

SEC Number: CS200613870
File Number: _____

AREIT, INC.

(Company's Full Name)

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

(Company Address)

(632) 7908-3804

(Telephone Number)

September 30, 2024

(Quarter Ending)

SEC Form 17-Q Quarterly Report

(Form Type)

-

(Amendments)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **September 30, 2024**
2. Commission Identification Number **CS200613870**
3. BIR Tax Identification No. **006-346-689-00000**
4. Exact name of issuer as specified in its charter: **AREIT, INC.**
5. Province, Country, or other jurisdiction of incorporation or organization:
Makati City, Philippines
6. Industry Classification Code: _____ (SEC Use Only)
7. Address of issuer's principal office and postal code:
28F, Tower One, Ayala Triangle, Ayala Avenue, Makati City 1226
8. Issuer's telephone number, including area code: **(632) 7908-3804**
9. Former name, former address, former fiscal year: **Not applicable**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

As of September 30, 2024

<u>Title of each class</u>	<u>Number of shares issued and outstanding</u>
Common shares	3,209,865,985

11. Are any or all of the securities listed on a Stock Exchange?

Yes ☒ No ☐

Stock Exchange: **Philippine Stock Exchange**

Securities listed: **Common shares**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):

Yes ☒ No ☐

(b) has been subject to such filing requirements for the past 90 days:

Yes ☒ No ☐

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

AREIT, INC.

STATEMENTS OF FINANCIAL POSITION

(All amounts in Philippine Peso)

	September 30, 2024	December 31, 2023
	Unaudited	Audited
ASSETS		
Current Assets		
Cash (Note 4)	83,315,516	41,758,546
Receivables (Note5)	6,155,137,531	5,137,114,658
Other current assets (Note6)	155,321,324	178,145,850
Total Current Assets	6,393,774,371	5,357,019,054
Noncurrent Assets		
Noncurrent portion of receivables (Note 5)	18,382,979,528	8,055,590,803
Investment properties (Note 7)	97,592,525,367	78,255,747,008
Property and equipment	967,570	1,053,460
Other noncurrent assets (Note6)	1,683,558,432	1,602,882,126
Total Noncurrent Assets	117,660,030,897	87,915,273,397
	124,053,805,268	93,272,292,451
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 8)	3,097,337,465	2,127,536,764
Short-term debt (Note 9)	3,000,000,000	3,000,000,000
Current portion of deposits, other liabilities (Note 11)	788,687,876	649,210,862
Current portion of lease liability	51,638,789	54,204,832
Construction bonds (Note 10)	114,093,317	95,692,253
Total Current Liabilities	7,051,757,447	5,926,644,711
Noncurrent Liabilities		
Deposits, other liabilities, net of current portion (Note 11)	3,049,998,788	2,773,205,028
Lease liability- net of current portion	1,218,383,687	1,162,605,903
Total Noncurrent Liabilities	4,268,382,475	3,935,810,931
Total Liabilities	11,320,139,922	9,862,455,642
Equity (Note 12)		
Paid-up capital	32,771,959,550	24,359,365,430
Treasury shares	(673,299,700)	(673,299,700)
Additional paid-in capital	56,368,354,602	36,320,032,381
Retained earnings	24,266,650,894	23,403,738,698
Total Equity	112,733,665,346	83,409,836,809
	124,053,805,268	93,272,292,451

AREIT, INC.**INTERIM STATEMENTS OF COMPREHENSIVE INCOME**

(All amounts in Philippine Peso)

	2024 Unaudited		2023 Unaudited	
	July 1 to September 30	January 1 to September 30	July 1 to September 30	January 1 to September 30
REVENUE				
Rental income	2,102,151,882	5,245,008,686	1,522,792,954	3,799,275,874
Dues- net	400,712,580	1,100,264,592	340,100,808	923,950,214
Interest income from finance lease receivables	385,254,833	776,428,030	170,421,322	280,210,137
	2,888,119,295	7,121,701,308	2,033,315,084	5,003,436,225
COSTS AND EXPENSES				
Direct operating expenses	750,372,762	1,918,702,961	565,675,371	1,403,693,224
General and administrative expenses	28,899,772	63,786,698	27,123,703	62,790,096
	779,272,534	1,982,489,659	592,799,074	1,466,483,320
OTHER INCOME (CHARGES) - Net				
Interest income	45,314,353	110,547,501	–	46,803,516
Interest expense and other charges	(84,197,638)	(230,815,730)	(50,199,956)	(152,022,270)
	(38,883,285)	(120,268,229)	(50,199,956)	(105,218,754)
Net fair value change in investment properties	(111,848,042)	(198,102,944)	(158,068,068)	(161,061,428)
INCOME BEFORE INCOME TAX	1,958,115,434	4,820,840,476	1,232,247,986	3,270,672,723
PROVISION FOR INCOME TAX	923,244	2,355,302	298,648	760,583
NET INCOME	1,957,192,190	4,818,485,174	1,231,949,338	3,269,912,140
OTHER COMPREHENSIVE INCOME	–	–	–	–
TOTAL COMPREHENSIVE INCOME	1,957,192,190	4,818,485,174	1,231,949,338	3,269,912,140
Basic/Diluted Earnings Per Share	0.61	1.82	0.52	1.68

AREIT, INC.**INTERIM STATEMENTS OF CHANGES IN EQUITY**

(All amounts in Philippine Peso)

	September 30, 2024 Unaudited	September 30, 2023 Unaudited
PAID-UP CAPITAL		
Common Shares - ₱10 par value		
Balance at beginning and end of period	24,359,365,430	18,283,771,630
Issuance of new shares	8,412,594,120	6,075,593,800
Balance at end of the period	32,771,959,550	24,359,365,430
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning and end of period	36,320,032,381	20,021,645,532
Issuance of new shares	20,190,225,888	16,404,103,260
Share issuance cost	(141,903,667)	(105,716,411)
Balance at end of the period	56,368,354,602	36,320,032,381
TREASURY SHARES		
Balance at beginning and end of period	(673,299,700)	(673,299,700)
RETAINED EARNINGS		
Balance at beginning of year	23,403,738,698	22,440,772,367
Total comprehensive income/Net income	4,818,485,174	3,269,912,140
Cash dividends	(3,955,572,978)	(2,764,844,093)
Balance at end of period	24,266,650,894	22,945,840,414
	112,733,665,346	109,335,922,732

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

(All amounts in Philippine Peso)

	2024 Unaudited January 1 to September 30	2023 Unaudited January 1 to September 30
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	4,820,840,475	3,270,672,722
Adjustments for:		
Net fair value change in investment properties	198,102,944	161,061,428
Depreciation and amortization	209,551	153,072
Interest expense	152,933,042	132,839,703
Interest income from finance lease receivables	(776,428,030)	(280,210,137)
Interest income	(110,547,501)	(46,803,516)
Operating income before working capital changes	4,285,110,481	3,237,713,272
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	(14,015,122)	(1,188,090,363)
Other assets	(57,851,782)	(41,810,706)
Increase (decrease) in:		
Accounts and other payables	969,800,701	1,098,672,872
Deposits and other liabilities	145,500,290	745,988,978
Construction bonds	18,401,065	(15,744,292)
Cash generated from (used in) operations	5,346,945,633	3,836,729,761
Interest received	110,547,501	46,803,516
Income tax paid	(2,355,302)	(760,584)
Net cash flows provided by (used in) operating activities	5,455,137,832	3,882,772,693
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in due from related parties	200,545,319	(613,857,000)
Payments for additions to investment properties	(1,416,928,235)	(323,640,048)
Net cash flows provided by (used in) investing activities	(1,216,382,916)	(937,497,048)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of dividends	(3,955,572,977)	(2,764,844,093)
Share issuance cost	(141,903,668)	(105,716,411)
Payments of principal portion of lease liability	(11,479,082)	(6,549,870)
Interest paid	(88,242,219)	(70,135,046)
Net cash flows provided by (used) financing activities	(4,197,197,946)	(2,947,245,420)
NET INCREASE (DECREASE) IN CASH	41,556,970	(1,969,775)
CASH AT BEGINNING OF PERIOD	41,758,546	62,753,382
CASH AT END OF PERIOD	83,315,516	60,783,607

AREIT, INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

1. Corporate Information

AREIT, Inc., (formerly One Dela Rosa Property Development, Inc.) (the “Company”) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on September 4, 2006. On September 26, 2018, the Company amended its Articles of Incorporation to engage in the business of a real estate investment trust (REIT), as provided under Republic Act No. 9856 (the Real Estate Investment Trust Act of 2009), and its implementing rules and regulations (the REIT Act).

The Company was organized primarily to engage in the business, which includes the following: (1) to own, invest in, purchase, acquire, hold, possess, lease, construct, develop, alter, improve, operate, manage, administer, sell, assign, convey, encumber, in whole or in part, or otherwise deal in and dispose of, income-generating real estate, whether freehold or leasehold, within or outside the Philippines with or to such persons and entities and under such terms and conditions as may be permitted by law; (2) to invest in, purchase, acquire, own, hold, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real estate and managed funds; (3) to receive, collect and dispose of the rent, interest, dividends and income arising from its property and investments; and (4) to exercise, carry on or undertake such other powers, acts, activities and transactions as may be deemed necessary, convenient or incidental to or implied from the purposes herein mentioned. On April 12, 2019, the Company changed its name to AyalaLand REIT, Inc., and further amended its name to AREIT, Inc. on September 28, 2019.

