direct	55,382,567	2.34%

XII. Statement as to the steps to be taken, if any, to safeguard the interest of any independent shareholders

The issuance of the 841,259,412 primary common shares to ALI, the Subsidiaries, and BCHC will be discussed and taken up in the Company's Special Stockholders' Meeting on 12 February 2024. The final Transaction Price of ₱34.00 per share is set at a 3.75% premium over the 30-day VWAP of ₱32.77. In accordance with the PSE's Consolidated Listing and Disclosure Rules, Article V, Part A, Section 3, paragraph (a), "Market Price" means the volume weighted average of the closing prices for a period of thirty (30) Trading Days prior to the transaction or the date of the approval of the Board of Directors. As such, the Transaction falls within the Exceptions to the conduct of a rights or public offering requirement of the Additional Listing Rules of the PSE.

The Company's Fund Manager on 14 November 2023 has endorsed the Transaction to the Company. The Company's Risk Management and Related Party Transactions Review Committee and the Board of Directors have reviewed FTI Consulting's fairness opinion on the Shares and the Properties, as well as the appraisal reports issued by Cuervo. Cuervo and FTI Consulting have issued Appraisal Reports and Fairness Opinion to establish the fairness of the valuation of the Shares and the Properties used in this Transaction.

Pertinent details are provided in the supporting Annexes submitted together with this document.



SCHEDULE OF ANNEXES

ANNEX	DESCRIPTION
A	Fairness Opinion
B	Appraisal Reports
C	Property Details
D	Articles of Incorporation – Ayala Land, Inc.
E	General Information Sheet – Ayala Land, Inc.
F	Organizational Structure – Ayala Land, Inc.
G	Audited Financial Statements for 2020 – Ayala Land, Inc.
H	Audited Financial Statements for 2021 – Ayala Land, Inc.
I	Audited Financial Statements for 2022 – Ayala Land, Inc.
J	Articles of Incorporation – Greenhaven Property Ventures, Inc.
K	General Information Sheet – Greenhaven Property Ventures, Inc.
L	Audited Financial Statements for 2020 – Greenhaven Property Ventures, Inc.
M	Audited Financial Statements for 2021 – Greenhaven Property Ventures, Inc.
N	Audited Financial Statements for 2022 – Greenhaven Property Ventures, Inc.
O	Articles of Incorporation – Cebu Insular Hotel Company, Inc.
P	General Information Sheet – Cebu Insular Hotel Company, Inc.
Q	Audited Financial Statements for 2020 – Cebu Insular Hotel Company, Inc.
R	Audited Financial Statements for 2021 – Cebu Insular Hotel Company, Inc.
S	Audited Financial Statements for 2022 – Cebu Insular Hotel Company, Inc.
T	Articles of Incorporation – Buendia Christiana Holdings Corp.
U	General Information Sheet – Buendia Christiana Holdings Corp.
V	Organizational Structure – Buendia Christiana Holdings Corp.
W	Audited Financial Statements for 2020 – Buendia Christiana Holdings Corp.
X	Audited Financial Statements for 2021 – Buendia Christiana Holdings Corp.
Y	Audited Financial Statements for 2022 – Buendia Christiana Holdings Corp.



Property-for-Share Swap between AREIT, Inc., Ayala Land, Inc., Buendia Christiana Holdings Corp., Greenhaven Property Ventures, Inc. and Cebu Insular Hotel Co., Inc.

Fairness Opinion Report

STRICTLY PRIVATE & CONFIDENTIAL

13 November 2023

AREIT Fund Managers, Inc.

28F, Tower One & Exchange Plaza,
Ayala Triangle, Ayala Avenue, Makati City

Buendia Christiana Holdings Corp.

35F, Ayala Triangle Gardens Tower 2,
Ayala Triangle, Ayala Avenue, Makati City

Attention: Board of Directors of AREIT Fund Managers, Inc. and Buendia Christiana Holdings Corp.

Re: Fairness Opinion Report

Ladies and Gentlemen:

FTI Consulting Philippines, Inc. ("FTI Consulting") is pleased to submit this Fairness Opinion Report ("Report") covering the property-for-share swap transaction in relation to the planned infusion of certain properties (the "Properties") owned by Ayala Land, Inc. ("ALI"), Greenhaven Property Ventures Inc. ("GPVI"), Cebu Insular Hotel Co., Inc. ("CIHCI") and Buendia Christiana Holdings Corp. ("BCHC") into AREIT, Inc. ("AREIT").

ALI, GPVI, CIHCI, and BCHC intend to transfer the Properties to AREIT in exchange for primary shares to be issued by AREIT (the "Transaction"). The Properties consist of one office building (i.e., ATG Tower 2 in Makati City owned by ALI), one shopping mall (i.e., Greenbelt 3 & 5 in Makati City owned by ALI), two hotels, (i.e., Holiday Inn in Makati City owned by GPVI and Seda Ayala Center Cebu in Cebu City owned by CIHCI) and industrial lots (i.e., a 276-hectare land parcel located in the province of Zambales owned by BCHC, the "Zambales Lots"). Except for Zambales Lots, the land where the Properties are located will not be transferred. After the Transaction, ALI, GPVI, and CIHCI will continue earning lease income from the mall and hotels and lease these from AREIT. Further, AREIT will lease the Zambales Lots to GigaAce8, an ACEN subsidiary currently leasing from BCHC.

In this regard, FTI Consulting has been asked to render an opinion on whether the proposed exchange of AREIT shares for the Properties is fair from a financial point of view.

FTI Consulting conducted a valuation study of AREIT and the Properties in accordance with the 2022 International Valuation Standards (“IVS”) to determine the fairness of the consideration to be transferred and consideration to be received by AREIT. The following standards were used:

- IVS 101 Scope of Work
- IVS 102 Investigations and Compliance
- IVS 103 Reporting
- IVS 104 Bases of Value
- IVS 105 Valuation Approaches and Methods
- IVS 200 Business and Business Interests
- IVS 400 Real Property Interests*

The Valuation Date is 31 August 2023, with the Philippine Peso (“PHP”) as the Valuation Currency. Market Value (also referred to as “Fair Value”) is the basis of value used in this engagement. Market Value is defined in the IVS as the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion.

FTI Consulting considered the following a “special assumption¹” for purposes of valuing AREIT:

- Infusion of new properties (i.e., Glorietta BPO Towers 1 & 2, Glorietta 1 & 2 Malls, One Ayala – West Tower and East Tower, and Marquee Mall) into AREIT in exchange for 607.56 million primary shares to be issued by AREIT. This transaction will increase AREIT’s outstanding common shares to 2,368,606,573 from 1,761,047,193. The Securities and Exchange Commission (“SEC”) has approved the transaction, but as of the Valuation Date, the property infusion has not yet been formally recorded in the books of AREIT due to other required government clearances.

The Philippine Stock Exchange, Inc.’s (“PSE”) Memorandum on Guidelines for Fairness Opinions and Valuation Reports (No. 2011-0104) requires a fairness opinion covering the property-for-share swap transactions. Such fairness opinion must be supported by a valuation report. FTI Consulting is an independent firm accredited by the PSE for purposes of issuing fairness opinions and valuation reports of listed companies and prospective initial listing applicants of the Exchange in compliance with the PSE Memorandum on Guidelines for Fairness Opinions and Valuation Reports (No. 2011-0104). FTI Consulting is also accredited by the SEC (SEC Accreditation No. 032) as a Professional Services Organization (PSO) in accordance with SEC Memorandum No 2 Series of 2014 (Guideline on Asset Valuation).

*Provisions on valuation approaches and methods

¹ IVS 104 (Bases of Value), Section 200.4 states that “special assumptions are often used to illustrate the effect of possible changes on the value of an asset. They are designated as “special” so as to highlight to a valuation user that the valuation conclusion is contingent upon a change in current circumstances or that it reflects a view that would not be taken by participants generally on the valuation date.”

Summary of Findings

The Properties were valued using the Discounted Cash Flows (“DCF”) Method and Direct Capitalization Method under the Income Approach. AREIT, on the other hand, was valued using the DCF Method as the primary method. The Volume Weighted Average Price (“VWAP”) Method and Comparable Public Companies Method under the Market Approach were used as cross-checks. The estimated valuation ranges of the Properties and AREIT as of the Valuation Date are presented in Exhibits 1 and 2, respectively.

Exhibit 1. Valuation Summary – Properties

Properties	Low Estimate	High Estimate
In PHP millions		
ATG Tower 2	10,054.00	12,893.00
Greenbelt 3 & 5	5,004.00	5,630.00
Holiday Inn	2,420.00	2,719.00
Seda Ayala Center Cebu	1,235.00	1,388.00
Zambales Lots	6,484.00	7,074.00
TOTAL RANGE OF MARKET VALUES	25,197.00	29,704.00

Sources: FTI Consulting Analysis

Exhibit 2. Valuation Summary – AREIT

Method	Equity Value		Value per Share ¹	
In PHP millions except for the per share values	Low Est.	High Est.	Low Est.	High Est.
Discounted Cash Flows Method	75,652.01	84,375.35	31.94	35.62
<i>Cross-checks:</i>				
Volume Weighted Average Price Method	78,521.68	80,793.81	33.15	34.11
Comparable Public Companies Method				
Price-to-NTM EPS	69,792.19	78,698.47	29.47	33.23
RANGE OF MARKET VALUES	75,652.01	84,375.35	31.94	35.62

¹Total number of shares equal 2,368.61 million based on outstanding shares of 1,761.05 million and additional shares infusion of 607.56 million.

Source: FTI Consulting Analysis

*NTM = next twelve months

Fair Range of AREIT shares to be Exchanged

Given the range of market values of the Properties and the range of market values per share of AREIT, we determined the range of AREIT shares to be issued which is considered fair from a financial point of view as shown in Exhibit 3.

Exhibit 3. Fair Range of AREIT Shares to be Issued

Summary	Range of Market Values	
	Low Estimate	High Estimate
Amounts in PHP millions, except price per share		
ATG Tower 2	10,054.00	12,893.00
Greenbelt 3 & 5	5,004.00	5,630.00
Holiday Inn	2,420.00	2,719.00
Seda Ayala Center Cebu	1,235.00	1,388.00
Zambales Lots	6,484.00	7,074.00
AREIT (PHP/share) ¹	31.94	35.62

Fair Range of AREIT Shares to be Exchanged (in millions)	Low Estimate	High Estimate
ATG Tower 2	282.24	403.67
Greenbelt 3 & 5	140.47	176.27
Holiday Inn	67.93	85.13
Seda Ayala Center Cebu	34.67	43.46
Zambales Lots	182.02	221.48
Total Fair Range of AREIT Shares to be Exchanged	707.34	930.01

¹Rounded to two decimal places for presentation purposes

Source: FTI Consulting Analysis

Valuation Conclusion and Fairness Opinion

Exhibit 4 shows the comparison of the fair range of AREIT shares to be issued calculated by FTI Consulting and the proposed number of shares to be issued by AREIT's management in the Transaction.

Exhibit 4. Comparison of the Fair Range of AREIT Shares to be Issued and the Proposed Number of Shares to be Issued by AREIT

Total Number of Shares	Fair Range of Shares to be Issued		Proposed Number of Shares to be issued by AREIT
In Millions	Low	High	
ATG Tower 2	282.24	403.67	367.08
Greenbelt 3 & 5	140.47	176.27	159.24
Holiday Inn	67.93	85.13	77.51
Seda Ayala Center Cebu	34.67	43.46	38.33
Zambales Lots	182.02	221.48	199.11
Total number of shares	707.34	930.01	841.26

Source: FTI Consulting Analysis, AREIT Management

Given that the shares to be issued by AREIT fall within our fair ranges of shares that AREIT can issue in exchange for the Properties (as seen in Exhibit 4), we are of the opinion that the proposed Transaction is considered fair from a financial point of view.

Statement of Limitations

- This Report opines solely on the fairness of the number of primary shares to be issued by AREIT and the valuation of the Properties. It does not opine as to the operational merits or strategic rationale of the Transaction.
- In the preparation of the valuation report, FTI Consulting relied on available information and records, including but not limited on the representation of AREIT, ALI, GPVI, CIHCI, and BCHC, audited and unaudited financial statements, appraisal reports, and such other relevant supporting documents.
- While our work may include an analysis of financial and accounting data, our work does not constitute an audit conducted in accordance with generally accepted auditing standards, an examination of internal controls, or other attestation or review services in accordance with standards established by the Auditing and Assurance Standards Council ("AASC"). Accordingly, we do not express an opinion or any other form of assurance on the financial statements of the AREIT and the Properties or any financial or other information.
- With respect to prospective financial information relative to the AREIT and the Properties referenced throughout the valuation report, we did not examine, compile, or apply agreed-upon procedures to such information in accordance with standards established by the AASC and we express no assurance of any kind on such information. There will usually be differences between estimated and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We take no responsibility for the achievability of the expected results anticipated by the Management.
- Management is responsible for any and all financial information provided to us during the course of our work.

Statement of Compliance

- The Report is reviewed and approved by the Senior Managing Directors of FTI Consulting. The Report is not approved by an internal committee.
- The Report does not express an opinion about the fairness of the compensation in the Transaction to any of AREIT's, ALI's, GPVI's, CIHCI's, and BCHC's directors, officers, or employees relative to the compensation to AREIT's, ALI's, GPVI's, CIHCI's, and BCHC's shareholders.
- FTI Consulting did not act as a financial advisor to any party to the Transaction and did not or will not receive a payment that is contingent on the successful completion of the Transaction, for rendering the fairness opinion.
- There is no material relationship between FTI Consulting and any party to the Transaction during the prior two years, in which compensation was received or intended to be received that will impair the independence of FTI Consulting.
- Information with respect to AREIT's and the Properties' operations and account balances purported to be in effect and described in our valuation report was obtained primarily through analyses provided by and discussions with AREIT's, ALI's, GPVI's, CIHCI's, and BCHC's management ("Management").
- FTI Consulting performed appropriate analysis to evaluate inputs and assumptions, and their appropriateness for the valuation purpose.
- Members of FTI Consulting, particularly those who are registered Certified Public Accountants and Chartered Financial Analysts, are compliant with the Code of Ethics of the Philippine Institute of Certified Public Accountants and the CFA Institute Code of Ethics.
- A brief description of FTI Consulting and the educational and professional qualification of its representatives who conducted the valuation is included in our valuation report.