As at December 31, 2023, the Company is publicly-listed, 43.33%-owned by Ayala Land, Inc. (ALI), 12.12%-owned by Ayalaland Malls, Inc. (ALMI), 4.07%-owned by Ayalaland Offices, Inc. (ALOI), 2.34%-owned by Northbeacon Commercial Corp. (NBCC), 2.62%-owned by Glensworth Development, Inc. (GDI), a wholly-owned subsidiary of ALOI, 1.58%-owned by Westview Commercial Ventures Corp. (WCVC), a wholly-owned subsidiary of ALI, and the rest by the public.

ALI's parent is Ayala Corporation (AC). AC is 47.86%-owned by Mermac, Inc., and the rest by the public.

Both ALI and AC are publicly-listed companies domiciled and incorporated in the Philippines.

The operational and administrative functions of the Company are handled by ALI before its listing. Beginning August 13, 2020, AREIT Fund Managers, Inc. and AREIT Property Managers, Inc. handle the fund manager functions and property management functions of the Company, respectively (Note 18).

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

Initial Public Offering (IPO)

On July 10, 2020, the SEC rendered effective the Company's REIT Plan and the registration of its 1,092,986,405 common shares. On July 15, 2020, the Philippine Stock Exchange, Inc. (PSE) approved the application of the Company for the initial listing of its 1,092,986,405 common shares under the Main Board of the PSE to cover the Company's IPO. The Company was listed on the Main Board of the PSE on August 13, 2020.

Registration as a REIT entity

The Company's common stock was listed in the PSE on August 13, 2020 as a REIT entity. As a REIT entity, the Company, provided it has complied with the requirements under the REIT Act, is entitled to the following:

- (a) not subject to 2% minimum corporate income tax (MCIT);
- (b) exemption from value-added tax (VAT) and documentary stamp tax (DST) on the transfer of property in exchange of its shares;
- (c) deductibility of dividend distribution from its taxable income; and
- (d) fifty percent (50%) of the standard DST rate on the transfer of real property into the Company, including the sale or transfer of any security interest thereto

2. Basis of Financial Statement Preparation

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

The accompanying unaudited interim financial statements have been prepared under the going concern assumption.

Statement of Compliance

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

On November 4, 2024 the Audit Committee approved and authorized the release of the accompanying unaudited interim financial statements of AREIT, Inc.

3. Summary of Material Accounting Policies

Adoption of amended accounting standards and interpretation

(a) Amendments to existing standards adopted by the Company effective January 1, 2023

The following amendments to existing standards have been adopted by the Company effective January 1, 2023:

Amendments to PAS 1, '*Presentation of Financial Statements*', and PFRS Practice Statement 2, '*Making Materiality Judgments*'

The amendments require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, PFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The adoption of these amendments resulted in changes in the accounting policies disclosed by the Company.

Amendments to PAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'

The amendment to PAS 8 clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

Amendments to PAS 12, 'Income Taxes'

The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences, and will require the recognition of additional deferred tax assets and liabilities.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with (a) right-of-use assets and lease liabilities, and (b) decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets. The cumulative effect of recognizing these adjustments is recognized in the opening balance of retained earnings, or another component of equity, as appropriate.

There are no other new standards, interpretations and amendments to existing standards effective January 1, 2023 that are considered to be relevant or have a material impact on the Company's financial statements.

(b) Amendments to existing standards not yet effective and not early adopted by the Company

The following amendments to existing standards are not mandatory for December 31, 2023 reporting period and have not been early adopted by the Company:

- *Amendments to PAS 1, 'Presentation of Financial Statements'*

Amendments made to PAS 1 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant).

Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability;
- information about the covenants; and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments also clarify what PAS 1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current or non-current classification of a convertible note.

The amendments must be applied retrospectively in accordance with the normal requirements in PAS 8. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current.

- *Amendments to PFRS 16, 'Leases'*

The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

- *Amendments to PAS 7, 'Statement of Cash Flows', and PFRS 7, 'Financial Instruments: Disclosures'*

The IASB has issued new disclosure requirements about supplier financing arrangements (SFAs), after feedback to an IFRS Interpretations Committee agenda decision highlighted that the information required by the standards fall short of meeting user information needs.

The objective of the new disclosures is to provide information about SFAs that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk. The new disclosures include information about the following:

1. The terms and conditions of SFAs.
2. The carrying amounts of financial liabilities that are part of SFAs and the line items in which those liabilities are presented.
3. The carrying amount of the financial liabilities in item 2 for which suppliers have already received payment from the finance providers.
4. The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements.
5. Non-cash changes in the carrying amounts of financial liabilities in item 2.
6. Access to SFA facilities and concentration of liquidity risk with finance providers.

The IASB has provided transitional relief by not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances. Further, the required disclosures are only applicable for annual periods during the first year of application. Therefore, the earliest that the new disclosures will have to be provided is in annual financial reports for December 2024 year-ends, unless an entity has a financial year of less than 12 months.

The amendments to existing standards are not expected to have a material impact on the Company's financial statements and on foreseeable future transactions.

4. Cash

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash on hand	232,500	232,500
Cash in banks	83,083,016	41,526,046
	83,315,516	41,758,546

Cash in banks earns interest from the respective bank deposit rates.

5. Receivables

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Finance lease receivable	19,992,165,914	8,970,700,468
Due from related parties	3,365,708,368	3,572,116,662
Trade receivables – billed	1,311,427,664	764,788,173
Other receivables	1,364,498	2,349,543
	24,670,666,444	13,309,954,846
Less allowance for credit losses	(132,549,385)	(117,249,385)
	24,538,117,059	13,192,705,461
Less noncurrent portion of finance lease receivable	(18,382,979,528)	(8,055,590,803)
	6,155,137,531	5,137,114,658

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

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

As of September 30, 2024, the aging analysis of the Company's receivables presented per class is as follows:

	Neither Past Due nor Impaired	Past due but not impaired				Impaired	Total
		<30 days	31-60 days	61-90 days	>90 Days		
Finance lease receivable	19,992,165,914	-	-	-	-	-	19,992,165,914
Due from related parties	2,395,058,681	215,154,396	168,012,735	164,226,655	423,255,901	-	3,365,708,368
Trade receivables – billed	84,338,711	479,887,622	317,304,697	191,224,834	106,122,414	132,549,386	1,311,427,664
Total	22,471,563,306	695,042,018	485,317,432	355,451,489	529,378,315	132,549,386	24,669,301,946

The movements in allowance for credit losses are as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of year	117,249,385	60,404,901
Additions	15,300,000	56,844,484
Balance at end of year	132,549,385	117,249,385

6. Other Assets

Other Current Assets

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Input VAT	8,492,924	163,381,035
Prepaid expenses	128,014,500	–
Recoverable deposits	18,813,900	14,764,815
	155,321,324	178,145,850

Input VAT represents taxes due or paid on purchases of goods and services subjected to VAT that the Company can claim against future liability to the Bureau of Internal Revenue (BIR) for output VAT pertaining to sale of goods and services that have been incurred and billings which have been received as at date. The input VAT can also be refunded subject to the approval of the BIR. Input VAT is expected to be applied against output VAT within 12 months from reporting date.

Prepaid expenses pertain to payments of business and real property taxes, which are amortized over a year.

Recoverable deposits pertain to various utility deposits recoverable within 12 months from reporting date.

Other Noncurrent Assets

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Input VAT	1,278,517,616	1,173,692,852
Deferred input VAT	171,150,127	279,408,203
Creditable withholding taxes (CWT)	353,061,233	266,992,694
Advances to contractors	6,319,340	1,375,715
	1,809,048,316	1,721,469,464
Allowance for possible losses	(125,489,884)	(118,587,338)
	1,683,558,432	1,602,882,126

The remaining balance of input VAT and deferred input VAT are assessed to be recoverable beyond 12 months from reporting date.

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

CWT represent the amount withheld by the customer. These are recognized upon collection of the related income and utilized as tax credits against income tax due. The CWT can also be refunded subject to the approval of the BIR.

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

7. Investment Properties

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Beginning of the period	78,255,747,008	60,871,459,005
Acquisitions and Improvements	29,881,121,639	22,680,869,285
Property under finance lease	(10,544,343,280)	(5,497,931,010)
Gain (loss) on fair value adjustment	-	201,349,728
End of the period	97,592,525,367	78,255,747,008

On January 17, 2024, the Company entered into a Deed of Absolute Sale with Econorth Resort Ventures, Inc. (ERVI), a subsidiary of Ayala Land, Inc. (ALI), to acquire SEDA Lio, a one hundred fifty-three (153) room- resort hotel building with a total gross floor area of 17,680 square meters (sqm) for P1,192.00 million, exclusive of VAT. Simultaneous to the acquisition, the Company and ERVI, entered into a lease agreement for the room-resort hotel that is payable on quarterly guaranteed lease for a period of 25 years. The room-resort hotel building is operated by ERVI. The Company derecognized the portion of the property under finance lease.

On September 25, 2024, the SEC approved the property-for-share-swap via tax free-exchange transaction of the Company. These were acquired from ALI, Greenhaven Property Ventures, Inc. (GPVI), Cebu Insular Hotel Co., Inc. (CIHCI), and Buendia Christiana Holdings, Corp. (BCHC), and involved one (1) office building, one (1) mall building, two (2) hotel buildings, and one (1) industrial land, namely:

- Ayala Triangle Gardens Tower 2 is a premium, luxury office building completed in 2022 and has 63,150 sqm in gross leasable area. The office building sits at the tip of Ayala Triangle in Makati Central Business District. Company headquarters are tenants of the 39 floors of office.
- Greenbelt 3 & 5 mall wings are part of the interconnected Greenbelt complex, a group of flagship malls located in Makati City, the country's premier financial capital. The mall wings have a total gross leasable area of 93,732 sqm. Retail anchors, five-star hotels, and premium residential villages and condominiums are walking distance from the mall. Greenbelt 3 & 5 are home to flagship stores of both foreign luxury brands and affordable shopping, entertainment outlets, and outdoor walkways with landscaping.
- Holiday Inn & Suites is a five-star hotel that sits within Makati Central Business District. The 16-storey, 348 guest room hotel spans 26,218 sqm in gross leasable area. The roof deck is linked to the top of Glorietta Mall. The hotel also features amenities that include lobby and executive lounges, all day dining, a bar, function rooms, and a health and fitness club.
- Seda Ayala Center Cebu is a four-star hotel located within the Cebu Business Park in Cebu City. The 12-storey, 301 guest room hotel spans 13,579 sqm in gross leasable area. The hotel is surrounded by commercial and shopping centers and residential developments. The hotel also features amenities like lobby and executive lounges, all day dining, function rooms, and a fitness gym.
- Palauig Land is an industrial lot in Palauig, Zambales. The land is utilized for a solar farm. Residential and school developments and other solar farms neighbor the land.

On September 20, 2023, SEC approved the property-for-share-swap via tax-free exchange transaction of the Company. These were acquired from ALI, AyalaLand Malls, Inc. ("ALMI) and Northbeacon Commercial Corporation ("NBCC) and involved four office buildings and two mall buildings, namely:

- Glorietta 1 and 2 Mall wings, a four (4)- storey commercial development with three basement floors and equipment, redeveloped in 2013, located in Makati Commercial Center, San Lorenzo Village, Makati City with gross floor area of 68,763.84 square meters (sq.m)
- Glorietta BPO 1 and BPO 2, a seven (7) storeys and eight (8) storeys Philippine Economic Zone Authority ("PEZA")-accredited office development and equipment located within Makati Commercial Center, San Lorenzo Village, Makati City, with gross leasable area of 18,770 sq.m and 21,256 sq.m, respectively.
- One Ayala East Tower, a twenty-three (23) level, PEZA- accredited office development and equipment, located along Ayala corner Epifanio delos Santos (EDSA) Avenues, Brgy. San Lorenzo, Makati City, with gross leasable area of 30,999.07 sq.m.
- One Ayala West Tower, a eighteen (18)- level, PEZA-accredited office development and equipment, located along Ayala corner EDSA Avenues, Brgy. San Lorenzo, Makati City, with gross leasable area of 39,996.00 sq.m.

Marquee Mall, a three (3)-level, commercial development and equipment, located along Francisco G. Nepo Avenue, Angeles City, Pampanga with a gross floor area of 66,041.04 sq.m.

As of September 30, 2024, the investment properties are composed of 20 stand-alone buildings, five mixed-used properties, nine condominium office units, and land parcels as follows:

Name of properties	Details and location
<i>Stand-alone buildings</i>	
Solaris One	One (1) office building in Makati City
McKinley Exchange	One (1) office building in Makati City
Teleperformance Cebu	One (1) office building in Cebu I.T. Park, Cebu City
eBloc Towers 1-4	Four (4) office towers in Cebu I.T. Park, Cebu City
ACC Tower	One (1) office tower in Ayala Center Cebu, Cebu Business Park, Cebu City
Tech Tower	One (1) office tower in Sumilon cor. Camiguin Roads, Cebu City
Evotech One and Two	Two (2) office buildings in Laguna
Bacolod Capitol Corporate Center	One (1) office building in Bacolod City, Negros Occidental
Ayala Northpoint Technohub	One (1) office building in Bacolod City, Negros Occidental
Marquee Mall	One (1) mall building in Angeles City, Pampanga
Seda Lio	One (1) room-resort hotel building in El Nido, Palawan
Ayala Triangle Gardens Tower Two	One (1) office tower in Makati City
Greenbelt 3&5 Mall	Two (2) mall buildings in Makati City
Holiday Inn	One (1) hotel building in Makati City
Seda Ayala Center Cebu	One (1) hotel building in Ayala Center Cebu, Cebu City
<i>Mixed-use properties</i>	
Ayala North Exchange	Two (2) office towers and one (1) serviced apartment in Makati City
The 30 th Commercial Development	One (1) office building and one (1) mall building in Pasig City
Vertis North Commercial Development	Three (3) office towers and one (1) mall building in Quezon City
One Ayala Development	Two (2) office towers in Makati, City
Glorietta 1&2	Two (2) office buildings and two (2) mall buildings in Makati, City
<i>Condominium office units</i>	
BPI-Philam Life Makati	Three (3) condominium office units located at the intersection of Ayala Avenue and Gil Puyat Avenue, Makati City
BPI-Philam Life Alabang	Six (6) condominium office units located at Madrigal Business Park, Alabang, Muntinlupa City
<i>Land parcels</i>	
Laguna Technopark	Four (4) land parcels in Laguna Technopark, Laguna
Palauig Industrial Land	Industrial land in Palauig, Zambales

The Company presents its investment properties at fair value, and changes on such are recognized in profit or loss. The fair value of the investment properties was determined by management and an independent and professionally qualified appraiser as of December 31, 2023.

The fair value of the Company's investment properties was determined using the Income approach, which is a method in which the appraiser derives an indication of value for income-producing property by converting anticipated future benefits into current property value.

For the Income approach, the fair value is calculated taking into consideration significant inputs and assumptions such as the discount rate, growth rate and free cash flows.

Significant increases (decreases) in discount rate would result in a significantly lower (higher) fair value measurement while a change in the assumption used for the lease income growth rate and market prices is accompanied by a directionally similar change in the Company's fair value of investment properties.

8. Accounts and Other Payables

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Due to related parties	2,082,968,954	1,387,841,859
Accounts payable	776,944,027	375,385,620
Taxes payable	31,354,537	202,773,416
Accrued expenses		
Light and water	118,674,938	53,654,236
Repairs and maintenance	29,939,427	50,708,775
Outside services	24,828,153	47,142,815
Professional fees	-	2,150,753
Rent	-	869,176
Others	18,838,974	4,545,906
Retention payable	6,002,197	2,464,208
Interest payable	7,786,258	-
	3,097,337,465	3,097,337,465

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

Taxes payable consists of amounts payable to the BIR pertaining to withholding taxes and deferred output VAT.

Other accrued expenses consist mainly of accruals for professional fees, postal and communication, supplies, transportation and travel, security, insurance, and representation.

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

9. Short-term debt

As of September 30, 2024 and December 31, 2023, the Company's short-term debt pertains to short-term loans payable with a local bank amounting to P3.00 billion, which is unsecured and with a term of 30-days. The average cost of debt is 6.1%.

10. Construction Bonds

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

The carrying value of the Company's construction bonds amounted to P107.87 million and P95.69 million as of September 30, 2024, and December 31, 2023, respectively.

11. Deposits and Other Liabilities

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Security deposits	1,725,670,388	1,667,515,061
Advance rentals	1,635,556,978	1,428,973,801
Deferred credits	477,459,298	325,927,028
	3,838,686,664	3,422,415,890
Current portion	(788,687,876)	(649,210,862)
	3,049,998,788	2,773,205,028

The current portion of these accounts follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Security deposits	156,151,566	175,500,235
Advance rentals	411,518,197	322,412,270
Deferred credits	221,018,113	151,298,357
	788,687,876	649,210,862

Security deposits

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

Advance rentals

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

Deferred credits

Deferred credits pertain to the difference between the nominal value of the deposits and its fair value.