Should you require clarification on any of the matters contained in this Report or any further information, we would be pleased to meet and discuss.

Yours faithfully,

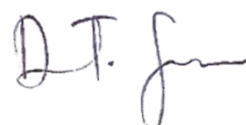
FTI CONSULTING PHILIPPINES, INC.

Suite 2403 Discovery Center,
25 ADB Avenue, Ortigas Center
Pasig City, 1605 Philippines
PSE Accreditation CN - No. 2022-0043
SEC Accreditation No. 032
Validity Date: 29 October 2020 to 28 October 2025

A handwritten signature in blue ink, appearing to read "John B. Balce", with a long, sweeping horizontal stroke extending to the right.

John B. Balce

Senior Managing Director
Suite 2403 Discovery Center, 25 ADB Avenue, Ortigas Center, Pasig City
PRC License No: 0113153
Validity Date: until 27 June 2025
PTR Number: 9588865
TIN: 236-703-421

A handwritten signature in blue ink, appearing to read "D.T. Gregorio", with a stylized, cursive-like script.

Dominador T. Gregorio III

Senior Managing Director
Suite 2403 Discovery Center, 25 ADB Avenue, Ortigas Center, Pasig City
PRC License No: 0057726
Validity Date: until 18 May 2025
PTR Number: 9588864
TIN: 177-088-250

MARKET VALUE APPRAISAL

Property exhibited to us by the
AREIT FUND MANAGERS, INC.

Ayala Triangle Gardens Tower 2

Located in

**Paseo de Roxas corner Makati Avenue
Barangay Bel-Air, Salcedo Village
Makati City, Metro Manila**

13 November 2023

AREIT FUND MANAGERS, INC.

28th Floor, Tower One and Exchange Plaza
Ayala Avenue, Ayala Triangle
Makati City, Metro Manila

Attention : **MS. PATRICIA GAIL Y. SAMANIEGO**
President

We express our professional statement of opinion on the valuation of certain assets described in the attached Independent Valuation Report dated 13 November 2023. Our Independent Valuation Report was made on the basis of certain information and internal data provided to us by the **AREIT FUND MANAGERS, INC.**, as well as on our inspections, research, and analyses of market data which we have deemed reasonable, appropriate, and applicable based on our experience as valuation professionals.

Management Responsibility of Client

The Client and its management are responsible for the preparation and fair presentation of information and internal data provided to us. Where the valuation requires actual property inspections, Client warrants that all properties inspected properly refer to the actual and only subjects of this valuation report. While we verify information and data in cases where such verification is required, our services do not cover certification on the accuracy and completeness of information provided to us by the Client and its management.

Responsibility of the Valuation Professional

Our responsibility as valuation professionals is to come up with an appropriate reasonable valuation for the subject assets and properties based on information, internal data and market data available to us, as well as on actual inspections, where such are required. Our valuation reports are made based on reasonable and adequate data that support our conclusions to establish the market value of the subject assets as of the stated date.

Our valuation procedures have been performed in accordance with the International Valuation Standards (2022 Edition) and Philippine Valuation Standards (2nd Edition, 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP). The development of the International Valuation Standards serves as a professional benchmark, or beacon, for valuation professionals globally, thereby enabling them to respond to client requirements for reliable valuations.

Prohibitions

Neither the whole nor any part of this report, any reference thereto may be published, included in or with, attached to any document or used for any purpose other than that specifically stated in this report, without the written consent of Cuervo Appraisers, Inc. in accordance and exclusively for the purpose, form, and context in which it may appear.

Representations

Cuervo Appraisers, Inc., through its Manila, Cebu and Davao offices has been in the business of providing asset valuation solutions for companies across all industries for 43 years in the Philippines and overseas. Cuervo Appraisers, Inc. has been involved in numerous valuation projects for various assets and enterprises, both tangible and intangible, and is well qualified to undertake the work required. Also, Cuervo Appraisers, Inc. is accredited by both Philippine Stock Exchange, Inc. (PSE) and Securities and Exchange Commission (SEC).

The final valuation report shall not be valid without the dry seal of Cuervo Appraisers, Inc. properly affixed thereto.

CUERVO APPRAISERS, INC.**By:****LIBERTY SANTIAGO-AÑO, IPA, MRICS***Vice President and General Manager*

Real Estate Appraiser

Valid until: 07/17/2026

PRC Registration Number: 0000167

IPREA Membership No. 849

PTR No. 0182776

09 January 2023

City of Pasig

13 November 2023

AREIT FUND MANAGERS, INC.

28th Floor, Tower One and Exchange Plaza
Ayala Avenue, Ayala Triangle
Makati City, Metro Manila

Attention : **MS. PATRICIA GAIL Y. SAMANIEGO**
President

Subject : **CAI File No. 09-2023-0839A**
Market Value Appraisal of Property

Gentlemen :

As requested, we conducted an appraisal a certain real property exhibited to us as by the **AREIT FUND MANAGERS, INC.** for the purpose of expressing an opinion on the market value of the property intended for corporate use as of **10 October 2023**.

The appraised property is the ***Ayala Triangle Gardens Tower 2 and its facilities***, located **Paseo de Roxas corner Makati Avenue, within Barangay Bel-Air, Salcedo Village, Makati City, Metro Manila**.

The term ***Market Value***, as used herein is defined as:

the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion.

Market Value is understood as the value of an asset estimated without regard to costs of sale or purchase and without offset for any associated taxes.

We investigated local market condition, and gave consideration to the --

Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value;

Capitalization rate;

Extent, character, and utility of the property;

Lease/Rent rates for similar property; and

Highest and best use of the property.

Premised on the foregoing and as supported by the accompanying narrative report, it is our opinion that the **market value** of the property appraised based on income approach (Discounted Cash Flow) as of **10 October 2023** is reasonably represented in the amount of **TWELVE BILLION FOUR HUNDRED SEVENTY FOUR MILLION FOUR HUNDRED SIX THOUSAND (Php12,474,406,000) PESOS.**

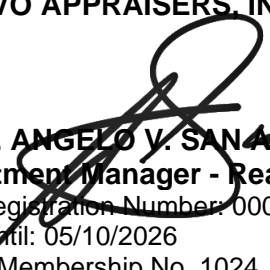
We made no investigation of and assume no responsibility for claims to or liabilities against the appraised property.

WE CERTIFY that we have neither present nor prospective interest on the appraised property or on the reported value.

Respectfully submitted,

CUERVO APPRAISERS, INC.

By:


ENGR. ANGELO V. SAN ANTONIO
Department Manager - Real Estate
PRC Registration Number: 0000407
Valid Until: 05/10/2026
IPREA Membership No. 1024
PTR No. 9186355L
13 January 2023
City of Malolos

SRO:rvp

CAI File No. 09-2023-0839A

LIMITING CONDITIONS

1. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear under responsible ownership.
2. ***Cuervo Appraisers, Inc.***, by reason of this appraisal, is not required to give testimony or attendance in court or to any government agency with reference to the subject property unless arrangements have been previously made.
3. Any erasure on appraisal date and/or value invalidates this valuation report.
4. Neither the whole nor any part of this report and valuation, nor any reference thereto, may be included in any document, circular or statement without our written approval.
5. The valuation fee is not contingent upon a predetermined value conclusion or a percentage of the valuation.
6. This appraisal report is invalid unless it bears the service seal of ***Cuervo Appraisers, Inc.***

CAI File No. 09-2023-0839A

NARRATIVE REPORT

I. GENERAL

This report covers an appraisal of a certain real property located within Barangay Bel-Air, Salcedo Village, Makati City, Metro Manila. The appraisal was made for the purpose of expressing an opinion on the **market value** of the property as of **10 October 2023**.

The term **Market Value** is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price which the property would fetch if offered for sale in the open market, would undoubtedly be affected, should the sale be on terms, whether favorable or unfavorable.

It is further assumed that the title to the property is good, marketable, and free from liens and encumbrances; and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free, and clear. Fee Simple is defined as the absolute fee without limitation to any particular class of heirs or restrictions but subject to the limitations of eminent domain, escheat, police power and taxation.

II. PROPERTY LOCATION AND IDENTIFICATION

Based on the documents provided to us by the clients and as shown to us by Mr. Jomari Antonio (OIC), the appraised property is the **Ayala Triangle Gardens Tower 2**, located **Paseo de Roxas corner Makati Avenue, within Barangay Bel-Air, Salcedo Village, Makati City, Metro Manila**.

The site of Ayala Triangle Garder Tower 2 is located on the southwest corner of Paseo de Roxas and Makati Avenue, it is located approximately 300-meter northeast from the intersection of Makati Avenue – Ayala Avenue; 990 meters northwest from the intersection Ayala Avenue - Epifanio Delos Santos Avenue(EDSA); 1.55 kilometers southeast from the intersection of Ayala Avenue – Sen. Gil J. Puyat Avenue; and about 435 meters southwest from the intersection Se. Gil J. Puyat Avenue – Makati Avenue.

Paseo de Roxas and Makati Avenue are both 20 meters wide. These are concrete paved with asphalt overlay, provided concrete sidewalks, concrete curbs and gutters, and underground drainage.

III. NEIGHBORHOOD DATA

The property is located in Legaspi Village, one of the fifteen (15) classified areas representing the Makati Central Business District (MCBD). Legaspi Village is a well-planned area developed and fully improved with multi-storey office/residential and commercial condominiums strategically located near several first-class residential, commercial, and light-industrial villages of Makati City.

Since the early 80's Legaspi Village has already by-word for choice office/residential sites that cater to multi-national and big local companies, and the elite populace as well. Its easy accessibility to different business/commercial centers of Makati somehow adds premium to its property value. The presence of Asian Institute of Management has firmly established its reputation as one of the best regulated real estate sites in Metro Manila.

To ensure traffic decongestion, most of the streets of Legaspi Village are designed as one-way vehicular traffic. Pay for parking along its principal streets is also being implemented.

Generally, the roads in the neighborhood follow a gridiron pattern designed to accommodate light to heavy vehicular traffic loads. Major thoroughfares are concrete, with widths ranging from 10 to 20 meters and lighted with streetlamps.

Some of the important improvements in the vicinity are:

- Makati Medical Center
- Asian Institute of Management
- Ayala North Exchange Plaza
- RCBC Plaza – Yuchengco Tower
- Paseo Center
- BDO Towers Valero
- Malaysian Embassy
- Prince Tower
- Makati Sports Club
- Crown Regency
- Ateneo De Manila University (Salcedo Campus)
- One Salcedo Place
- Jaime C. Velazquez Park

Glorieta, SM City – Makati, Greenbelt Center and Landmark serve as the commercial and shopping centers in the area. These are short distance from the subject property. Other community centers like the post office, public market, churches/chapels, hospitals/clinics, and private and public schools are accessible from the Ayala Avenue by public transportation.

IV. COMMUNITY FACILITIES AND UTILITIES

Electric power, water supply and telecommunication facilities are available at the subject office building.

Public transportation connecting to various sections of Makati City as well as to other parts of Metro Manila is available along Ayala Avenue which is approximately 300 meters from the subject office building. Streetlights, garbage collection, foot and mobile patrols of the Philippine National Police, and other community facilities and utilities are jointly maintained by the city government and the Metropolitan Manila Development Authority (MMDA).

V. AYALA NORTH EXCHANGE

Ayala Triangle Gardens Tower 2

The Ayala Triangle Gardens Tower 2 comprises offices on the Ground to 39th floors; 40th to 41st floors are machine rooms; and a helipad. The basement 1 are retail areas and the basement 2 to 5 are used as parking spaces.

This is a thirty-nine (39)-level of reinforced concrete framed building with two (2) level machine room, helipad and five (5)-level basement having concrete slab roof with water proofing membrane, aluminum composite panel cladding; skylight sheet on steel frame canopy; concrete slab soffit, fiber cement board and acoustic board on T-runner ceilings; cement plastered concrete hollow block with wall to wall granite tile finish, precast concrete, fixed glass on aluminum frame and glass curtain walls; cement plastered concrete hollow block partitions; fixed glass on aluminum frame and steel louver windows; ceramic tile, granite slab and plain concrete cement finished with epoxy paint floor; frameless glass panel, glass on aluminum frame, flush hollow metal, hollow metal with narrow glass vision lite, hollow metal with louver, and steel roll up doors; steel grill platform and walkway; concrete cement finished with epoxy paint stairways with steel nosing.

The machine room is made of concrete soffit slab ceiling, cement plastered concrete hollow block walls; steel louver windows; sliding steel louver, steel panel and plywood flush doors; and epoxy paint and plain cement finished concrete floors.

The rentable spaces are typically of concrete slab exposed ceiling, cement plastered concrete hollow block walls; glass on aluminum frame doors; and plain concrete cement flooring.

The building is divided into five (5) zones, namely the Low Zone (17th Floor Down); Mid Zone (18th - 28th Floor); High Zone (29th - 39th Floor); Retail Zone (Basement 5 - 3rd Floor) and Service Zone (Basement 5 - 41st Floor). It has a five (5) level basement. The parking area are serviced by two (2) elevators (Basement 5 - Ground Floor), the Low Zone is serviced by six (6) elevators; Mid Zone is serviced by seven (7) elevators; High Zone is service by seven (7) Elevators; Retail Zone is Service by five (5) elevators; two (2) Service Elevators, and one (1) Elevator (41st - Helipad).

This is equipped with 100% back-up generators; a centralized chilled water system; high-speed, large-capacity elevators; multiple telecommunication providers; and an energy-efficient building management system, among other features. Gross leasable area is 63,150 square meters.

VI. HIGHEST AND BEST USE

Based upon an analysis of the property itself and the prevailing land usage in the neighborhood, we are of the opinion that an **existing mixed-use, office/commercial** would represent the highest and best use of the property.

Highest and Best Use is defined as the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

VII. VALUATION

By Income Approach

The Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value. The different techniques that can be utilized to accomplish this include direct capitalization, mortgage-equity capitalization, and discounted cash flow analysis. All three methods are based on an analysis of a property's operating income. The first step in the Income Approach is estimating the Potential Gross Income (PGI) of the property. The PGI includes income from all possible sources, at 100% occupancy and before any deductions for expenses. These projections are generally calculated on an annual basis and are based on the analysis of data from the subject and comparable rental properties. With a potential gross income figure, a suggested value can be applied against the subject. After projecting the Potential Gross Income, an allowance is made for vacancy and credit loss, resulting in the Effective Gross Income (EGI). The EGI estimates the anticipated annual gross receipts from the property. The property may experience vacancies (even in a strong rental market) due to the time lag between successive tenants (e.g., remodeling). Collection losses can result from a tenant's inability or refusal to pay rent. After projecting the Effective Gross Income, the appraiser deducts the estimated operating expenses for the property. These operating expenses include all costs required to maintain the earning potential of the property. The operating expenses are generally classified into two categories: fixed expenses and variable expenses. Variable expenses are directly related to the occupancy, and therefore to the Effective Gross Income, of the property. Examples include Gross Receipt Taxes and management fees paid on a percentage of gross bases.

Fixed expenses are those which remain constant for the property regardless of occupancy. Examples include real property taxes and hazard insurance. The total operating expenses are deducted from the Effective Gross Income resulting in the Net Operating Income (NOI). The NOI is the annual estimated income generated by the property, before interest expense, depreciation, and taxes. The Net Operating Income can be analyzed in three ways, as introduced above: direct capitalization, mortgage-equity analysis, and discounted cash flow. For the purposes of this report, we have adopted the Discounted Cash Flow Analysis, details of which are shown on the succeeding pages of this report.

Discounted Cash Flow Analysis

This form of analysis allows an investor or owner to make an assessment of the long-term return that is likely to be derived from a property with a combination of rental and capital growth over an assumed investment horizon. In undertaking this analysis, a wide range of assumptions are made including base rental, rental growth, statutory and operating expenses, and sale price and disposal of the property at the end of the investment period.

Having regard to these factors, we have carried out a discounted cash flow analysis over a 10-year investment horizon in which we have assumed that the property is sold at the start of the eleventh year of the cash flow. The cash flow analyses, which comprise annual income streams, are based upon the following assumptions/estimates:

1. Cash Flow is projected over a 10-year period;
2. Discount rate is estimated at 10.30%, based on Capital Asset Pricing Model WACC computations as of September 30, 2023;
3. Capitalization rate adopted to arrive at the terminal value is 7.30% (10.30% WACC less 3% long term growth rate; and
4. Gross revenue of leasable spaces as well as operating expenses including leased on land were based on P & L provided to us by the client.
5. Marketing Cost is pegged at 3.5% of resale value.

On the basis of the aforementioned assumptions, we have prepared a Discounted Cash Flow Analysis, shown in the succeeding page, to establish the quantity, variability, timing, and duration of the periodic income attributable to the interest in the property under review. Each cash flow is then discounted to its present value, and all resulting present values are totaled, to obtain the Net Present Value of the income to the real property interest being appraised. The Present Worth of the Terminal Value is then added to obtain the Market Value of the Property.

Discounted Cash Flow Analysis (in PhP) AYALA TRIANGLE GARDENS TOWER 2																
Terminal Capitalization Rate		7.30%														
Discount Rate		10.30%														
			0	0.25	1.25	2.25	3.25	4.25	5.25	6.25	7.25	8.25	9.25	10.25		11.25
		Year		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034		Terminal Value
Present Worth Factor				0.9758	0.8847	0.8021	0.7272	0.6593	0.5977	0.5419	0.4913	0.4454	0.4038	0.3661		0.33191
Period Covered		"n"		0.25	1.25	2.25	3.25	4.25	5.25	6.25	7.25	8.25	9.25	10.25	Totals	11.25
TOTAL REVENUES				1,247,853,406	1,379,400,342	1,422,620,671	1,476,501,497	1,528,058,874	1,570,740,486	1,617,839,970	1,652,632,298	1,699,853,689	1,748,927,060	1,803,171,257	15,344,428,292	1,622,854,131
LESS: EXPENSES				411,099,633	405,636,824	415,696,869	428,086,541	440,059,723	450,233,204	461,428,692	470,108,383	481,518,894	493,425,640	506,538,438	4,457,294,403	499,512,267
NET OPERATING INCOME				836,753,772	973,763,518	1,006,923,802	1,048,414,956	1,087,999,151	1,120,507,281	1,156,411,278	1,182,523,915	1,218,334,795	1,255,501,420	1,296,632,819	10,887,133,889	1,123,341,865
ADD: Reversion Value (Resale Value)																15,388,244,720
Net Reversion Value																15,388,244,720
Present Worth Factor @	10.30%	discount rate	-	0.97579	0.88467	0.80206	0.72716	0.65926	0.59769	0.54188	0.49128	0.44540	0.40381	0.36610		0.33191
Present Worth of Net Income			-	816,495,510	861,458,002	807,610,030	762,364,724	717,269,937	669,719,960	626,636,035	580,948,276	542,648,579	506,983,375	474,698,662	7,366,833,090	
Present Worth of Net Reversion Value																5,107,572,845
Total Present Value of Net Income				7,366,833,090												
Present Worth of Net Reversion Value				5,107,572,845												
Total				12,474,405,935												
Market Value of Property (building and its facilities)	PhP			12,474,405,935												
Rounded to	PhP			12,474,406,000												

On the basis of the foregoing, the market value of **Ayala Triangle Gardens Tower 2** (building and its facilities) using the **Discounted Cash Flow Analysis**, is represented in the amount of **Php12,474,406,000**.

MARKET VALUE APPRAISAL

Property exhibited to us by the
AREIT FUND MANAGERS, INC.

Greenbelt 3 and 5

Located in
Barangay San Lorenzo
Makati City, Metro Manila

13 November 2023

AREIT FUND MANAGERS, INC.

28th Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Metro Manila

Attention : **MS. PATRICIA GAIL Y. SAMANIEGO**

We express our professional statement of opinion on the valuation of certain assets described in the attached Independent Valuation Report dated 13 November 2023. Our Independent Valuation Report was made on the basis of certain information and internal data provided to us by the **AREIT FUND MANAGERS, INC.**, as well as on our inspections, research and analyses of market data which we have deemed reasonable, appropriate and applicable based on our experience as valuation professionals.

Management Responsibility of Client

The Client and its management are responsible for the preparation and fair presentation of information and internal data provided to us. Where the valuation requires actual property inspections, Client warrants that all properties inspected properly refer to the actual and only subjects of this valuation report. While we verify information and data in cases where such verification is required, our services do not cover certification on the accuracy and completeness of information provided to us by the Client and its management.

Responsibility of the Valuation Professional

Our responsibility as valuation professionals is to come up with an appropriate reasonable valuation for the subject assets and properties based on information, internal data and market data available to us, as well as on actual inspections, where such are required. Our valuation reports are made based on reasonable and adequate data that support our conclusions to establish the market value of the subject assets as of the stated date.

Our valuation procedures have been performed in accordance with the International Valuation Standards (2022 Edition) and Philippine Valuation Standards (2nd Edition, 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP). The development of the International Valuation Standards serves as a professional benchmark, or beacon, for valuation professionals globally, thereby enabling them to respond to client requirements for reliable valuations.

Prohibitions

Neither the whole nor any part of this report, any reference thereto may be published, included in or with, attached to any document or used for any purpose other than that specifically stated in this report, without the written consent of Cuervo Appraisers, Inc. in accordance and exclusively for the purpose, form and context in which it may appear.

Representations

Cuervo Appraisers, Inc., through its Manila, Cebu and Davao offices has been in the business of providing asset valuation solutions for companies across all industries for 43 years in the Philippines and overseas. Cuervo Appraisers, Inc. has been involved in numerous valuation projects for various assets and enterprises, both tangible and intangible, and is well qualified to undertake the work required. Also, Cuervo Appraisers, Inc. is accredited by both Philippine Stock Exchange, Inc. (PSE) and Securities and Exchange Commission (SEC).

The final valuation report shall not be valid without the dry seal of Cuervo Appraisers, Inc. properly affixed thereto.

CUERVO APPRAISERS, INC.**By:****LIBERTY SANTIAGO-AÑO, IPA, MRICS***Vice President and General Manager*

Real Estate Appraiser

Valid until: 07/17/2026

PRC Registration Number: 0000167

IPREA Membership No. 849

PTR No. 0182776

09 January 2023

City of Pasig

13 November 2023

AREIT FUND MANAGERS, INC.

28th Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Metro Manila

Attention : **MS. PATRICIA GAIL Y. SAMANIEGO**

Subject : **CAI File No. 09-2023-0839-001A**
Market Value Appraisal of Property

Gentlemen :

As requested, we appraised certain real property exhibited to us by the **AREIT FUND MANAGERS, INC.**, for the purpose of expressing an opinion on the *market value* of the property intended for corporate use as of **10 October 2023**.

The appraised property consists of ***buildings and other land improvements of Greenbelt 3 and 5, including its facilities***, located in **Ayala Center, Barangay San Lorenzo, Makati City, Metro Manila**.

The term ***Market Value***, as used herein, is defined as:

the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion.

Market Value is understood as the value of an asset estimated without regard to costs of sale or purchase and without offset for any associated taxes.

We personally inspected the property, investigated local market conditions and gave consideration to the --

Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value;

Capitalization rate;

Extent, character and utility of the property;

Lease/Rent rates for similar property; and

Highest and best use of the property.

Premised on the foregoing and as supported by the accompanying narrative report, it is our opinion that the **market value** of the property appraised based on income approach (Discounted Cash Flow) as of **10 October 2023** is reasonably represented in the amount of **FIVE BILLION FOUR HUNDRED TWENTY-THREE MILLION SIX HUNDRED TWENTY-ONE THOUSAND (Php5,423,621,000) PESOS.**

We made no investigation of and assume no responsibility for title to or liabilities against the appraised property.

WE CERTIFY that we have neither present nor prospective interest on the appraised property or on the reported value.

Respectfully submitted,

CUERVO APPRAISERS, INC.

By:


ENGR. ANGELO V. SAN ANTONIO
Department Manager - Real Estate

PRC Registration Number: 0000407

Valid Until: 05/10/2026

IPREA Membership No. 1024

PTR No. 9186355L

13 January 2023

City of Malolos

JLT:mfm

CAI File No. 09-2023-0839-001A

LIMITING CONDITIONS

1. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear under responsible ownership.
2. ***Cuervo Appraisers, Inc.***, by reason of this appraisal, is not required to give testimony or attendance in court or to any government agency with reference to the subject property unless arrangements have been previously made.
3. Any erasure on appraisal date and/or value invalidates this valuation report.
4. Neither the whole nor any part of this report and valuation, nor any reference thereto, may be included in any document, circular or statement without our written approval.
5. The valuation fee is not contingent upon a predetermined value conclusion or a percentage of the valuation.
6. This appraisal report is invalid unless it bears the service seal of ***Cuervo Appraisers, Inc.***

CAI File No. 09-2023-0839-001A

NARRATIVE REPORT

I. GENERAL

This report covers an appraisal of a certain real property located within Barangay San Lorenzo, Makati City, Metro Manila. The appraisal was made for the purpose of expressing an opinion on the **market value** of the property as of **10 October 2023**.

The term **Market Value** is defined as the estimated amount for which an asset or a liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion.

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price which the property would fetch if offered for sale in the open market, would undoubtedly be affected, should the sale be on terms, whether favorable or unfavorable.

It is further assumed that the title to the property is good, marketable, and free from liens and encumbrances; and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. Fee Simple is defined as the absolute fee without limitation to any particular class of heirs or restrictions but subject to the limitations of eminent domain, escheat, police power and taxation.

II. PROPERTY LOCATION AND IDENTIFICATION

Based on the documents provided to us by the client, the appraised property is located **within Barangay San Lorenzo, Makati City, Metro Manila**.

The site of Greenbelt is bounded by Dela Rosa Street on the northeast; Makati Avenue on the southeast; Esperanza Street on the southwest; Paseo de Roxas Avenue on the northwest; and Legaspi Street on the north; approximately 145 meters southwest from Ayala Avenue; 610 meters southwest from the corner of Makati Avenue and Paseo de Roxas Avenue; 980 meters southwest from the intersection of Makati and Sen GIL J. Puyat Avenues; and about 2.0 kilometers southwest from the intersection of Epifanio de los Santos and Sen. Gil J. Puyat Avenues.

Makati and Paseo de Roxas Avenues are 30 and 20 meters wide, respectively. Both are concrete paved with asphalted topping and provided with concrete curbs and gutters, concrete sidewalks, underground drainage, and center-island, while Esperanza and Legaspi Streets are 10 and 12 meters wide, respectively. Both are concrete paved and provided with concrete curbs and gutters, concrete sidewalks, and underground drainage.

III. NEIGHBORHOOD DATA

The property is located in Makati Central Business District (MCBD), a well-planned area developed and fully improved with multi-storey office residential condominiums strategically located near several first-class residential, commercial and light-industrial villages of Makati City.