12. Equity

Paid-up capital

The details of the Company's paid-up capital as at September 30, 2024 and December 31, 2023 follow:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Authorized	4,050,000,000	4,050,000,000
Par value per share	10.00	10.00
Issued and outstanding shares	3,209,865,985	2,368,606,573

The changes in the number of shares are as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
<i>Authorized number of shares</i>		
Beginning (P10.00 par value)	4,050,000,000	2,950,000,000
Increase in authorized capital stock	-	1,100,000,000
Ending	4,050,000,000	4,050,000,000
<i>Issued shares</i>		
Beginning	2,435,936,543	1,828,377,163
Issuance of new shares	841,259,412	607,559,380
Ending	3,277,195,955	2,435,936,543
<i>Treasury shares</i>		
Beginning and ending	(67,329,970)	(67,329,970)
Outstanding shares	3,209,865,985	706,599,472

On February 12, 2024, the Company's stockholders approved the issuance of 841,259,412 primary common shares of stock of the Company to ALI, GPVI, CIHCI, and BCHC at an issue price of P34.00 per share in exchange for the identified properties. On September 25, 2024, the SEC approved the property-for-share-swap transaction.

On March 07, 2023, and April 26, 2023, the Company's BOD and its stockholders approved the issuance of 607,559,380 primary common shares of stock of the Company to ALI, ALMI, and NBCC at an issue price of P37.00 per share in exchange for the identified properties. On September 20, 2023, the SEC approved the property-for-share swap transaction.

Additional Paid-in Capital (APIC)

In 2024 and 2023, the Company recorded APIC amounting to P20,048 million and P16,298 million, net of transaction costs, respectively. The Company incurred transaction costs incidental to the property-for-share swap transaction that is directly attributable to the issuance of new shares amounting to P141.90 million and P105.72 million in 2024 and 2023, respectively.

Cash dividends

On February 24, 2023, the Company's BOD approved the declaration of cash dividends for the fourth quarter of 2022, amounting to P0.52 per outstanding common share to stockholders on record as of March 10, 2023, amounting to P915.74 million. The cash dividend was paid on March 24, 2023, to stockholders.

On May 17, 2023, the Company's BOD approved the declaration of cash dividends for the first quarter of 2023, amounting to P0.52 per outstanding common share to stockholders on record as of May 31, 2023, amounting to P915.74 million. The cash dividend was paid on September 16, 2023, to stockholders.

On August 14, 2023, the Company's BOD approved the declaration of cash dividends for the second quarter of 2023, amounting to P0.53 per outstanding common share to stockholders on record as of August 30, 2023, amounting to P933.36 million. The cash dividend was paid on September 13, 2023, to stockholders.

On November 16, 2023, the Company's BOD approved the declaration of cash dividends for the third quarter of 2023, amounting to P0.55 per outstanding common share to stockholders on record as of December 1, 2023, amounting to P1,302.73 million. The cash dividend was paid on December 15, 2023, to stockholders.

On February 19, 2024, the Company's BOD approved the declaration of cash dividends for the fourth quarter of 2023, amounting to P0.55 per outstanding common share to stockholders on record as of March 4, 2024, amounting to P1,302.73 million. The cash dividend was paid on March 20, 2024, to stockholders.

On May 14, 2024, the Company's BOD approved the declaration of cash dividends for the first quarter of 2024, amounting to P0.56 per outstanding common share to stockholders on record as of May 28, 2024, amounting to P1,326.42 million. The cash dividend was paid on September 13, 2024, to stockholders.

On July 12, 2024, the Company's BOD approved the declaration of cash dividends for the second quarter of 2024, amounting to P0.56 per outstanding common share to stockholders on record as of July 26, 2024, amounting to P1,326.42 million. The cash dividend was paid on August 11, 2024, to stockholders.

Distributable Income

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

The computation of the distributable income of the Company as of September 30, 2024, is shown below:

	September 30 2024 (Unaudited)
Net income	4,818,485,174
Unrealized gains:	
Unrealized (gain)/loss on fair value change in investment properties	198,102,944
Distributable Income	5,016,588,118

Capital Management

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

The Company's sources of capital as of September 30, 2024, and December 31, 2023, follow:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Paid-up capital	32,771,959,550	24,359,365,430
Additional paid- in capital	56,368,354,602	36,320,032,381
Treasury shares	(673,299,700)	(673,299,700)
Retained earnings	24,266,650,894	23,403,738,698
	112,733,665,346	83,409,836,809

13. Related Party Transactions

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

Terms and Conditions of Transactions with Related Parties

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

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

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

Related Party Category	September 30 2024 (Unaudited)	December 31, 2023 (Audited)
Due from related parties		
Parent Company		
Ayala Land, Inc.	852,364,336	439,653,075
Affiliates*	22,390,960,394	12,082,896,678
Other related parties		
BPI/MS Insurance Corporation	30,619,430	7,655,094
Integrated Microelectronics Inc	14,329,225	-
Globe Telecom, Inc.	1,639,832	838,935
Bank of the Philippine Islands	67,961,065	11,773,348
	114,549,552	20,267,377
	23,357,874,282	12,542,817,130

*Entities under common control

Related Party Category	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Due to related parties		
Parent Company		
Ayala Land, Inc.	537,479,331	394,088,299
Affiliates*	1,508,688,179	985,400,924
Other related parties		
Manila Water Philippine Ventures, Inc.	12,360,577	4,036,202
Manila Water Company Inc	24,177,804	4,121,543
Innove Communications	236,187	155,221
Globe Telecom, Inc.	16,776	29,570
BPI Capital Corporation	10,100	10,100
	36,801,444	8,352,636
	2,082,968,954	1,387,841,859

*Entities under common control

14. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash, receivables, accounts and other payables and security deposits arising directly from its operations. The main risks arising from using

financial instruments are liquidity and credit risks.

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

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

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

Before the Company's listing, ALI's financing and treasury function operated as a centralized service for managing financial risks and activities and providing optimum investment yield and cost-efficient funding for the Company. Effective August 13, 2020, AREIT Fund Manager's, Inc. handles fund manager functions of the Company.

Market risk

Market risk is the risk that fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. Market risk includes foreign currency risk, interest rate risk, and other price risks.

Foreign currency risk

The Company has no financial assets and liabilities denominated in foreign currencies and, therefore, it has no exposure to foreign currency risk.

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

Cash in banks do not have significant exposure to cash flow interest rate risk as they are subject to minimal interest. Finance lease receivables, due from related parties, and lease liabilities do not have significant exposure to cash flow interest rate risk as such are subject to fixed interest rates. The Company has no financial assets carried at fair value and, therefore, it has no exposure to fair value interest rate risk.

Price risk

The Company has no exposure to price risk as its financial assets are measured at amortized cost.

Credit risk

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

Credit risk arising from rental receivables from leased properties is primarily managed through a tenant selection process. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Company security deposits and advance rentals which helps reduce the Company's

credit risk exposure in case of defaults by the tenants. For existing tenants, the Company has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables. Regular meetings with tenants are also undertaken to provide opportunities for counseling and further assessment of financial capacity. Except for finance lease and trade receivables, the maximum exposure to credit risk of all financial assets is equal to their carrying amounts.

Liquidity risk

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

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

The Company's cash is maintained at a level that will enable it to fund its operations as well as to have additional funds as buffer for any opportunities or emergencies that may arise. To manage the Company's liquidity, credit line facilities with designated local banks, as approved by the Board of Directors, were obtained. The Company's available credit line with various local banks as at September 30, 2024 is P23.00 billion. The Company may also refinance its loans and manage payment terms for its payables.

15. Fair Value Measurement

The Company follows the fair value measurement hierarchy to disclose the fair value measurements of its financial instruments.

As of September 30, 2024 and December 31, 2023, the Company has no financial instrument measured at fair value.

In 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurement. Due to the short-term nature of the transactions, the carrying values of the Company's other financial instruments as of December 31, 2023, and 2022 approximate their fair values.

16. Notes to Interim Statements of Cash Flow

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

Operating

- Interest income from finance lease amounting to P776.43 million and P280.21 million for nine months ended September 30, 2024, and 2023.

17. Segment Reporting

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

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

18. Seasonality of Operations

There were no operations subject to seasonality or cyclicity except for the Company's retail operations. The Company generates a relatively stable stream of revenues throughout the year, with higher sales experiences from shopping centers in the fourth quarter of every year due to holiday spending. This information is provided to better understand the results; however, management has concluded that this is not 'highly seasonal' under PAS 34.

19. Events After Financial Reporting Date

On November 13, 2024, the Company's Board of Directors approved the declaration of cash dividends for the third quarter of 2024, amounting to P0.58 per outstanding common share to stockholders on record as of November 27, 2024, amounting to P1,861.72 million. The payment date is December 13, 2024.

Item 2. Management's Discussion and Analysis on the Results of Operation and Financial Condition

Review of 9M 2024 operations vs 9M 2023

The Company's net income before the net fair value change in investment properties increased by 46% from P3,430.97 million in 2023 and P5,016.59 million in 2024. The increase was mainly due to income from the contribution of additional properties acquired in the third quarter of 2023, January 2024 and July 2024. The Company's net income after tax increased by 47% from P3,269.91 million in 2023 to P4,818.49 million in 2024.

Revenues

Total revenues increased by 42% from P5,003.44 million in 2023 to P7,121.70 million in 2024. This growth was mainly driven by higher rental income and dues.

Rental Income increased by 38% from P3,799.28 million in 2023 to P5,245.01 million in 2024. The increase was primarily attributable to the full year contribution of properties acquired in July 2023, and properties acquired in January and July 2024.