Generally, the streets in the neighborhood are designed to accommodate light to heavy vehicular and pedestrian traffic loads. Major thoroughfares are asphalted, with widths ranging from 15 to 60 meters and lighted with streetlamps.

Some of the improvements in the vicinity are:

- New World Hotel Makati City
- The Residences Greenbelt
- Fairmont Makati Hotel/Raffles Makati Hotel
- The Landmark
- Makati Shangri-La – Manila
- SM Makati
- Park Square
- Park Terraces
- Garden Towers
- Asian Institute of Management

Ayala Center and Greenbelt serve as the commercial and shopping centers in the area. Ayala Center is adjacent to Greenbelt. Other community centers like the post office, churches/chapels, hospitals/clinics, and private and public schools are accessible from Makati Avenue and Paseo de Roxas Avenue.

IV. COMMUNITY FACILITIES AND UTILITIES

Electric power, water supply and telecommunication facilities are available at the site.

Public transportation connecting to various sections of Makati City as well as to the other parts of Metro Manila is available along Ayala Avenue which is about 300 meters from the subject property. Streetlights, garbage collection, foot and mobile patrols of the Philippine National Police, and other community facilities and utilities are maintained by the city government and the Metropolitan Manila Development Authority (MMDA).

V. DESCRIPTION OF IMPROVEMENTS

The land is improved with buildings and other land improvements described as follows:

Buildings

Greenbelt 3

This is a three (3)-storey reinforced concrete framed building of pre-painted ribbed type long span sheet roof; fiber cement board ceilings; cement plastered concrete hollow block walls; glass on aluminum frame windows; glass panel; flush type and glass panel with sensor sliding doors; and marble tiles, ceramic tiles, plain cement, and epoxy paint finished floor.

The building features cafe and restaurants, as well as fashion retailers on the ground floor; casual dining outlets and cafes on the second floor; cinemas ticket lobby, cafes, bars, and family entertainment center on the third and movie theaters on the third floors.

This is painted and provided with electrical, plumbing, telecommunication, and HVAC facilities. This also has elevators, escalators and firefighting equipment. Total floor area is approximately 36,659 square meters.

The estimated remaining economic life is 24 years.

Greenbelt 5

This is a four (4) and three (3)-storey reinforced concrete framed building with roof deck and basement of pre-painted ribbed type long span sheet roof; fiber cement board ceilings; cement plastered concrete hollow block walls; glass on aluminum frame windows; glass panel; flush type and glass panel with sensor sliding doors; and marble tiles, ceramic tiles, plain cement, and epoxy paint finished floor.

This is painted and provided with electrical, plumbing, telecommunication, and HVAC facilities. This also has elevators, escalators and firefighting equipment. Total floor area is approximately 57,370 square meters.

The estimated remaining economic life is 27 years.

Note: Greenbelt Buildings 1 to 5 are interconnected.

Other Land Improvements

These consists of driveways, walkways and landscaping.

VI. HIGHEST AND BEST USE

Based upon an analysis of the property itself and the prevailing land usage in the neighborhood, we are of the opinion that a **commercial utility** would represent the highest and best use of the property.

Highest and Best Use is defined as the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

VII. VALUATION

The **Income Approach** is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value. The different techniques that can be utilized to accomplish this include direct capitalization, mortgage-equity capitalization and discounted cash flow analysis. All three methods are based on an analysis of a property's operating income.

The first step in the Income Approach is estimating the Potential Gross Income (PGI) of the property. The PGI includes income from all possible sources, at 100% occupancy and before any deductions for expenses. These projections are generally calculated on an annual basis and are based on the analysis of data from the subject and comparable rental properties. With a potential gross income figure, a suggested value can be applied against the subject. After projecting the Potential Gross Income, an allowance is made for vacancy and credit loss, resulting in the Effective Gross Income (EGI). The EGI estimates the anticipated annual gross receipts from the property. The property may experience vacancies (even in a strong rental market) due to the time lag between successive tenants (e.g., remodeling). Collection losses can result from a tenant's inability or refusal to pay rent. After projecting the Effective Gross Income, the appraiser deducts the estimated operating expenses for the property. These operating expenses include all costs required to maintain the earning potential of the property. The operating expenses are generally classified into two categories: fixed expenses and variable expenses.

Variable expenses are directly related to the occupancy, and therefore to the Effective Gross Income, of the property. Examples include Gross Receipt Taxes and management fees paid on a percentage of gross bases.

Fixed expenses are those which remain constant for the property regardless of occupancy. Examples include real property taxes and hazard insurance. The total operating expenses are deducted from the Effective Gross Income resulting in the Net Operating Income (NOI). The NOI is the annual estimated income generated by the property, before interest expense, depreciation and taxes. The Net Operating Income can be analyzed in three ways, as introduced above: direct capitalization, mortgage-equity analysis and discounted cash flow. For the purposes of this report, we have adopted the Discounted Cash Flow Analysis, details of which are shown on the succeeding pages of this report.

Discounted Cash Flow Analysis

This form of analysis allows an investor or owner to make an assessment of the long-term return that is likely to be derived from a property with a combination of rental and capital growth over an assumed investment horizon. In undertaking this analysis, a wide range of assumptions are made including base rental, rental growth, statutory and operating expenses, and sale price and disposal of the property at the end of the investment period.

Having regard to these factors, we have carried out a discounted cash flow analysis over a 10-year investment horizon in which we have assumed that the property is sold at the start of the eleventh year of the cash flow. The cash flow analyses, which comprise annual income streams, are based upon the following assumptions/estimates:

1. Cash Flow is projected over a 10-year period;
2. Discount rate is estimated at 8.25% using the built-up method using the 25-year BVAL and Damodaran synthetic rating spread;
3. Capitalization rate adopted to arrive at the terminal value is 5.75%; and
4. Gross revenue of leasable spaces as well as operating expenses such as management fees, taxes and license were based on P & L provided to us by the client.

On the basis of the aforementioned assumptions, we have prepared a Discounted Cash Flow Analysis, shown in the succeeding page, to establish the quantity, variability, timing and duration of the periodic income attributable to the interest in the property under review. Each cash flow is then discounted to its present value, and all resulting present values are totaled, to obtain the Net Present Value of the income to the real property interest being appraised. The Present Worth of the Terminal Value is then added to obtain the Market Value of the Property.

Discounted Cash Flow Analysis (in PhP) GREENBELT 3 AND 5																
Terminal Capitalization Rate		5.75%														
Discount Rate		8.25%														
Present Worth Factor			0.98038	0.90566	0.83664	0.77288	0.71397	0.65956	0.60929	0.56286	0.51996	0.48033	0.44373			0.40991
			Period Covered	0.25	1.25	2.25	3.25	4.25	5.25	6.25	7.25	8.25	9.25	10.25	Totals	11.25
GROSS REVENUES				101,291,064	407,696,533	417,888,946	428,336,170	439,044,574	450,020,688	461,271,205	472,802,985	484,623,060	496,738,637	509,157,103	4,159,713,862	521,886,030
LESS: EXPENSES				20,092,347	80,837,859	82,723,455	84,656,191	86,637,246	88,667,827	90,749,173	92,882,552	95,069,266	97,310,648	99,608,064	819,626,564	101,581,048
NET OPERATING INCOME				81,198,717	326,858,674	335,165,491	343,679,978	352,407,328	361,352,861	370,522,032	379,920,433	389,553,794	399,427,989	409,549,039	3,340,087,297	420,304,982
ADD: Reversion Value (Resale Value)																7,309,651,867
Net Reversion Value																7,309,651,867
Present Worth Factor @	8.25% discount rate		0.98038	0.90566	0.83664	0.77288	0.71397	0.65956	0.60929	0.56286	0.51996	0.48033	0.44373			0.40991
Present Worth of Net Income				79,605,338	296,022,780	280,411,945	265,621,693	251,609,094	238,333,448	225,756,171	213,840,687	202,552,320	191,858,203	181,727,179	2,427,338,859	
Present Worth of Net Reversion Value																2,996,282,529
Total Present Value of Net Income					2,427,338,859											
Present Worth of Net Reversion Value					2,996,282,529											
Total					5,423,621,388											
Market Value of Property (buildings and its facilities)	PhP				5,423,621,388											
Rounded to	PhP				5,423,621,000											

On the basis of the foregoing, the market value of the property Greenbelt 3 & 5 (building and its facilities) using the Discounted Cash Flow Analysis, is represented in the amount of **Php5,423,621,000**.

MARKET VALUE APPRAISAL

Property exhibited to us by the
AREIT FUND MANAGERS, INC.

Holiday Inn & Suites Makati

Located in
**Ayala Center, Barangay San Lorenzo
Makati City, Metro Manila**

13 November 2023

AREIT FUND MANAGERS, INC.

28th Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Metro Manila

Attention : **MS. PATRICIA GAIL Y. SAMANIEGO**

We express our professional statement of opinion on the valuation of certain assets described in the attached Independent Valuation Report dated 13 November 2023. Our Independent Valuation Report was made on the basis of certain information and internal data provided to us by the **AREIT FUND MANAGERS, INC.**, as well as on our inspections, research and analyses of market data which we have deemed reasonable, appropriate and applicable based on our experience as valuation professionals.

Management Responsibility of Client

The Client and its management are responsible for the preparation and fair presentation of information and internal data provided to us. Where the valuation requires actual property inspections, Client warrants that all properties inspected properly refer to the actual and only subjects of this valuation report. While we verify information and data in cases where such verification is required, our services do not cover certification on the accuracy and completeness of information provided to us by the Client and its management.

Responsibility of the Valuation Professional

Our responsibility as valuation professionals is to come up with an appropriate reasonable valuation for the subject assets and properties based on information, internal data and market data available to us, as well as on actual inspections, where such are required. Our valuation reports are made based on reasonable and adequate data that support our conclusions to establish the market value of the subject assets as of the stated date.

Our valuation procedures have been performed in accordance with the International Valuation Standards (2022 Edition) the Philippine Valuation Standards (2nd Edition, 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP). The development of the International Valuation Standards serves as a professional benchmark, or beacon, for valuation professionals globally, thereby enabling them to respond to client requirements for reliable valuations.

Prohibitions

Neither the whole nor any part of this report, any reference thereto may be published, included in or with, attached to any document or used for any purpose other than that specifically stated in this report, without the written consent of Cuervo Appraisers, Inc. in accordance and exclusively for the purpose, form and context in which it may appear.

Representations

Cuervo Appraisers, Inc., through its Manila, Cebu and Davao offices has been in the business of providing asset valuation solutions for companies across all industries for 43 years in the Philippines and overseas. Cuervo Appraisers, Inc. has been involved in numerous valuation projects for various assets and enterprises, both tangible and intangible, and is well qualified to undertake the work required. Also, Cuervo Appraisers, Inc. is accredited by both Philippine Stock Exchange, Inc. (PSE) and Securities and Exchange Commission (SEC).

The final valuation report shall not be valid without the dry seal of Cuervo Appraisers, Inc. properly affixed thereto.

CUERVO APPRAISERS, INC.**By:**
LIBERTY SANTIAGO-AÑO, IPA, MRICS*Vice President and General Manager*

Real Estate Appraiser

Valid until: 07/17/2026

PRC Registration Number: 0000167

IPREA Membership No. 849

PTR No. 0182776

09 January 2023

City of Pasig

13 November 2023

AREIT FUND MANAGERS, INC.

28th Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Metro Manila

Attention : **MS. PATRICIA GAIL Y. SAMANIEGO**

Subject : **CAI File No. 09-2023-0839-002A**
Market Value Appraisal of Property

Gentlemen :

As requested, we appraised certain real property exhibited to us by the **AREIT FUND MANAGERS, INC.**, for the purpose of expressing an opinion on the *market value* of the property intended for corporate use as of **09 October 2023**.

The appraised property consists of a ***building and its facilities, of the Holiday Inn and Suites Makati***, located **along Palm Drive within Ayala Center, Barangay San Lorenzo, Makati City, Metro Manila**.

The term ***Market Value***, as used herein, is defined as:

the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion.

Market Value is understood as the value of an asset estimated without regard to costs of sale or purchase and without offset for any associated taxes.

We investigated local market conditions, and gave consideration to the --

Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value;

Capitalization rate;

Extent, character and utility of the property;

Lease/Rent rates for similar property; and

Highest and best use of the property.

Premised on the foregoing and as supported by the accompanying narrative report, it is our opinion that the **market value** of the property appraised as of **09 October 2023** is reasonably represented in the amount of **TWO BILLION SIX HUNDRED THIRTY-EIGHT MILLION SIX HUNDRED FORTY-SEVEN THOUSAND (Php2,638,647,000) PESOS.**


We made no investigation of and assume no responsibility for titles to or liabilities against the appraised property.

WE CERTIFY that we have neither present nor prospective interest on the appraised property or on the reported value.

Respectfully submitted,

CUERVO APPRAISERS, INC.

By:


ENGR. ANGELO V. SAN ANTONIO
Department Manager - Real Estate

PRC Registration Number: 0000407

Valid Until: 05/10/2026

IPREA Membership No. 1024

PTR No. 9186355L

13 January 2023

City of Malolos

MCC:moa

CAI File No. 09-2023-0839-002A

LIMITING CONDITIONS

1. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear under responsible ownership.
2. ***Cuervo Appraisers, Inc.***, by reason of this appraisal, is not required to give testimony or attendance in court or to any government agency with reference to the subject property unless arrangements have been previously made.
3. Any erasure on appraisal date and/or value invalidates this valuation report.
4. Neither the whole nor any part of this report and valuation, nor any reference thereto, may be included in any document, circular or statement without our written approval.
5. The valuation fee is not contingent upon a predetermined value conclusion or a percentage of the valuation.
6. This appraisal report is invalid unless it bears the service seal of ***Cuervo Appraisers, Inc.***

CAI File No. 09-2023-0839-002A

NARRATIVE REPORT

I. GENERAL

This report covers an appraisal of certain real property located within Barangay San Lorenzo, Makati City, Metro Manila. The appraisal was made for the purpose of expressing an opinion on the **market value** of the property as of **09 October 2023**.