Dues increased by 19% from P923.95 million in 2023 to P1,100.26 million in 2024. The increase was attributable to the operations of new assets acquired in July 2023, January and July 2024.

Interest income from finance leases amounted to P280.21 million in 2023 and P776.43 million in 2024, attributable to the long-term lease of Makati North Hotel Ventures, Inc. with the Company, which commenced in September 2019, long-term leases of North Eastern Commercial Corp with the Company, for The30th Mall which begun on January 1, 2021, and October 1, 2021, for Vertis Mall and long-term leases of AyalaLand Malls, Inc. and Northbeacon Commercial Corporation with the Company, for Glorietta 1 and 2 mall wing and Marquee mall commenced on July 1, 2023 and Seda Lio on January 17, 2024. Effective July 1, 2024, the Company entered to long-term leases with ALI, GPVI, and CIHCI for the leases of Greenbelt 3&5 Mall, Holiday Inn, and Seda Ayala Center Cebu.

Cost and Expenses

Direct operating expenses increased by 37% in 2024 from P1,403.69 million in 2023 to P1,918.70 million in 2024. The increase was primarily due to expenses from the operations of additional properties acquired in July 2023, January and July 2024.

General and administrative expenses increased by 2% from P62.79 million in 2023 to P63.79 million in 2024.

Other Income (charges)

Interest Income increased by 136% from P46.80 million in 2023 to P110.55 million in 2024. The increase was mainly due to increased interest income from intercompany loans.

Interest expense and other charges increased by 52% from P152.02 million in 2023 to P230.82 million in 2024. The increase was due to higher interest rates on short-term debt.

Net Fair Value Change in Investment Property

The Company recognized a reduction in fair value in investment properties of (P161.06million) and (P198.10 million) for nine months ended September 30, 2023 and 2024, respectively.

Provision for Income Tax

Income tax provision increased from 760,583 in 2023 to P2,355,301 million in 2024 due to the final tax on interest income from banks.

Capital Expenditure

The Company has no material commitments for capital expenditures.

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

Balance Sheet items- September 30, 2024, versus December 31, 2023

Cash increased by 100%, due to higher collections from tenants.

Receivables current portion increased by 20%, due to the addition of properties in effective July 2024

Other current assets decreased by 13%, mainly due to lower input VAT.

Receivables noncurrent portion increased by 128%, mainly due to additional finance lease receivables recognized in January and July 2024 for the building lease of Seda Lio, Greenbelt 3&5 Mall, Holiday Inn, and Seda Ayala Center Cebu.

Investment properties increased by 25%, due to the acquisition of additional properties effective July 2024

Property and equipment decreased by 8% due to recognition of depreciation for the period.

Other noncurrent assets increased by 5%, mainly due to higher creditable withholding tax brought by the operations of newly acquired properties.

Accounts and other payables increased by 46%, in line with the increase in operations due to additional properties.

Deposits and other liabilities- current, increased by 21% due to higher advance rental collection.

Construction bonds increased by 19% due to additional bonds collected to be used as a guarantee against damages to properties resulting from construction, renovation, or improvements.

Deposits and other liabilities- noncurrent portion, increased by 10%, due to additional security deposit and advance rent for the year.

Paid-up capital increased by 35% due to the recent approval of the SEC of the Company's property-for-share swap transaction.

Additional paid-in capital increased by 55% in relation to the SEC approval for the Company's property-for-share swap transaction.

Financial Condition

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

As of September 30, 2024, total current assets, including cash, current portion of receivable, input VAT, prepaid expenses, and recoverable deposits, stood at P6,393.77 million, resulting in a current ratio of 0.91:1.

As of September 30, 2024, total debt registered at P3.00 billion, translating to a debt-to-equity ratio of 0.03:1 and a net debt-to-equity ratio of 0.03:1.

Return on equity is at 7% as of September 30, 2024.

Key Financial Ratios	2024	2023
Current Ratio ⁽¹⁾	0.91	0.90
Debt to Equity ⁽²⁾	0.03	0.04
Profitability Ratios		
Return on Asset ⁽³⁾	6%	6%
Return on Equity ⁽⁴⁾	7%	7%
Asset to Equity Ratio ⁽⁵⁾	1.10	1.12

⁽¹⁾ Current assets/current liabilities

⁽²⁾ Total debt/Average Stockholder's equity

⁽³⁾ Total Net Income/Total Average Assets

⁽⁴⁾ Total Net Income/Average Stockholder's equity

⁽⁵⁾ Total asset/Total Stockholder's equity

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

Property Performance as of September 30, 2024

Property	Location	Valuation Date	Valuation cost (in Pesos, millions)	Total gross leasable area (GLA) (in sq.m)	Occupied GLA (in sq.m)	Occupancy rate	Remaining Land lease term	Rental Income (in Pesos, millions) ¹	Gross Revenues (in Pesos, millions)
Solaris	Makati	Dec 2023	7,056	46,768	44,016	94%	24	409	533
Ayala North Exchange ¹	Makati	Dec 2023	9,744	95,314	86,707	91%	34	541	735
MECC	Makati	Dec 2023	1,720	10,688	10,438	98%	30	115	139
TP Cebu	Cebu	Dec 2023	1,827	18,093	18,093	100%	27	126	159
The 30th	Pasig	Dec 2023	4,659	74,704	73,514	98%	32	291	405
Laguna Technopark Land	Laguna	Dec 2023	1,489	98,179	98,179	100%	n/a	68	68
Vertis ¹	Quezon City	Dec 2023	16,353	164,450	152,231	93%	34	921	1,152
BPI- Philam Makati	Makati	Dec 2023	178	1,072	660	62%	n/a	3	4
BPI- Philam Alabang	Muntinlupa	Dec 2023	27	551	551	100%	n/a	2	3
Bacolod Capitol	Negros Occidental	Dec 2023	783	11,313	11,313	100%	38	52	69
Ayala Northpoint	Negros Occidental	Dec 2023	318	4,654	4,654	100%	34	19	24
Evotech	Laguna	Dec 2023	2,833	23,727	23,439	99%	34	140	216
eBloc Towers 1 to 4	Cebu	Dec 2023	7,890	79,640	76,511	96%	34	475	642
ACC Tower	Cebu	Dec 2023	2,024	27,458	23,514	86%	34	140	150
Tech Tower	Cebu	Dec 2023	1,011	16,273	12,852	79%	34	63	72
One Ayala West and East Towers	Makati	Dec 2023	12,854	70,995	70,995	100%	40	1,014	1,134
Glorietta 1&2 BPOs and Mall ¹	Makati	Dec 2023	8,389	108,790	108,365	100%	35	411	721
Marque Mall ¹	Pampanga	Dec 2023	2,070	66,041	66,041	100%	24	-	136
SEDA Lio ¹	Palawan	Dec 2023	1,192	17,680	17,680	100%	25	-	77
Ayala Triangle Garden Tower 2	Makati	Dec 2023	12,481	63,150	61,887	98%	40	337	374
Greenbelt 3&5 Mall ¹	Makati	Dec 2023	5,414	93,732	93,732	100%	40	-	108
Holiday Inn ¹	Makati	Dec 2023	2,635	26,218	26,218	100%	25	-	53
Seda Ayala Center Cebu ¹	Cebu	Dec 2023	1,303	13,579	13,579	100%	40	-	28
Palauig Industrial land	Zambales	Dec 2023	6,770	2,759,135	2,759,135	100%	25	120	120

⁽¹⁾ Does not include portion of mall and hotel buildings under finance lease

PART II- OTHER INFORMATION

Item 3. Developments as of September 30, 2024

- | | | |
|--|--|---------------------------|
| A. New project or investments in another line of business or corporation | None | |
| B. Composition of Board of Directors
(as of August 14, 2024) | Anna Ma. Margarita B. Dy | Chairman |
| | Jose Eduardo A. Quimpo II | President & CEO |
| | Augusto D. Bengzon | Non-Executive Director |
| | Mariana Zobel de Ayala | Non-Executive Director |
| | Maria Theresa Marcial-Javier | Non-Executive Director |
| | Omar T. Cruz | Lead Independent Director |
| | Enrico S. Cruz | Independent Director |
| | Sherisa P. Nuesa | Independent Director |
| C. Performance of the corporation or result/progress of operations | Please see the unaudited financial statements and management's discussion on the results of operations. | |
| D. Declaration of dividends | <p>₱0.55 cash dividend per outstanding common share
 Declaration date: February 19, 2024
 Record date: March 4, 2024
 Payment date: March 20, 2024</p> <p>₱0.56 cash dividend per outstanding common share
 Declaration date: May 14, 2024
 Record date: May 28, 2024
 Payment date: June 13, 2024</p> <p>₱0.56 cash dividend per outstanding common share
 Declaration date: July 12, 2024
 Record date: July 26, 2024
 Payment date: August 11, 2024</p> | |
| E. Contracts of merger, consolidation, or joint venture; contract of management, licensing, marketing, distributorship, technical assistance, or similar agreements | None | |
| F. Offering of rights, granting of Stock Options, and corresponding plans, therefore | None | |
| G. Acquisition of additional mining claims or other capital assets or patents, formula, real estate | None | |