The term **Market Value** is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion.

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price which the property would fetch if offered for sale in the open market, would undoubtedly be affected, should the sale be on terms, whether favorable or unfavorable.

It is further assumed that the title to the property is good, marketable, and free from liens and encumbrances; and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. **Fee Simple** is defined as the absolute fee without limitation to any particular class of heirs or restrictions but subject to the limitations of eminent domain, escheat, police power and taxation.

II. PROPERTY LOCATION AND IDENTIFICATION

Based on the documents provided by the clients and as shown to us by Mr. Froilan Ilagan (client's representative), the appraised property is the **Holiday Inn & Suites Makati**, located **along Palm Drive, within Ayala Center, Barangay San Lorenzo, Makati City, Metro Manila**.

The site of Holiday Inn & Suites is located on the northeast side of Palm Drive, approximately 100-meters northwest from East Street; 125-meters southeast from West Street; and about 270-meters northwest from Epifanio de los Santos Avenue (EDSA) near Ayala MRT Station.

Ayala Avenue, East and West Streets are correspondingly 40, 15 and 15 meters wide. These are concrete paved with asphalt overlay, provided with concrete sidewalks, concrete curbs and gutters, and underground drainage, and a center island.

III. NEIGHBORHOOD DATA

The Ayala Center is a major commercial development operated by Ayala Land located in the Makati Central Business District Makati, Metro Manila.

The Ayala Center is a recreational, shopping, dining, and entertainment development located in the heart of Makati. It is bounded by Ayala Avenue, Dela Rosa Street, and Legazpi Street to the north, Epifanio de los Santos Avenue (EDSA) to the east, Arnaiz Avenue to the south, and to the west by Paseo de Roxas. The Ayala station of MRT Line 3 serves the area.

Today, the complex includes several malls, each with its own shopping and restaurant arcades and cinemas; three department stores, a number of hotels; and the Ayala Museum, showcasing exhibits on Philippine history and art.

To ensure traffic decongestion, most of the streets within Ayala Center are designed as one-way vehicular traffic. Pay parking along its principal streets is also being implemented.

Generally, the roads in the neighborhood follow a gridiron pattern designed to accommodate light to heavy vehicular traffic loads. Major thoroughfares are concreted, with widths ranging from 10 to 50 meters and lighted with streetlights.

Some of the important improvements in the vicinity are:

Glorietta Malls
Dusit Thani Hotel
Park Square
Ayala Triangle Gardens
Ayala MRT Station
Assumption College San Lorenzo

Glorietta Malls, SM Makati, and The Landmark serve as the commercial and shopping centers in the area. These are short distance from the subject property. Other community centers like the post office, public market, churches/chapels, hospitals/clinics, and private and public schools are accessible from Palm Drive by taxicab.

IV. COMMUNITY FACILITIES AND UTILITIES

Electric power, water supply and telecommunication facilities are available in the subject hotel building.

Public transportation connecting to various sections of Makati City as well as to the other parts of Metro Manila is available in One Ayala Terminal which is approximately 500 meters from the subject hotel building. Streetlights, garbage collection, foot and mobile patrols of the Philippine National Police, and other community facilities and utilities are jointly maintained by the city government and the Metropolitan Manila Development Authority (MMDA).

V. LAND DATA

No copy of the title or any ownership documents provided to us by the client. However, as measured on Google Map, Holiday Inn and Suites Makati stands on 1,500-square meter lot.

Attached is the location plan of the property.

No title verification was conducted to confirm the existence of the owner's original copy of the title supposedly on file with the Registry of Deeds since it is not included in the assignment.

VI. DESCRIPTION OF THE IMPROVEMENTS

Holiday Inn & Suites Makati

This is a single tower building of sixteen (16)-storey with two (2)-level basements and roof deck sitting on top of the newly redeveloped Glorietta Mall. Building constructed to a 5-star hotel. The hotel houses 348 guest rooms which are comprised of standard rooms, junior suites, deluxe suites, and executive suites. A typical guest room floor has a footprint of about 1,240 square meters. Amenities include a lobby lounge, all day dining, bar, function rooms, business center, executive lounge, health club, fitness gym along Palm Drive.

This is a reinforced concrete frame, beams, columns and foundation; reinforced concrete plain cement with ceramic, marble, granite, vinyl, carpeted and automotive carbon black paint floor finish; gypsum board on aluminum T-runner, reinforced concrete, and suspended ceiling; cement plastered concrete hollow block walls, partially with floor to ceiling granite tile, wood cladding, stone strip tile and fixed glass on aluminum framed walls; cement plastered concrete hollow block, gypsum board, and low level with fabric cubicle wall partitions; reinforced concrete stairs, with steel handrail, wooden stair treads with glass and wood handrail; fixed glass on powder coated aluminum framed view and steel louver windows; steel canopy; wooden, flush type, glass on aluminum frame, frameless glass and steel panel doors.

This is equipped with 100% back-up generators; high-speed designated to hotel specifications; provisions of two (2) data and Telecom Providers; independent integrated fire alarm and monitor sprinkler system; fully integrated security and access control systems as per hotel standards; fully integrated building management systems for monitoring the various support systems; and seismic device monitoring system among others. Total floor area is 27,391-square meters.

VII. HIGHEST AND BEST USE

Based upon an analysis of the property itself and the prevailing land usage in the neighborhood, we are of the opinion that the **existing utility, as hotel** would represent the highest and best use of the property.

Highest and Best Use is defined as the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

VIII. VALUATION

By Income Approach

The **Income Approach** is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value. The different techniques that can be utilized to accomplish this include direct capitalization, mortgage-equity capitalization and discounted cash flow analysis. All three methods are based on an analysis of a property's operating income.

The first step in the Income Approach is estimating the Potential Gross Income (PGI) of the property. The PGI includes income from all possible sources, at 100% occupancy and before any deductions for expenses. These projections are generally calculated on an annual basis and are based on the analysis of data from the subject and comparable rental properties. With a potential gross income figure, a suggested value can be applied against the subject. After projecting the Potential Gross Income, an allowance is made for vacancy and credit loss, resulting in the Effective Gross Income (EGI). The EGI estimates the anticipated annual gross receipts from the property. The property may experience vacancies (even in a strong rental market) due to the time lag between successive tenants (e.g., remodeling). Collection losses can result from a tenant's inability or refusal to pay rent. After projecting the Effective Gross Income, the appraiser deducts the estimated operating expenses for the property. These operating expenses include all costs required to maintain the earning potential of the property. The operating expenses are generally classified into two categories: fixed expenses and variable expenses.

Variable expenses are directly related to the occupancy, and therefore to the Effective Gross Income, of the property. Examples include Gross Receipt Taxes and management fees paid on a percentage of gross bases.

Fixed expenses are those which remain constant for the property regardless of occupancy. Examples include real property taxes and hazard insurance. The total operating expenses are deducted from the Effective Gross Income resulting in the Net Operating Income (NOI). The NOI is the annual estimated income generated by the property, before interest expense, depreciation and taxes. The Net Operating Income can be analyzed in three ways, as introduced above: direct capitalization, mortgage-equity analysis and discounted cash flow. For purposes of this report, we have adopted the Discounted Cash Flow Analysis, details of which are shown on the succeeding pages of this report.

Discounted Cash Flow Analysis

This form of analysis allows an investor or owner to make an assessment of the long-term return that is likely to be derived from a property with a combination of rental and capital growth over an assumed investment horizon. In undertaking this analysis, a wide range of assumptions are made including base rental, rental growth, statutory and operating expenses, and sale price and disposal of the property at the end of the investment period.

Having regard to these factors, we have carried out a discounted cash flow analysis over a 10-year investment horizon in which we have assumed that the property is sold at the start of the eleventh year of the cash flow. The cash flow analyses, which comprise annual income streams, are based upon the following assumptions/estimates:

1. Cash Flow is projected over a 10-year period;
2. Discount rate is estimated at 8.25% using built-up method based on 25-year BVAL and Damodaran synthetic rating spread;
3. Capitalization rate adopted to arrive at the terminal value is 5.75%; and
4. Gross revenue of leasable spaces as well as operating expenses such as management fees, taxes and license were based on P & L provided to us by the client; and

On the basis of the aforementioned assumptions, we have prepared a Discounted Cash Flow Analysis, shown in the succeeding page, to establish the quantity, variability, timing and duration of the periodic income attributable to the interest in the property under review. Each cash flow is then discounted to its present value, and all resulting present values are totaled, to obtain the Net Present Value of the income to the real property interest being appraised. The Present Worth of the Terminal Value is then added to obtain the Market Value of the Property.

Discounted Cash Flow Analysis (in PhP) HOLIDAY INN AND SUITES MAKATI																
Terminal Capitalization Rate		5.75%														
Discount Rate		8.25%														
Present Worth Factor			0.9804	0.9057	0.8366	0.7729	0.7140	0.6596	0.6093	0.5629	0.5200	0.4803	0.4437		0.4099	
			Period Covered	0.25	1.25	2.25	3.25	4.25	5.25	6.25	7.25	8.25	9.25	10.25	Totals	11.25
GROSS REVENUES				49,303,800	198,447,795	203,408,990	208,494,215	213,706,570	219,049,234	224,525,465	230,138,602	235,892,067	241,789,368	247,834,103	2,024,756,106	254,029,955
LESS: EXPENSES				9,779,953	39,347,842	40,265,663	41,206,430	42,170,715	43,159,108	44,172,211	45,210,641	46,275,032	47,366,033	48,484,309	398,953,630	49,630,542
NET OPERATING INCOME				39,523,847	159,099,953	163,143,327	167,287,785	171,535,855	175,890,126	180,353,254	184,927,960	189,617,034	194,423,335	199,349,794	1,625,802,476	204,399,413
ADD: Reversion Value (Resale Value)																3,554,772,409
Net Reversion Value																3,554,772,409
Present Worth Factor @	0.0825	discount rate		0.9804	0.9057	0.8366	0.7729	0.7140	0.6596	0.6093	0.5629	0.5200	0.4803	0.4437		0.4099
Present Worth of Net Income				38,748,262	144,090,441	136,491,790	129,292,561	122,471,860	116,009,875	109,887,825	104,087,905	98,593,239	93,387,826	88,456,503	1,181,518,087	
Present Worth of Net Reversion Value																1,457,128,555
Total Present Value of Net Income																1,181,518,087
Present Worth of Net Reversion Value																1,457,128,555
Total																2,638,646,642
Market Value of Property (buildings and its facilities)			PhP	2,638,646,642												
			Rounded to	PhP	2,638,647,000											

On the basis of the foregoing, the market value of the **Holiday Inn and Suites Makati** (building and its facilities) using the **Discounted Cash Flow Analysis**, is represented in the amount of **Php2,638,647,000**.

MARKET VALUE APPRAISAL

Property exhibited to us by the
AREIT FUND MANAGERS, INC.

Seda Ayala Center Cebu

Located in
Cebu Business Park
Barangay Hipodromo, Cebu City

13 November 2023

AREIT FUND MANAGERS, INC.

28th Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Metro Manila

Attention : **MS. PATRICIA GAIL Y. SAMANIEGO**

We express our professional statement of opinion on the valuation of certain assets described in the attached Independent Valuation Report dated 13 November 2023. Our Independent Valuation Report was made on the basis of certain information and internal data provided to us by the **AREIT FUND MANAGERS, INC.**, as well as on our inspections, research and analyses of market data which we have deemed reasonable, appropriate and applicable based on our experience as valuation professionals.

Management Responsibility of Client

The Client and its management are responsible for the preparation and fair presentation of information and internal data provided to us. Where the valuation requires actual property inspections, Client warrants that all properties inspected properly refer to the actual and only subjects of this valuation report. While we verify information and data in cases where such verification is required, our services do not cover certification on the accuracy and completeness of information provided to us by the Client and its management.

Responsibility of the Valuation Professional

Our responsibility as valuation professionals is to come up with an appropriate reasonable valuation for the subject assets and properties based on information, internal data and market data available to us, as well as on actual inspections, where such are required. Our valuation reports are made based on reasonable and adequate data that support our conclusions to establish the market value of the subject assets as of the stated date.

Our valuation procedures have been performed in accordance with the International Valuation Standards (2022 Edition) and Philippine Valuation Standards (2nd Edition, 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP). The development of the International Valuation Standards serves as a professional benchmark, or beacon, for valuation professionals globally, thereby enabling them to respond to client requirements for reliable valuations.

Prohibitions

Neither the whole nor any part of this report, any reference thereto may be published, included in or with, attached to any document or used for any purpose other than that specifically stated in this report, without the written consent of Cuervo Appraisers, Inc. in accordance and exclusively for the purpose, form and context in which it may appear.

Representations

Cuervo Appraisers, Inc., through its Manila, Cebu and Davao offices has been in the business of providing asset valuation solutions for companies across all industries for 43 years in the Philippines and overseas. Cuervo Appraisers, Inc. has been involved in numerous valuation projects for various assets and enterprises, both tangible and intangible, and is well qualified to undertake the work required. Also, Cuervo Appraisers, Inc. is accredited by both Philippine Stock Exchange, Inc. (PSE) and Securities and Exchange Commission (SEC).

The final valuation report shall not be valid without the dry seal of Cuervo Appraisers, Inc. properly affixed thereto.

CUERVO APPRAISERS, INC.**By:****LIBERTY SANTIAGO-AÑO, IPA, MRICS***Vice President and General Manager*

Real Estate Appraiser

Valid until: 07/17/2026

PRC Registration Number: 0000167

IPREA Membership No. 849

PTR No. 0182776

09 January 2023

City of Pasig

13 November 2023

AREIT FUND MANAGERS, INC.