- | | |
|--|------|
| H. Other information, material events, or happenings that may have affected or may affect the market price of the security | None |
| I. Transferring of assets, except in the normal course of business | None |

Item 4. Other Notes to 9M 2024 Operations and Financials

- | | |
|---|---|
| J. Nature and amount of items affecting assets, liabilities, equity, or net income that are unusual because of their nature, size, or incidents | Please see Item 2: Management's Discussion on Results of Operations and Analysis. |
| K. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period | Please see page 26: Causes for any material changes (+/- 5% or more) in the financial statements |
| L. New financing through loans / Issuances, repurchases, and repayments of debt and equity securities | None |
| M. Material events subsequent to the end of the interim period that has not been reflected in the financial statements for the interim period | November 13, 2024 On November 13, 2024, the Company's BOD approved the declaration of cash dividends for the third quarter of 2024, amounting to P0.58 per outstanding common share to stockholders on record as of November 27, 2024, amounting to P1,861.72 million. Payment date is December 13, 2024. |
| N. The effect of changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations | None |
| O. Changes in contingent liabilities or contingent assets since the last annual balance sheet date | None |
| P. Other material events or transactions during the interim period | September 27, 2024 AREIT, Inc. (AREIT) obtained the Securities and Exchange Commission's (SEC) approval for its property-for-share swap with Ayala Land, Inc. (ALI), Greenhaven Property Ventures, Inc. (Greenhaven), Cebu Insular Hotel Co., Inc. (Cebu Insular) and Buendia Christiana Holdings Corp. (BCHC), involving the issuance of 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 Php28,602,820,008.00 under the Deed of Exchange dated March 19, 2024.

In line with this, the parties have executed an Amendment to the Deed of Exchange for AREIT to recognize the income from the new assets effective July 1, 2024.

Q. Existence of material contingencies during the interim period; events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation	None
R. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period	None
S. Material commitments for capital expenditures, general-purpose and expected sources of funds	None
T. Known trends, events, or uncertainties that have had or that are reasonably expected to have an impact on sales/revenues/ income from continuing operations	AREIT's performance will depend on the state of the Philippine Office Sector.
U. Significant elements of income or loss that did not arise from continuing operations	None
V. Causes for any material change/s from period to period, in one, or more line items of the financial statements	Please see Notes to Financial Statements (Item 2: Management's Discussion on Results of Operations and Analysis).
W. Seasonal aspects that had a material effect on the financial condition or results of operations	None
X. Disclosures not made under SEC Form 17-C	None.

Item 5. Performance Indicators

The table below shows AREIT's performance indicators:

	End-September 2024 (Unaudited)	End-December 2023 (Audited)
Current ratio ¹	0.91:1	0.90:1
Debt-to-equity ratio ²	0.03:1	0.04:1
Net debt-to-equity ratio ³	0.03:1	0.04:1
Profitability Ratios:		
Return on Assets ⁴	6%	6%
Return on Equity ⁵	7%	7%
Asset to Equity Ratio ⁶	1.10:1	1.12:1

Notes:

- (1) The current ratio is derived by dividing current assets by current liabilities at the end of a given period. The current ratio measures our ability to pay short-term obligations.*
- (2) The debt-to-equity ratio is derived by dividing our total loans and borrowings by total equity. The debt-to-equity ratio measures the degree of our financial leverage.*
- (3) The net debt to equity ratio is derived by dividing our total loans and borrowings less cash by total equity.*
- (4) Return on assets is derived by annualized net income by total assets*
- (5) Return on equity is derived by dividing annualized net income by average shareholders' equity. Return on equity measures how profitable we are at generating profit from each unit of shareholder equity.*
- (6) The asset-to-equity ratio is derived by dividing total assets by shareholders' equity. The asset-to-equity ratio measures our financial leverage and long-term solvency.*

SIGNATURE

Pursuant to the Securities Regulation Code requirements, the Issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: **AREIT, INC.**

By:

A handwritten signature in black ink, appearing to read 'mfamy', is written above the printed name.

MA. TERESA R. FAMY
Treasurer and Chief Finance Officer

Date: November 14, 2024

October 14, 2024

THE PHILIPPINE STOCK EXCHANGE

Philippine Stock Exchange Plaza
6th Floor, PSE Tower
Bonifacio Global City, Taguig

Attention: Disclosure Department

Subject: 2024 Final Report on the Disbursement of Proceeds from the Sale of three (3)
Condominium Units at Ayala-life FGU Center Alabang

Dear Gentlemen,

We are pleased to submit our Final Report on the Application of Proceeds for 2024, duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

On September 06, 2024, AREIT received net proceeds from the sale of three (3) condominium units at Ayala-life FGU Center Alabang amounting to Forty-two Million Six Hundred Eighty-Eight Thousand Five Hundred Seventy-Five Pesos (₱42,688,575).

As of September 30, 2024, AREIT has already disbursed all of the net proceeds received to partially pay for the acquisition of Seda Lio, a one hundred fifty-three (153)- room resort-hotel with a total gross floor area of 17,860 sqm located at El Nido, Palawan.

The details of the disbursement for 2024 are as follows:

Proceeds from sale of three (3) Condominium Units at Ayala-life FGU Center Alabang as of September 6, 2024	Php	42,688,575.00
Less: Disbursements from September 6 to September 30, 2024 (Annex A)		42,688,575.00
Balance of Proceeds from sale of three (3) Condominium Units at Ayala-life FGU Center Alabang as of September 30, 2024	Php	0

Thank you.

Very truly yours,



Ma. Teresa R. Pamy
AREIT, Inc.
Treasurer and Chief Finance Officer


SUBSCRIBED AND SWORN to before me this OCT 14 2024 at Makati City, affiants exhibiting to me their identification documents as follows:

Name	Competent Evidence of Identity	Date and Place Issued
AREIT, Inc.	TIN: 006-346-689-000	
<i>Represented by:</i>		
Ma. Teresa R. Famy	Driver's License No. D06-97-186463	Expiration 05 December 2033

Doc. No. 134;
Page. No. 28;
Book No. II;
Series of 2024.

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




JOHN PAULO S. VICENCIO
Notary Public - Makati City
Appt. No. M-107 until December 31, 2024
Roll of Attorneys No. 78727
IBP No. 402998 - 01/05/2024 - Makati Chapter
PTR No. MKT1009367 - 01/08/2024 - Makati City
28th Floor, Tower One and Exchange Plaza, Ayala Triangle,
Ayala Avenue, Makati City, Philippines

ANNEX A - Disbursements from September 6 to September 30, 2024

Project Name Name	Disbursing Entity	Amount (in PHP)
Seda Lio	AREIT, Inc.	42,688,575.00

ANNEX A - Disbursements from September 6 to September 30, 2024

Project Name	Disbursing Entity	Amount (in PHP)
Seda Lio	AREIT, Inc.	42,688,575.00



Agreed-Upon Procedures Report

To the Management of
AREIT, Inc.
28th Floor, Tower One & Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Purpose of this Agreed-Upon Procedures Report

Our report is solely for the purpose of assisting AREIT, Inc. (the "Company") in connection with the Company's compliance with the Philippine Stock Exchange, Inc.'s (PSE) requirement to submit an external auditor's certification on the information being presented by the Company on the Final Progress Report for the period from September 6 to September 30, 2024 relating to the use of proceeds received by the Company from the sale of three (3) condominium units at Ayala-life FGU Center Alabang ("Alabang FGU") on September 6, 2024 and may not be suitable for another purpose.

Responsibilities of the Engaging Party

The management of the Company has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement. The Company is responsible for the subject matter on which the agreed-upon procedures are performed.

Practitioner's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with Philippine Standard on Related Services (PSRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves us performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

We have complied with the ethical requirements in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics). We have also complied with the independence requirements in accordance with Part 4A of the International Ethics Standards Board for Accountants (IESBA) Code.



Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Factual Findings

We have performed the procedures described below, which were agreed upon with the Company in the letter of engagement dated October 9, 2024, on the use of proceeds received by the Company from the sale of three (3) condominium units at Alabang FGU:

Procedures	Factual Findings
Obtained the Final Progress Report on the use of proceeds from the sale of three (3) condominium units at Alabang FGU (the "schedule") for the period from September 6 to September 30, 2024 and performed the following:	
a. Checked the mathematical accuracy of the schedule.	No exceptions were noted.
b. Checked whether there were additions and disbursements in the schedule and compared with the schedule of application of proceeds.	No exceptions were noted.
c. Traced additions and disbursements listed in the schedule for the period from September 6 to September 30, 2024 to the supporting documents such as progress billings, statement of account, invoices and official receipts, as applicable, and agreed the amount to the schedule.	No exceptions were noted. We present in Appendix A the schedule for the period from September 6 to September 30, 2024 based on the information we obtained from the Company.
d. Inquired into and identified the nature of additions and disbursements. Checked if the disbursements were classified consistently according to its nature based on the schedule of planned use of proceeds from the sale of its three (3) condominium units at Alabang FGU.	No exceptions were noted. We have noted that the Reinvestment Plan dated September 6, 2024 included the proceeds from the sale of Alabang FGU amounting to P42,688,575.00. All of the proceeds have been disbursed from September 6 to September 30, 2024 based on the information we obtained from the Company as presented in Appendix A.



Restriction on Distribution and Use

Our report is solely for the purpose set forth in the first paragraph of this report and is not to be used for any other purpose or to be distributed to any other parties.

A handwritten signature in black ink, appearing to read "Zaldy D. Aguirre", written over a horizontal line.

Zaldy D. Aguirre

Partner

CPA Cert No. 0105660

P.T.R. No. 0024447, issued on January 12, 2024, Makati City

TIN 221-755-698

BIR A.N. 08-000745-077- 2023, issued on December 22, 2023; effective until December 21, 2026

BOAPRC Reg. No. 0142, effective until November 14, 2025

Makati City

October 11, 2024



Appendix A

Summary of Final Progress Report from September 6 to September 30, 2024


		Disbursement from September 6 to September 30, 2024
Distributing Entity	Project Name	
AREIT Inc.	Seda Lio	P42,688,575.00

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

ACKNOWLEDGEMENT

SUBSCRIBED AND SWORN to before me, a Notary Public, for and in behalf of the City of Makati this 11 day of October 2024, by ZALDY D. AGUIRRE who presented to me his CPA License ID No. 105660 issued by the Professional Regulation Commission in the City of Manila and valid until June 17, 2025, that he is the same person who personally signed before me the foregoing document and acknowledged that he executed the same.

Doc. No. 249 ;
Page No. 51 ;
Book No. 02 ;
Series of 2024.

Atty.  Valerie S. Buluran-Reyes
Notary Public for Makati City
Until December 31, 2025
Appointment No. M-049
Roll No. 78742
PTR No. 10078306/05 Jan 2024/Makati
IBP No. 301980/06 Jan 2024/Makati
MCLE Compliance No. VIII-0000490
29/F AIA Tower, 8767 Paseo de Roxas Makati City

October 14, 2024

THE PHILIPPINE STOCK EXCHANGE

Philippine Stock Exchange Plaza
6th Floor, PSE Tower
Bonifacio Global City, Taguig

Attention: Disclosure Department

Subject: 2024 Third Quarter Progress Report on the Disbursement of Proceeds from the Sale of 181 million AREIT, Inc. ("AREIT") Shares

Dear Gentlemen,

We are pleased to submit our Progress Report on the Application of Proceeds for the Third Quarter of 2024, duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

On January 30, 2024, Ayala Land, Inc. ("ALI") received net proceeds from the sale of 181 million AREIT Shares amounting to Five Billion Five Hundred Eighty-Eight Million Seventy Thousand Six Hundred Twenty-Nine and 14/100 Pesos (Php 5,588,070,629.14).

As of September 30, 2024, the remaining balance of the net proceeds from the sale of 181 million AREIT Shares amounts to One Billion Twenty-Five Million Three Hundred Forty-One Thousand Four Hundred Forty-Three and 12/100 Pesos (Php 1,025,341,443.12).

The details of the disbursement for the Third Quarter of 2024 are as follows:

Balance of Proceeds from sale of AREIT Shares as of June 30, 2024	Php 1,988,698,047.34
Less: Disbursements from July 1 to September 30, 2024 (Annex A)	963,356,604.22
Balance of Proceeds from sale of AREIT Shares as of September 30, 2024	<u>Php 1,025,341,443.12</u>

Thank you.

Very truly yours,



Augusto D. Bengzon
Ayala Land, Inc.
Chief Finance Officer and Treasurer



Ma. Teresa R. Famy
AREIT, Inc.
Treasurer and Chief Finance Officer

OCT 14 2024


SUBSCRIBED AND SWORN to before me this _____ at Makati City, affiants exhibiting to me their identification documents as follows:

Name	Competent Evidence of Identity	Date and Place Issued
AYALA LAND, INC.	TIN: 000-153-790-000	
<i>Represented by:</i> Augusto D. Bengzon	Passport No. P4323352B	Issued 08 January 2020 / DFA NCR East
AREIT, Inc.	TIN: 006-346-689-000	
<i>Represented by:</i> Ma. Teresa R. Famy	Driver's License No. D06-97-186463	Expiration 05 December 2033

Doc. No. 105;
Page. No. 22;
Book No. 1;
Series of 2024.

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




MARK ANTHONY B. RIVAS
Notary Public – Makati City
Appt. No. M-173 until December 31, 2025
Roll of Attorneys No. 75005
IBP No. 332361 – 12/20/2023 - Makati City
PTR No. MKT10111654 – 01/25/2024 - Makati City
MCLE Compliance No. VII -0011565 – 02/02/2022
28th Floor, Tower One and Exchange Plaza, Ayala Triangle,
Ayala Avenue, Makati City, Philippines

ANNEX A - Disbursements from July 1 to September 30, 2024

Project Name	Disbursing Entity	Amount (in PHP)
Gardencourt Residences	Ayala Land, Inc.	84,830,227.62
One Vertis Plaza	Ayala Land, Inc.	260,367,301.44
Arbor Lanes	Ayala Land, Inc.	84,487,028.60
Orean Place	Ayala Land, Inc.	181,069,783.00
Evo Techno Hub	Ayala Land, Inc.	124,531,720.70
Atria Techno Hub	Ayala Land, Inc.	228,070,542.86
Total		963,356,604.22



Agreed-Upon Procedures Report

To the Management of
Ayala Land, Inc.
31st Floor, Tower One & Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Purpose of this Agreed-Upon Procedures Report

Our report is solely for the purpose of assisting Ayala Land, Inc. (the "Company") in connection with the Company's compliance with the Philippine Stock Exchange, Inc.'s (PSE) requirement to submit an external auditor's certification on the information being presented by the Company on the Quarterly Progress Report for the period from July 1 to September 30, 2024 relating to the use of proceeds received by the Company from the block sale of its shares in AREIT, Inc. ("AREIT") on January 30, 2024 and may not be suitable for another purpose.

Responsibilities of the Engaging Party

The management of the Company has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement. The Company is responsible for the subject matter on which the agreed-upon procedures are performed.

Practitioner's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with Philippine Standard on Related Services (PSRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves us performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

We have complied with the ethical requirements in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics). We have also complied with the independence requirements in accordance with Part 4A of the International Ethics Standards Board for Accountants (IESBA) Code.



Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Factual Findings

We have performed the procedures described below, which were agreed upon with the Company in the letter of engagement dated April 11, 2024, on the use of proceeds received by the Company from the block sale of its shares in AREIT:

Procedures	Factual Findings
Obtained the Quarterly Progress Report on use of proceeds from the block sale of AREIT Shares (the "schedule") for the period from July 1 to September 30, 2024 and performed the following:	
a. Checked the mathematical accuracy of the schedule.	No exceptions were noted.
b. Checked whether there were additions and disbursements in the schedule and compared with the schedule of application of proceeds.	No exceptions were noted.
c. On a sample basis, traced additions and disbursements listed in the schedule for the period from July 1 to September 30, 2024 to the supporting documents such as progress billings, statement of account, invoices and official receipts, as applicable, and agreed the amount to the schedule.	No exceptions were noted. We present in Appendix A the schedule for the period from July 1 to September 30, 2024 based on the information we obtained from the Company.
d. On a sample basis, inquired into and identified the nature of additions and disbursements. Checked if the disbursements were classified consistently according to its nature based on the schedule of planned use of proceeds from the block sale of AREIT shares.	No exceptions were noted. We have noted that the Sponsor Reinvestment Plan dated January 30, 2024 included the proceeds from the block sale of AREIT shares amounting to P5,588,070,629.14. Out of the total proceeds, P963,356,604.22 has been disbursed from July 1 to September 30, 2024 based on the information we obtained from the Company as presented in Appendix A.



Restriction on Distribution and Use

Our report is solely for the purpose set forth in the first paragraph of this report and is not to be used for any other purpose or to be distributed to any other parties.

A handwritten signature in black ink, appearing to read "R. Danao", with a long, sweeping horizontal stroke extending to the right.

Roderick M. Danao

Partner

CPA Cert No. 88453

P.T.R. No. 0011280, issued on January 12, 2024, Makati City

TIN 152-015-078

BIR A.N. 08-000745-042-2023, issued on December 22, 2023; effective until December 21, 2026

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City

October 14, 2024



Appendix A

Summary of Quarterly Progress Report from July 1 to September 30, 2024

		Disbursements from July 1 to September 30, 2024
Distributing Entity	Project Name	
Ayala Land, Inc.	Gardencourt Residences	84,830,227.62
	One Vertis Plaza	260,367,301.44
	Arbor Lanes	84,487,028.60
	Orean Place	181,069,783.00
	Evo Techno Hub	124,531,720.70
	Atria Techno Hub	228,070,542.86
		963,356,604.22

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

ACKNOWLEDGEMENT

SUBSCRIBED AND SWORN to before me, a Notary Public, for and in behalf of the City of Makati this 1st day of October 2024, by RODERICK M. DANA0 who presented to me his CPA License ID No. 88453 issued by the Professional Regulation Commission in the City of Manila and valid until August 1, 2025, that he is the same person who personally signed before me the foregoing document and acknowledged that he executed the same.