28th Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Metro Manila

Attention : **MS. PATRICIA GAIL Y. SAMANIEGO**

Subject : **CAI File No. 09-2023-0839-003A**
Market Value Appraisal of Property

Gentlemen :

As requested, we appraised of certain real property exhibited to us by the **AREIT FUND MANAGERS, INC.**, for the purpose of expressing an opinion on the *market value* of the property intended for corporate use as of **06 October 2023**.

The appraised property is the **Seda Ayala Center Cebu building and its facilities**, located **along Cardinal Rosales Avenue, Cebu Business Park, Barangay Hipodromo, Cebu City**.

The term **Market Value**, as used herein is defined as:

the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion.

Market Value is understood as the value of an asset estimated without regard to costs of sale or purchase and without offset for any associated taxes.

We investigated local market condition, and gave consideration to the --

Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value;

Capitalization rate;

Extent, character and utility of the property;

Lease/Rent rates for similar property; and

Highest and best use of the property.

Premised on the foregoing and as supported by the accompanying narrative report, it is our opinion that the **market value** of the property appraised based on income approach (Discounted Cash Flow) as of **06 October 2023** is reasonably represented in the amount of **ONE BILLION THREE HUNDRED TWENTY-SEVEN MILLION THREE HUNDRED TWENTY-FIVE THOUSAND (Php1,327,325,000) PESOS.**

We made no investigation of and assume no responsibility for title to or liabilities against the appraised property.

WE CERTIFY that we have neither present nor prospective interest on the appraised property or on the reported value.

Respectfully submitted,

CUERVO APPRAISERS, INC.

By:



ENGR. ANSELO V. SAN ANTONIO

Department Manager - Real Estate

PRC Registration Number: 0000407

Valid Until: 05/10/2026

IPREA Membership No. 1024

PTR No. 9186355L

13 January 2023

City of Malolos

MRC:moa

CAI File No. 09-2023-0839-003A

LIMITING CONDITIONS

1. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear under responsible ownership.
2. ***Cuervo Appraisers, Inc.***, by reason of this appraisal, is not required to give testimony or attendance in court or to any government agency with reference to the subject property unless arrangements have been previously made.
3. Any erasure on appraisal date and/or value invalidates this valuation report.
4. Neither the whole nor any part of this report and valuation, nor any reference thereto, may be included in any document, circular or statement without our written approval.
5. The valuation fee is not contingent upon a predetermined value conclusion or a percentage of the valuation.
6. This appraisal report is invalid unless it bears the service seal of ***Cuervo Appraisers, Inc.***

CAI File No. 09-2023-0839-003A

NARRATIVE REPORT

I. GENERAL

This report covers an appraisal of certain real property located within Cebu Business Park, Barangay Hipodromo, Cebu City. The appraisal was made for the purpose of expressing an opinion on the **market value** of the property as of **06 October 2023**.

The term **Market Value** is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion.

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price which the property would fetch if offered for sale in the open market, would undoubtedly be affected, should the sale be on terms, whether favorable or unfavorable.

It is further assumed that the title to the property is good, marketable, and free from liens and encumbrances; and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. **Fee Simple** is defined as the absolute fee without limitation to any particular class of heirs or restrictions but subject to the limitations of eminent domain, escheat, police power and taxation.

II. PROPERTY LOCATION AND IDENTIFICATION

The appraised property is the **SEDA HOTEL – Ayala Center Cebu**, located **along Cardinal Rosales Avenue within Cebu Business Park, Barangay Hipodromo, Cebu City**.

The site of Seda Hotel is located across Cebu Holdings, approximately 100-meter southwest from the intersection of Mindanao Avenue and Cardinal Rosales Avenue; 250-meters northeast from Luzon Avenue; 600-meters southeast from Archbishop Reyes Avenue; 3.60-kilometers northeast from Cebu City Hall; and about 12.20-kilometers east from Mactan – Cebu International Airport.

Cardinal Rosales Avenue is 35 meters, concrete paved, provided with center island, concrete sidewalks, concrete curbs and gutters, and an underground drainage.

III. NEIGHBORHOOD DATA

The Cebu Business Park (CBP) is a 50-hectare master planned development. Cebu Holdings, an affiliate of Ayala Land, is currently responsible for the development of Cebu Business Park. Integrating business, residential, sports, recreation and leisure facilities, the centerpiece of the business park is the 9-hectare Ayala Center Cebu shopping mall, which draws 60,000 shoppers daily.

Generally, the roads in the neighborhood are designed to accommodate light to heavy vehicular traffic loads. Major thoroughfares are concreted, with widths ranging from 10 to 30 meters and lighted with streetlamps.

Some of the important improvements in Cebu Business Park are:

- Ayala Center Cebu
- WT Corporate Tower
- Lexmark Plaza
- Kepwealth Center Cebu (formerly Keppel Center)
- Pioneer House Cebu
- City Sports Club
- Cebu Holdings Center

Ayala Center – Cebu and SM City – Cebu serve as the commercial and shopping centers in the area. These are accessible from the property by taxicab and motorcycle, locally known as habal-habal. Other community centers like the post office, public market, churches/chapels, hospitals/clinics, and private and public schools are accessible from the property.

IV. COMMUNITY FACILITIES AND UTILITIES

Electric power, water supply and telecommunication facilities are available at the subject building.

Public transportation connecting to various sections of Cebu City as well as to the other parts of Metro Cebu is available along Cardinal Rosales Avenue where the property fronts. Streetlights, garbage collection, foot and mobile patrols of the Philippine National Police, and other community facilities and utilities are maintained by the city government.

V. LAND DATA

No copy of the title or any ownership documents provided to us by the client. However, as measured on Google Map, Seda Hotel – Ayala Center Cebu stands on 5,600-square meter lot.

Attached is the location plan of the property.

No title verification was conducted to confirm the existence of the owner's original copy of the title supposedly on file with the Registry of Deeds since it is not included in the assignment.

VI. DESCRIPTION OF IMPROVEMENTS

Seda Hotel (Ayala Center Cebu)

This is a four (4) star twelve (12)-storey reinforced concrete framed hotel building with basement and roof deck, features 301-guest room comprises of standard rooms, business twin king, club suite and presidential suite. Amenities include a lobby lounge, all day dining, bar, function rooms, business center, executive lounge, health club, fitness gym along Cardinal Rosales Avenue.

This has reinforced concrete frame, beams, columns and foundation; reinforced concrete floor slab with plain cement, ceramic, marble, granite and vinyl tiles, and wall to wall carpet finishes; gypsum board on aluminum T-runner, acoustic board on aluminum T-runner and suspended ceiling; cement plastered concrete hollow block partially with wood cladding, Deco Stone strip tile and fixed glass on aluminum framed walls; cement plastered concrete hollow block, tempered glass on aluminum frame, gypsum board, and laminated wood cubicle partitions; tempered fixed glass on powder coated aluminum framed view, awning tempered glass on powder coated aluminum frame and steel louver windows; wood panel, laminated wood, glass on aluminum frame, frameless glass and steel panel doors; and reinforced concrete stairs with steel handrail.

This is equipped with 100% back-up generators; high-speed designated to hotel specifications; provisions of two (2) data and Telecom Providers; independent integrated fire alarm and monitor sprinkler system; fully integrated security and access control systems as per hotel standards; fully integrated building management systems for monitoring the various support systems; and seismic device monitoring system among others. Total floor area is 13,579-square meters.

VII. HIGHEST AND BEST USE

Based upon an analysis of the property itself and the prevailing land usage in the neighborhood, we are of the opinion that the **existing utility, as hotel** would represent the highest and best use of the property.

Highest and Best Use is defined as the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

VIII. VALUATION

By Income Approach

The **Income Approach** is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value. The different techniques that can be utilized to accomplish this include direct capitalization, mortgage-equity capitalization and discounted cash flow analysis. All three methods are based on an analysis of a property's operating income.

The first step in the Income Approach is estimating the Potential Gross Income (PGI) of the property. The PGI includes income from all possible sources, at 100% occupancy and before any deductions for expenses. These projections are generally calculated on an annual basis and are based on the analysis of data from the subject and comparable rental properties. With a potential gross income figure, a suggested value can be applied against the subject. After projecting the Potential Gross Income, an allowance is made for vacancy and credit loss, resulting in the Effective Gross Income (EGI). The EGI estimates the anticipated annual gross receipts from the property. The property may experience vacancies (even in a strong rental market) due to the time lag between successive tenants (e.g., remodeling). Collection losses can result from a tenant's inability or refusal to pay rent. After projecting the Effective Gross Income, the appraiser deducts the estimated operating expenses for the property. These operating expenses include all costs required to maintain the earning potential of the property. The operating expenses are generally classified into two categories: fixed expenses and variable expenses.

Variable expenses are directly related to the occupancy, and therefore to the Effective Gross Income, of the property. Examples include Gross Receipt Taxes and management fees paid on a percentage of gross bases.

Fixed expenses are those which remain constant for the property regardless of occupancy. Examples include real property taxes and hazard insurance. The total operating expenses are deducted from the Effective Gross Income resulting in the Net Operating Income (NOI). The NOI is the annual estimated income generated by the property, before interest expense, depreciation and taxes. The Net Operating Income can be analyzed in three ways, as introduced above: direct capitalization, mortgage-equity analysis and discounted cash flow. For purposes of this report, we have adopted the Discounted Cash Flow Analysis, details of which are shown on the succeeding pages of this report.

Discounted Cash Flow Analysis

This form of analysis allows an investor or owner to make an assessment of the long-term return that is likely to be derived from a property with a combination of rental and capital growth over an assumed investment horizon. In undertaking this analysis, a wide range of assumptions are made including base rental, rental growth, statutory and operating expenses, and sale price and disposal of the property at the end of the investment period.

Having regard to these factors, we have carried out a discounted cash flow analysis over a 10-year investment horizon in which we have assumed that the property is sold at the start of the eleventh year of the cash flow. The cash flow analyses, which comprise annual income streams, are based upon the following assumptions/estimates:

1. Cash Flow is projected over a 10-year period;
2. Discount rate is estimated at 8.25% using built-up method based on 25-year BVAL and Damodaran synthetic rating spread;
3. Capitalization rate adopted to arrive at the terminal value is 5.75%; and
4. Gross revenue of leasable spaces as well as operating expenses such as management fees, taxes and license were based on P & L provided to us by the client.

On the basis of the aforementioned assumptions, we have prepared a Discounted Cash Flow Analysis, shown in the succeeding page, to establish the quantity, variability, timing and duration of the periodic income attributable to the interest in the property under review. Each cash flow is then discounted to its present value, and all resulting present values are totaled, to obtain the Net Present Value of the income to the real property interest being appraised. The Present Worth of the Terminal Value is then added to obtain the Market Value of the Property.

Discounted Cash Flow Analysis (in PhP) SEDA HOTEL AYALA CENTER CEBU																
Terminal Capitalization Rate		5.75%														
Discount Rate		8.25%														
Present Worth Factor				0.9804	0.9057	0.8366	0.7729	0.7140	0.6596	0.6093	0.5629	0.5200	0.4803	0.4437		0.40991
			Period Covered	0.25	1.25	2.25	3.25	4.25	5.25	6.25	7.25	8.25	9.25	10.25	Totals	11.25
GROSS REVENUES				25,766,153	103,708,764	106,301,483	108,959,020	111,682,995	114,475,070	117,336,947	120,270,371	123,277,130	126,359,058	129,518,035	1,058,136,991	129,518,035
LESS: EXPENSES				5,607,811	22,563,297	23,094,804	23,639,599	24,198,014	24,770,389	25,357,074	25,958,426	26,574,812	27,206,607	27,854,197	228,970,833	27,854,197
NET OPERATING INCOME				20,158,341	81,145,467	83,206,679	85,319,421	87,484,981	89,704,681	91,979,873	94,311,945	96,702,318	99,152,451	101,663,838	829,166,158	101,663,838
ADD: Reversion Value (Resale Value)																1,768,066,742
Net Reversion Value																1,768,066,742
Present Worth Factor @	8.25%	discount rate		0.98038	0.90566	0.83664	0.77288	0.71397	0.65956	0.60929	0.56286	0.51996	0.48033	0.44373		0.40991
Present Worth of Net Income				19,762,770	73,490,192	69,613,810	65,941,255	62,461,859	59,165,509	56,042,616	53,084,091	50,281,320	47,626,135	45,110,794	602,580,351	
Present Worth of Net Reversion Value																724,744,158
Total Present Value of Net Income																602,580,351
Present Worth of Net Reversion Value																724,744,158
Total																1,327,324,509
Market Value of Property (buildings and its facilities)			PhP													1,327,324,509
			Rounded to													PhP 1,327,325,000

On the basis of the foregoing, the market value of the Seda Hotel Ayala Center Cebu (building and its facilities) using the **Discounted Cash Flow Analysis**, is represented in the amount of **Php1,327,325,000**.

MARKET VALUE APPRAISAL

Property exhibited to us by the
***AREIT FUND MANAGERS, INC. and
BUENDIA CHRISTIANA HOLDINGS CORP.***

Zambales Property (276 hectares of land)

Located in
**Barangays Salaza and Bulawen
Palauig, Zambales**

13 November 2023

AREIT FUND MANAGERS, INC.
28F Tower One and Exchange
Plaza, Ayala Triangle, Ayala Avenue
Makati City, Metro Manila

BUENDIA CHRISTIANA HOLDINGS CORP.
35th Floor, Ayala Triangle Gardens Tower 2
Paseo de Roxas corner Makati Avenue
Makati City, Metro Manila

Attention : **MS. PATRICIA GAIL Y. SAMANIEGO**
President

MS. JANEL BEA
CFO

We express our professional statement of opinion on the valuation of certain assets described in the attached Independent Valuation Report dated 13 November 2023. Our Independent Valuation Report was made on the basis of certain information and internal data provided to us by the **AREIT FUND MANAGERS, INC. AND BUENDIA CHRISTIANA HOLDINGS CORP.**, as well as on our inspections, research and analyses of market data which we have deemed reasonable, appropriate and applicable based on our experience as valuation professionals.