Doc. No. 263 *fr*
Page No. 54 ;
Book No. 03 ;
Series of 2024.

fr
Atty. Whalerie S. Buluran-Reyes
Notary Public for Makati City
Until December 31, 2025
Appointment No. M-049
Roll No. 78742
PTR No. 10078306/05 Jan 2024/Makati
IBP No. 301980/06 Jan 2024/Makati
MCLE Compliance No. VIII-0000490
29/F AIA Tower, 8767 Paseo de Roxas Makati City

October 14, 2024

THE PHILIPPINE STOCK EXCHANGE

Philippine Stock Exchange Plaza
6th Floor, PSE Tower
Bonifacio Global City, Taguig

Attention: Disclosure Department

Subject: 2024 Third Quarter Progress Report on the Disbursement of Proceeds from the Sale of 98 million AREIT, Inc. ("AREIT") Shares

Dear Gentlemen,

We are pleased to submit our Progress Report on the Application of Proceeds for the Third Quarter of 2024, duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

On May 23, 2024, Ayala Land, Inc. ("ALI") received net proceeds from the sale of 98 million AREIT Shares amounting to Three Billion One Hundred Fifty-Eight Million Eight Hundred Nine Thousand Two Hundred Thirty and 50/100 Pesos (Php 3,158,809,230.50).

As of September 30, 2024, the remaining balance of the net proceeds from the sale of 98 million AREIT Shares amounts to One Billion Nine Hundred Thirty-One Million Five Hundred Seventy-Eight Thousand Eight Hundred Seventy Six and 17/100 Pesos (Php 1,931,578,876.17).

The details of the disbursement for the Third Quarter of 2024 are as follows:

Balance of Proceeds from sale of AREIT Shares as of June 30, 2024	Php 2,541,491,335.26
Less: Disbursements from July 1 to September 30, 2024 (Annex A)	609,912,459.09
Balance of Proceeds from sale of AREIT Shares as of September 30, 2024	<u>Php 1,931,578,876.17</u>

Thank you.

Very truly yours,



Augusto D. Bengzon
Ayala Land, Inc.
Chief Finance Officer and Treasurer



Ma. Teresa R. Famy
AREIT, Inc.
Treasurer and Chief Finance Officer


OCT 14 2024

SUBSCRIBED AND SWORN to before me this _____ at Makati City, affiants exhibiting to me their identification documents as follows:

Name	Competent Evidence of Identity	Date and Place Issued
AYALA LAND, INC.	TIN: 000-153-790-000	
<i>Represented by:</i> Augusto D. Bengzon	Passport No. P4323352B	Issued 08 January 2020 / DFA NCR East
AREIT, Inc.	TIN: 006-346-689-000	
<i>Represented by:</i> Ma. Teresa R. Famy	Driver's License No. D06-97-186463	Expiration 05 December 2033

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Book No. 1 ;
Series of 2024.




MARK ANTHONY B. RIVAS
Notary Public - Makati City
Appt. No. M-173 until December 31, 2025
Roll of Attorneys No. 75005
IBP No. 332361 - 12/20/2023 - Makati City
PTR No. MKT10111654 - 01/25/2024 - Makati City
MCLE Compliance No. VII-0011565 - 02/02/2022
8th Floor, Tower One and Exchange Plaza, Ayala Triangle,
Ayala Avenue, Makati City, Philippines

Notarial DST pursuant to Sec. 61 of the
Notary Act (Amending Sec. 188 of the NIRC)
Affixed on Notary Public's copy

ANNEX A - Disbursements from July 1 to September 30, 2024

Project Name	Disbursing Entity	Amount (in PHP)
Centralis Towers	Avida Land Corporation	73,326,540.07
Avida Towers Ardane	Avida Land Corporation	40,703,583.69
Amaia Steps The Junction Place	Amaia Land Co.	21,397,879.61
Amaia Steps Pasig	Amaia Land Co.	9,262,305.50
Amaia Steps Two Capitol Central	Amaia Land Co.	7,447,547.88
Cresendo Estate	Ayala Land, Inc.	91,276,222.34
Vermosa	Ayala Land, Inc.	116,427,265.00
Arca South Estate	Ayala Land, Inc.	226,525,115.00
Mandarin Oriental	Ayala Land, Inc.	23,546,000.00
Total		609,912,459.09



Agreed-Upon Procedures Report

To the Management of
Ayala Land, Inc.
31st Floor, Tower One & Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Purpose of this Agreed-Upon Procedures Report

Our report is solely for the purpose of assisting Ayala Land, Inc. (the "Company") in connection with the Company's compliance with the Philippine Stock Exchange, Inc.'s (PSE) requirement to submit an external auditor's certification on the information being presented by the Company on the Quarterly Progress Report for the period from July 1 to September 30, 2024 relating to the use of proceeds received by the Company from the block sale of its shares in AREIT, Inc. ("AREIT") on May 23, 2024 and may not be suitable for another purpose.

Responsibilities of the Engaging Party

The management of the Company has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement. The Company is responsible for the subject matter on which the agreed-upon procedures are performed.

Practitioner's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with Philippine Standard on Related Services (PSRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves us performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

We have complied with the ethical requirements in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics). We have also complied with the independence requirements in accordance with Part 4A of the International Ethics Standards Board for Accountants (IESBA) Code.



Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Factual Findings

We have performed the procedures described below, which were agreed upon with the Company in the letter of engagement dated July 10, 2024, on the use of proceeds received by the Company from the block sale of its shares in AREIT:

Procedures	Factual Findings
Obtained the Quarterly Progress Report on use of proceeds from the block sale of AREIT Shares (the "schedule") for the period from July 1 to September 30, 2024 and performed the following:	
a. Checked the mathematical accuracy of the schedule.	No exceptions were noted.
b. Checked whether there were additions and disbursements in the schedule and compared with the schedule of application of proceeds.	No exceptions were noted.
c. On a sample basis, traced additions and disbursements listed in the schedule for the period from July 1 to September 30, 2024 to the supporting documents such as progress billings, statement of account, invoices and official receipts, as applicable, and agreed the amount to the schedule.	No exceptions were noted. We present in Appendix A the schedule for the period from July 1 to September 30, 2024 based on the information we obtained from the Company.
d. On a sample basis, inquired into and identified the nature of additions and disbursements. Checked if the disbursements were classified consistently according to its nature based on the schedule of planned use of proceeds from the block sale of AREIT shares.	No exceptions were noted. We have noted that the Sponsor Reinvestment Plan dated May 23, 2024 included the proceeds from the block sale of AREIT shares amounting to P3,158,809,230.50. Out of the total proceeds, P609,912,459.09 has been disbursed from July 1 to September 30, 2024 based on the information we obtained from the Company as presented in Appendix A.



Restriction on Distribution and Use

Our report is solely for the purpose set forth in the first paragraph of this report and is not to be used for any other purpose or to be distributed to any other parties.

A handwritten signature in black ink, appearing to read 'R. Danao', with a long, sweeping horizontal stroke at the end.

Roderick M. Danao

Partner

CPA Cert No. 88453

P.T.R. No. 0011280, issued on January 12, 2024, Makati City

TIN 152-015-078

BIR A.N. 08-000745-042-2023, issued on December 22, 2023; effective until December 21, 2026

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City

October 14, 2024



Appendix A

Summary of Quarterly Progress Report from July 1 to September 30, 2024


		Disbursements from July 1 to September 30, 2024
Distributing Entity	Project Name	
Avida Land Corporation	Centralis Towers	73,326,540.07
	Avida Towers Ardane	40,703,583.69
Amaia Land Co.	Amaia Steps The Junction Place	21,397,879.61
	Amaia Steps Pasig	9,262,305.50
Ayala Land, Inc.	Amaia Steps Two Capitol Central	7,447,547.88
	Cresendo Estate	91,276,222.34
	Vermosa	116,427,265.00
	Arca South Estate	226,525,115.00
	Mandarin Oriental	23,546,000.00
		609,912,459.09

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

ACKNOWLEDGEMENT

SUBSCRIBED AND SWORN to before me, a Notary Public, for and in behalf of the City of Makati this 14 day of October 2024, by RODERICK M. DANA O who presented to me his CPA License ID No. 88453 issued by the Professional Regulation Commission in the City of Manila and valid until Augst 1, 2025, that he is the same person who personally signed before me the foregoing document and acknowledged that he executed the same.

Doc. No. 264 ;
Page No. 54 ;
Book No. 03 ;
Series of 2024.

 Atty. Whalerie S. Buluran-Reyes
Notary Public for Makati City
Until December 31, 2025
Appointment No. M-049
Roll No. 78742
PTR No. 10078306/05 Jan 2024/Makati
IBP No. 301980/06 Jan 2024/Makati
MCLE Compliance No. VIII-0000490
29/F AIA Tower, 8767 Paseo de Roxas Makati City