Management Responsibility of Client

The Client and its management are responsible for the preparation and fair presentation of information and internal data provided to us. Where the valuation requires actual property inspections, Client warrants that all properties inspected properly refer to the actual and only subjects of this valuation report. While we verify information and data in cases where such verification is required, our services do not cover certification on the accuracy and completeness of information provided to us by the Client and its management.

Responsibility of the Valuation Professional

Our responsibility as valuation professionals is to come up with an appropriate reasonable valuation for the subject assets and properties based on information, internal data and market data available to us, as well as on actual inspections, where such are required. Our valuation reports are made based on reasonable and adequate data that support our conclusions to establish the market value of the subject assets as of the stated date.

Our valuation procedures have been performed in accordance with the International Valuation Standards (2022 Edition) and Philippine Valuation Standards (2nd Edition, 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP). The development of the International Valuation Standards serves as a professional benchmark, or beacon, for valuation professionals globally, thereby enabling them to respond to client requirements for reliable valuations.

Prohibitions

Neither the whole nor any part of this report, any reference thereto may be published, included in or with, attached to any document or used for any purpose other than that specifically stated in this report, without the written consent of Cuervo Appraisers, Inc. in accordance and exclusively for the purpose, form and context in which it may appear.

Representations

Cuervo Appraisers, Inc., through its Manila, Cebu and Davao offices has been in the business of providing asset valuation solutions for companies across all industries for 43 years in the Philippines and overseas. Cuervo Appraisers, Inc. has been involved in numerous valuation projects for various assets and enterprises, both tangible and intangible, and is well qualified to undertake the work required. Also, Cuervo Appraisers, Inc. is accredited by both Philippine Stock Exchange, Inc. (PSE) and Securities and Exchange Commission (SEC).

The final valuation report shall not be valid without the dry seal of Cuervo Appraisers, Inc. properly affixed thereto.

CUERVO APPRAISERS, INC.**By:****LIBERTY SANTIAGO-AÑO, IPA, MRICS***Vice President and General Manager*

Real Estate Appraiser

Valid until: 07/17/2026

PRC Registration Number: 0000167

IPREA Membership No. 849

PTR No. 0182776

09 January 2023

City of Pasig

13 November 2023

AREIT FUND MANAGERS, INC.
28F Tower One and Exchange
Plaza, Ayala Triangle, Ayala Avenue
Makati City, Metro Manila

BUENDIA CHRISTIANA HOLDINGS CORP.
35th Floor, Ayala Triangle Gardens Tower 2
Paseo de Roxas corner Makati Avenue
Makati City, Metro Manila

Attention : **MS. PATRICIA GAIL Y. SAMANIEGO** **MS. JANEL BEA**
President CFO

Subject : **CAI File No. 09-2023-0840**
Market Value Appraisal of Property

Gentlemen :

As requested, we appraised certain real property exhibited to us by the **AREIT FUND MANAGERS, INC. and BUENDIA CHRISTIANA HOLDINGS CORP.**, for the purpose of expressing an opinion on the **market value** of the property intended for corporate use as of **03 October 2023**.

The appraised property consists of **land only**, located in **(Zambales Property) Salaza and Bulawen, Palauig, Zambales**.

The term **Market Value**, as used herein, is defined as:

the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion.

Market Value is understood as the value of an asset estimated without regard to costs of sale or purchase and without offset or any associated taxes.

We personally inspected the property, investigated local market condition and gave consideration to the –

Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value;

Capitalization rate;

Extent, character and utility of the property;

Lease/Rent rates for similar property; and

Highest and best use of the property.

Premised on the foregoing and as supported by the accompanying narrative report, it is our opinion that the **market value** of the property using income approach (Discounted Cash Flow) appraised as of **03 October 2023** is reasonably represented in the amount of **SIX BILLION SEVEN HUNDRED THIRTY-FOUR MILLION TWO HUNDRED EIGHT THOUSAND (Php6,734,208,000) PESOS.**


We made no investigation of and assume no responsibility for titles to or liabilities against the appraised property.

WE CERTIFY that we have neither present nor prospective interest on the appraised property or on the reported value.

Respectfully submitted,

CUERVO APPRAISERS, INC.

By:


ENGR. ANGELO V. SAN ANTONIO
Department Manager - Real Estate
PRC Registration Number: 0000407
Valid Until: 05/10/2026
IPREA Membership No.1024
PTR No. 9186355L
13 January 2023
City of Malolos

WVE:agd:mfm

CAI File No. 09-2023-0840

LIMITING CONDITIONS

1. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear under responsible ownership.
2. ***Cuervo Appraisers, Inc.***, by reason of this appraisal, is not required to give testimony or attendance in court or to any government agency with reference to the subject property unless arrangements have been previously made.
3. Any erasure on appraisal date and/or value invalidates this valuation report.
4. Neither the whole nor any part of this report and valuation, nor any reference thereto, may be included in any document, circular or statement without our written approval.
5. The valuation fee is not contingent upon a predetermined value conclusion or a percentage of the valuation.
6. This appraisal report is invalid unless it bears the service seal of ***Cuervo Appraisers, Inc.***

CAI File No. 09-2023-0840

NARRATIVE REPORT

I. GENERAL

This report covers an appraisal of certain real property located in Zambales Property. The appraisal was made for the purpose of expressing an opinion on the **market value** of the property as of **03 October 2023**.

The term **Market Value** is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price which the property would fetch if offered for sale in the open market, would undoubtedly be affected, should the sale be on terms, whether favorable or unfavorable.

It is further assumed that the titles to the property are good, marketable, and free from liens and encumbrances; and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. **Fee Simple** is defined as the absolute fee without limitation to any particular class of heirs or restrictions but subject to the limitations of eminent domain, escheat, police power and taxation.

II. PROPERTY LOCATION AND IDENTIFICATION

Based on the documents provided to us by the client and as shown to us by the client's representative, the appraised property is designated as Zambales Property, located **along Palauig-Tapulao Jump-Off Road in Salaza and Bulawen, Palauig, Zambales Property**.

The property is located on the southwest side of Palauig-Tapulao Jump-Off Road; approximately 78 meters southwest from Manggahan Elementary School; 220 meters southwest from Sparc Solar Power Plant; 2.14 kilometers southeast from Palauig Solar Farm; 3.3 kilometers southeast from the corner of Palauig-Tapulao Jump-Off Road and Olongapo-Bugallon Road; about 3.4 kilometers southeast from Zameco 1 Main Office.

The orientation of the site, as inspected, appears to conform to the lot plan as plotted based on the technical description appearing in the titles.

III. NEIGHBORHOOD DATA

The property is located in an area where land development is of mixed residential, agricultural and industrial use.

Generally, the roads in the neighborhood are designed to accommodate light to heavy vehicular traffic loads. Major thoroughfares are concreted, with widths ranging from 10 to 20 meters and lighted with mercury arc lamps.

Some of the important improvements in the vicinity are:

Manggahan Elementary School
Sparc Solar Power Plant
Dampay Elementary School
Palauig Solar Farm

Palauig Public Market serves the commercial, shopping and marketing needs of the residents in the area. This is accessible from Palauig-Tapulao Jump-Off Road by public transportation. Other community centers like the post office, public market, churches/chapels, hospital/clinics, and public and private schools are likewise accessible from the property.

IV. COMMUNITY FACILITIES AND UTILITIES

Electric power, telecommunication and water supply facilities are available at the site.

Public transportation connecting to various sections of Palauig, Zambales is available along Palauig-Tapulao Jump-Off Road where the property fronts. Streetlights, garbage collection, foot and mobile patrols of the Philippine National Police, and other community facilities and utilities are maintained by the local government.

V. LAND DATA

The land consists of sixty-three (63) lots, containing a total area of 2,759,135 square meters, the particulars are as follows:

Lot No.	Block No.	Survey Plan	TCT No.	Area (sq.m.)	Registered Owner
1	1	Psd-341311	044-2023004093	50,054	BUENDIA CHRISTIANA HOLDINGS CORP.
2	1	(LRC) Psd-341311	044-2023002934	50,281	BUENDIA CHRISTIANA HOLDINGS CORP.
3	1	(LRC) Psd-341311	044-2023002930	48,927	BUENDIA CHRISTIANA HOLDINGS CORP.
4	1	(LRC) Psd-341311	044-2023002931	45,094	BUENDIA CHRISTIANA HOLDINGS CORP.
5	1	(LRC) Psd-341311	044-2023004327	65,840	BUENDIA CHRISTIANA HOLDINGS CORP.
6	1	(LRC) Psd-341311	044-2023002933	41,309	BUENDIA CHRISTIANA HOLDINGS CORP.
1	2	(LRC) Psd-341311	(T-36389) 044-2022003588	60,569	MACARENA L. OCA (MINOR), ET AL

2	2	(LRC) Psd-341311	(T-36390) 044-2022003589	41,114	MACARENA L. OCA (MINOR), ET AL
3	2	(LRC) Psd-341311	(T-36392) 044-2022003591	12,966	MA. NIEVES SAN DIEGO (MINOR)
4	2	(LRC) Psd-341311	(T-35183) 044-2022003559	56,667	TERESA MAGSAYSAY OCA, married to Antonio A. San Diego
5	2	(LRC) Psd-341311	(T-36391) 044-2022003590	68,439	ROBERTO OCA III (Minor), ET AL
6	2	(LRC) Psd-341311	044-2014000625	50,293	MARIA PILAR MAGSAYSAY HERNANDEZ, married to Mario C. Hernandez, ET AL
7	2	(LRC) Psd-341311	(T-36387) 044-2022003586	53,779	MANOLO D. MAGSAYSAY, married to Maria Rowena A. Magsaysay
8	2	(LRC) Psd-341311	(T-36388) 044-2022003587	53,777	MANOLO D. MAGSAYSAY, married to Maria Rowena A. Magsaysay
9	2	(LRC) Psd-341311	(T-35719) 044-2022003564	53,773	OFELIA MAGSAYSAY, married to Lauro Magsaysay
1	3	(LRC) Psd-341311	(T-36110) 044-2022003577	20,000	JOHN W. SPAKOWSKI, married to Ma. Pia M. Spakowski
2	3	(LRC) Psd-341311	(T-34881) 044-2022003554	20,000	JOSEFINA M. DE JESUS, married to Ricardo De Jesus
3	3	(LRC) Psd-341311	(T-34964) 044-2022003557	20,000	CLARITA CARBALLO, married to Numeriano Carballo
4	3	(LRC) Psd-341311	(T-34965) 044-2022003558	20,000	DULCE DE LEON, married to Silverio De Leon
5	3	(LRC) Psd-341311	(T-36020) 044-2022003573	20,000	AIDA MENDIOLA, married to Remigio Mendiola
6	3	(LRC) Psd-341311	(T-34882) 044-2022003555	20,000	ELIZABETH I. ORLINA, married to Dominador A. Orlina
7	3	(LRC) Psd-341311	044-2023004324	18,491	BUENDIA CHRISTIANA HOLDINGS CORP.
8	3	(LRC) Psd-341311	(T-34883) 044-2022003556	19,392	ERNESTO EVANGELISTA, married to Mercedita Evangelista
1	4	(LRC) Psd-341311	044-2023002932	20,001	BUENDIA CHRISTIANA HOLDINGS CORP.
3	4	(LRC) Psd-341311	044-2023004326	20,000	BUENDIA CHRISTIANA HOLDINGS CORP.
4	4	(LRC) Psd-341311	(T-34478) 044-2022003550	20,000	JOSEPHINE T. SALUD, married to Atty. Rodrigo Salud
5	4	(LRC) Psd-341311	(T-36021) 044-2022003574	27,341	SPOUSES MERCEDITA EVANGELISTA AND ERNESTO EVANGELISTA, SR.

6	4	(LRC) Psd-341311	044-2023004323	33,261	BUENDIA CHRISTIANA HOLDINGS CORP.
1	5	(LRC) Psd-341311	(T-36109) 044-2022003576	31,235	JOHNNY S. OCA, SR., married to Angelita Oca, ET AL
2	5	(LRC) Psd-341311	(T-34479) 044-2022003551	10,393	SPOUSES EMMANUEL M. BASABAS AND LIDUVINA VALDIVIA BASABAS
3	5	(LRC) Psd-341311	(T-36108) 044-2022003575	10,207	VIRGILIO C. MANGUERA, married to Consuelo Manguera
4	5	(LRC) Psd-341311	044-2023002935	10,025	BUENDIA CHRISTIANA HOLDINGS CORP.
5	5	(LRC) Psd-341311	044-2023004014	9,840	BUENDIA CHRISTIANA HOLDINGS CORP.
6	5	(LRC) Psd-341311	044-2023004016	9,658	BUENDIA CHRISTIANA HOLDINGS CORP.
7	5	(LRC) Psd-341311	044-2023003984	10,308	BUENDIA CHRISTIANA HOLDINGS CORP.
9	5	(LRC) Psd-341311	044-2023004015	9,196	BUENDIA CHRISTIANA HOLDINGS CORP.
10	5	(LRC) Psd-341311	044-2023004098	9,544	BUENDIA CHRISTIANA HOLDINGS CORP.
11	5	(LRC) Psd-341311	(T-36015) 044-2022003568	10,375	IGUAL DEVELOPMENT CORPORATION
12	5	(LRC) Psd-341311	(T-36016) 044-2022003569	11,803	IGUAL DEVELOPMENT CORPORATION
13	5	(LRC) Psd-341311	(T-36017) 044-2022003570	10,261	IGUAL DEVELOPMENT CORPORATION
14	5	(LRC) Psd-341311	044-2023004094	10,351	BUENDIA CHRISTIANA HOLDINGS CORP.
15	5	(LRC) Psd-341311	044-2023004096	11,142	BUENDIA CHRISTIANA HOLDINGS CORP.
16	5	(LRC) Psd-341311	044-2023003841	11,243	BUENDIA CHRISTIANA HOLDINGS CORP.
17	5	(LRC) Psd-341311	044-2023003842	11,345	BUENDIA CHRISTIANA HOLDINGS CORP.
Road Lot 1		(LRC) Psd-341311	044-2023004333	15,508	BUENDIA CHRISTIANA HOLDINGS CORP.
Road Lot 2		(LRC) Psd-341311	(T-35716) 044-2022003561	5,159	CECILE O. LACSON, married to Jose Carlos Lacson
Road Lot 3		(LRC) Psd-341311	(T-35717) 044-2022003562	3,594	CECILE O. LACSON, married to Jose Carlos Lacson

Road Lot 4	(LRC) Psd-341311	(T-35718) 044-2022003563	8,564	CECILE O. LACSON, married to Jose Carlos Lacson
4	(LRC) Psd-341970	044-2023004325	121,399	BUENDIA CHRISTIANA HOLDINGS CORP.
4362-B	Csd-03-001403-D	P-7194	103,617	ANDRES A. DE LA ROSA
4464-B	Psd-03-098538	C-T-2875	25,089	MELCHOR B. DELA ROSA
4464-A	Psd-03-098538	C-T-2874	25,090	ROSENDO B. DELA ROSA
4349-A	Psd-03-098541	C-T-4789	24,874	MA. THERESA B. DELA ROSA
4466	Cad 364-D	C-O-3155	29,140	ESTRELLA R. DUMLAO
4348-C	Csd-03-001599-D	CLOA-T-1384	209,107	RICARDO DEL FIERRO, ET AL
4348-B	Csd-03-001599-D	CLOA-O-2400	237,345	DAN RODILLO, ET AL
4351	Csd-364-D	T-34763	108,800	DANTE RODILLO, ET AL
4639-A	Psd-03-098540	C-T-4787	24,079	BASILIO B. DELA ROSA
4639-B	Psd-03-098540	C-T-4788	24,080	EDWIN L. DELA ROSA
4348-A	Csd-03-001599-D	C-O-3199	236,179	JASMINE R. DELA ROSA, ET AL
4349-B	Psd-03-098541	C-T-4790	24,873	LUIS B. DELA ROSA
4468	Cad 364-D	C-T-2894	79,385	SHERWIN R. DUMLAO, ET AL
4362-A	Csd-03-001403-D	CLOA-T-1506	234,959	SAMUEL DELA ROSA, ET AL
Total Area -			2,759,135	sq.m.

The above certificates of title were all issued by the Registry of Deeds for Iba, Zambales and Province of Zambales.

Attached is a reproduction copy of the plan of the property provided to us by the client.

The terrain of the land is flat, rolling and hilly. Its elevation is at grade with the fronting road.

No title verification was conducted to confirm the existence of the owner's original copy of the titles supposedly on file with the Registry of Deeds, since it is not included in the assignment.

Government Assessment

BIR Zonal Value of Real Property within Palauig, Zambales as per Department Order No. 0019-2022, effective 13 May 2022:

Barangay	Street Name	Vicinity	Classification	2 nd Revision Zonal Value (Php/sq.m.)
Bulawen	All Lots	Along Barangay Road	Residential	800
Salaza	All Lots	Interior	Residential	500
			Commercial	2,000
		Along Barangay Road	Residential	1,500
-	-	Interior	Industrial	2,000
			Residential	1,000

VI. HIGHEST AND BEST USE

Based upon an analysis of the property itself and the prevailing land usage in the neighborhood, we are of the opinion that an **industrial utility** would represent the highest and best use of the property.

Highest and Best Use is defined as the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

VII. VALUATION

By Income Approach – Discounted Cash Flow

The **Income Approach** is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value. The different techniques that can be utilized to accomplish this include direct capitalization, mortgage-equity capitalization and discounted cash flow analysis. All three methods are based on an analysis of a property's operating income.

The first step in the Income Approach is estimating the Potential Gross Income (PGI) of the property. The PGI includes income from all possible sources, at 100% occupancy and before any deductions for expenses. These projections are generally calculated on an annual basis and are based on the analysis of data from the subject and comparable rental properties. With a potential gross income figure, a suggested value can be applied against the subject. After projecting the Potential Gross Income, an allowance is made for vacancy and credit loss, resulting in the Effective Gross Income (EGI). The EGI estimates the anticipated annual gross receipts from the property. The property may experience vacancies (even in a strong rental market) due to the time lag between successive tenants (e.g., remodeling). Collection losses can result from a tenant's inability or refusal to pay rent. After projecting the Effective Gross Income, the appraiser deducts the estimated operating expenses for the property. These operating expenses include all costs required to maintain the earning potential of the property. The operating expenses are generally classified into two categories: fixed expenses and variable expenses.

Variable expenses are directly related to the occupancy, and therefore to the Effective Gross Income, of the property. Examples include Gross Receipt Taxes and management fees paid on a percentage of gross bases.

Fixed expenses are those which remain constant for the property regardless of occupancy. Examples include real property taxes and hazard insurance. The total operating expenses are deducted from the Effective Gross Income resulting in the Net Operating Income (NOI). The NOI is the annual estimated income generated by the property, before interest expense, depreciation and taxes. The Net Operating Income can be analyzed in three ways, as introduced above: direct capitalization, mortgage-equity analysis and discounted cash flow. For the purposes of this report, we have adopted the Discounted Cash Flow Analysis, details of which are shown on the succeeding pages of this report.

Discounted Cash Flow Analysis

This form of analysis allows an investor or owner to make an assessment of the long-term return that is likely to be derived from a property with a combination of rental and capital growth over an assumed investment horizon. In undertaking this analysis, a wide range of assumptions are made including base rental, rental growth, statutory and operating expenses, and sale price and disposal of the property at the end of the investment period.

Having regard to these factors, we have carried out a discounted cash flow analysis over a 25-year investment horizon based on 25-year guaranteed lease contract renewable for another 25-year. The cash flow analyses, which comprise annual income streams, are based upon the following assumptions/estimates:

1. Cash Flow is projected over a 25-year period;
2. Discount rate is estimated at 8.25% using built-up method based on the 25 year BVAL and Damodaran synthetic rating spread;
3. Capitalization rate adopted to arrive at the terminal value is 6.75%;
4. Gross revenue/Annual land lease rate as well as operating expenses such as management fees, taxes and license were based on P & L provided to us by the client.

On the basis of the aforementioned assumptions, we have prepared a Discounted Cash Flow Analysis, shown in the succeeding page, to establish the quantity, variability, timing and duration of the periodic income attributable to the interest in the property under review. Each cash flow is then discounted to its present value, and all resulting present values are totaled, to obtain the Net Present Value of the income to the real property interest being appraised. The Present Worth of the Terminal Value is then added to obtain the Fair Value of the Property.

Discounted Cash Flow Analysis (in PhP)																												
Zambales Property																												
STATISTICS																												
Total Land Area		2,759,135.00	sq.m.																									
Occupied/ Leasable Area		2,759,135.00	sq.m.																									
Gross Leasable Area		2,759,135.00	sq.m.																									
Terminal Capitalization Rate		6.75%																										
Discount Rate		8.25%																										
Present Worth Factor			0.98038	0.90566	0.83664	0.77288	0.71397	0.65956	0.60929	0.56286	0.51996	0.48033	0.44373	0.40991	0.37867	0.34981	0.32315	0.29862	0.27577	0.25475	0.23534	0.21740	0.20083	0.18553	0.17139	0.15833	0.14626	0.13511
	Year	0.25	1.25	2.25	3.25	4.25	5.25	6.25	7.25	8.25	9.25	10.25	11.25	12.25	13.25	14.25	15.25	16.25	17.25	18.25	19.25	20.25	21.25	22.25	23.25	24.25	Totals	25.25
Annual Rent (Phpsq.m.)		14.46	14.52	14.73	14.95	15.18	15.41	15.64	15.87	16.11	16.35	16.60	16.85	17.10	17.36	17.62	17.88	18.15	18.42	18.70	18.98	19.26	19.55	19.84	20.14	20.44		20.75
GROSS REVENUES	Escalation		0.37%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%		1.50%
Annual Land lease	Php																											
Total Annual Gross Rental																												
Total Annual Revenues																												
LESS:																												
Vacancy Rate (incl. bad debts)																												
Gross Revenues		119,705,072	480,615,884	487,825,102	485,142,478	502,569,616	510,108,160	517,759,782	525,526,179	533,409,072	541,410,208	549,531,361	557,774,331	566,140,946	574,633,060	583,252,356	592,001,345	600,881,365	609,894,595	619,043,004	628,328,649	637,753,579	647,319,883	657,029,681	666,885,126	676,888,403	13,881,429,408	687,041,729
Advance Rent		359,115,216	(359,115,216)																									
Rental Discount on the 26th year	10.00%																											68,704,173
LESS EXPENSES:																												618,337,556
Admin and Miscellaneous Expenses		1,762,750	7,051,000	7,051,000	7,051,000	7,051,000	7,051,000	7,051,000	7,051,000	7,051,000	7,051,000	7,051,000	7,051,000	7,051,000	7,051,000	7,051,000	7,051,000	7,051,000	7,051,000	7,051,000	7,051,000	7,051,000	7,051,000	7,051,000	7,051,000	7,051,000	7,051,000	170,986,750
Tax and Licenses		897,788	3,604,619	3,658,698	3,713,569	3,769,272	3,825,811	3,883,198	3,941,446	4,000,568	4,060,577	4,121,485	4,183,307	4,246,057	4,309,748	4,374,394	4,440,010	4,506,610	4,574,209	4,642,823	4,712,465	4,783,152	4,854,899	4,927,723	5,001,638	5,076,663	5,152,813	104,110,721
Total		2,660,538	10,655,619	10,709,688	10,764,569	10,820,272	10,876,811	10,934,198	10,992,446	11,051,568	11,111,577	11,172,485	11,234,307	11,297,057	11,360,748	11,425,394	11,491,010	11,557,610	11,625,209	11,693,823	11,763,465	11,834,152	11,905,889	11,978,723	12,052,638	12,127,683	275,097,471	12,203,813
NET CASHFLOWS FROM OPERATIONS		476,159,750	110,845,029	477,115,414	484,377,910	491,749,344	499,231,349	506,825,584	514,533,733	522,357,504	530,298,631	538,358,876	546,540,024	554,843,889	563,272,313	571,827,162	580,510,335	589,323,755	598,269,376	607,349,182	616,565,184	625,919,427	635,413,984	645,050,958	654,832,488	664,760,740	13,696,331,937	606,133,743
ADD: Reversion Value (Resale Value)																												8,979,759,158
Present Worth Factor @ 8.25% discount rate		0.98038	0.90566	0.83664	0.77288	0.71397	0.65956	0.60929	0.56286	0.51996	0.48033	0.44373	0.40991	0.37867	0.34981	0.32315	0.29862	0.27577	0.25475	0.23534	0.21740	0.20083	0.18553	0.17139	0.15833	0.14626	0.13511	
Present Worth of Net Income		466,815,970	100,387,893	399,172,543	374,363,819	351,095,443	329,272,414	308,804,857	289,698,658	271,694,913	254,719,612	238,883,334	224,030,960	210,101,412	197,037,387	184,785,179	173,294,350	162,517,634	152,410,684	142,931,906	134,042,286	125,705,232	117,886,422	110,553,663	103,676,762	97,227,389	5,520,930,541	
Present Worth of Net Reversion Value																												1,213,277,341
Total Present Value of Net Income																											5,520,930,541	
Present Worth of Net Reversion Value																											1,213,277,341	
Total																											6,734,207,883	
Market Value of Property (land only)																											6,734,207,883	
Rounded to																											6,734,208,000	
1/2,759,135-sq.m. total area																												
PhP2,441 per sq.m.																												

On the basis of the foregoing, the market value of the property (land only) using the Discounted Cash Flow Analysis, is represented in the amount of **Php6,734,208,000**.

ANNEX C –PROPERTY DETAILS

	Ayala Triangle Tower 2	Greenbelt 3 & 5	Holiday Inn & Suites Makati	Seda Ayala Center Cebu	Zambales Industrial Land
Year Completed	2021	Greenbelt 3 – 2004 (2022 Renovation Completion); Greenbelt 5 - 2007	2013	2018	N/A
Service Contract	N/A	N/A	N/A	N/A	2021
Description	Triple A Headquarter Office	Premier Lifestyle Mall	Contemporary Business Hotel	Contemporary Business Hotel	Industrial Land (Solar Power Plant)
Location	Ayala Triangle Gardens, Makati City	Ayala Center, Makati City	Glorietta, Ayala Center, Makati City	Ayala Center Cebu, Cebu Business Park	Palauig, Zambales
Project Owner	Ayala Land, Inc.	Ayala Land, Inc.	Greenhaven Property Ventures, Inc.	Cebu Insular Hotel Company, Inc.	Giga ACE 8, Inc.
GLA (sq. m)	63,150	93,732	26,218	13,759	2,759,135
2024 Occupancy	98%	100%	100%	100%	100%
Right over Land	Leasehold	Leasehold	Leasehold	Leasehold	Freehold
Landowner	Ayala Land, Inc.	Ayala Land, Inc.	Ayala Land, Inc.	Cebu Insular Hotel Company, Inc.	Buendia Christiana Holdings Corp.
Land Lease Term	38 years	36 years	36 years	36 years	25 years, renewable for another 25 years
Master Lease Escalation	N/A	2.5% per annum	2.5% per annum	2.5% per annum	1.5% per annum