



Share-for-Share Swap between Filinvest Land, Inc. and Filinvest REIT Corp.

Fairness Opinion Report

STRICTLY PRIVATE & CONFIDENTIAL

September 24, 2024

Filinvest Land, Inc.

79 EDSA, Highway Hills

Mandaluyong City, Philippines

Attention: Board of Directors of Filinvest Land, Inc.

Re: Fairness Opinion Report

Ladies and Gentlemen:

FTI Consulting Philippines, Inc. (“FTI Consulting”) is pleased to submit this Fairness Opinion Report (“Report”) covering the share-for-share swap transaction between Filinvest Land, Inc. (“FLI” or the “Client”) and its shareholders, wherein FLI will offer to exchange its shares in Filinvest REIT Corp. (“FILRT”) with FLI shares held by FLI shareholders.

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

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

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

*Provisions on valuation approaches and methods

The Valuation Date is 30 June 2024, with the Philippine Peso (“PHP”) as the Valuation Currency. Market Value (also referred to as “Fair Value”) is the basis of value used in this engagement. Market Value is defined in the IVS as the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion.

The Philippine Stock Exchange, Inc.’s (“PSE”) Memorandum on Guidelines for Fairness Opinions and Valuation Reports (No. 2011-0104, amended No. 2024-0019) requires a fairness opinion covering the property-for-share swap transactions. Such fairness opinion must be supported by a valuation report.

FTI Consulting is an independent firm accredited by the PSE (PSE Accreditation CN 2023-0073 released on December 29, 2023) for purposes of issuing fairness opinions and valuation reports of listed companies and prospective initial listing applicants of the Exchange in compliance with the PSE Memorandum on Guidelines for Fairness Opinions and Valuation Reports (No. 2011-0104). FTI Consulting is also accredited by the Securities and Exchange Commission (SEC Accreditation No. 032) as a Professional Services Organization (PSO) in accordance with SEC Memorandum No. 2 Series of 2014 (Guideline on Asset Valuation).

Summary of Findings

Valuation of FLI Shares

FLI was valued using the Sum-of-the-Parts (“SOTP”) Method under the Cost Approach, with segments valued using the Discounted Cash Flows (“DCF”) Method under the Income Approach. To cross-check this methodology, we calculated and compared the implied EV-to-EBITDA multiple with comparable companies, and compared the estimated value per share with the volume-weighted average prices (“VWAPs”). Based upon discussions with and representations of FLI’s management, research conducted, and the valuation analyses performed, the estimated valuation range of FLI as of the Valuation Date is from **PHP20,650.70 million to PHP33,088.31 million** or **PHP0.85 to PHP1.36** per share.

Valuation of FILRT Shares

FILRT was valued using the DCF Method under the Income Approach. To cross-check this methodology, we utilized the Dividend Discount Model (“DDM”) under the Income Approach, and compared the estimated value per share with the VWAPs. Based upon discussions with and representations of FILRT’s management, research conducted, and the valuation analyses performed, the estimated valuation range of FILRT as of the Valuation Date is from **PHP12,454.68 million to PHP19,373.08 million** or **PHP2.55 to PHP3.96** per share.

Fair Range of Exchange Ratios of FLI and FILRT shares to be Exchanged

Given the range of market values of the FLI shares and the range of market values of the FILRT shares, we determined the exchange ratio of FLI shares to be acquired per FILRT share which is considered fair from a financial point of view. This is presented below, along with a comparison with the proposed exchange ratio of FLI shares to be acquired per FILRT share by FLI’s management in the Transaction.

FLI (PHP/share)		FILRT (PHP/share)		Fair Range of Exchange Ratios of FLI shares per FILRT share		Proposed Exchange Ratio of FLI shares per FILRT share
Low Est.	High Est.	Low Est.	High Est.	Low Est.	High Est.	
0.85	1.36	2.55	3.96	1.87	4.65	3.11

*Note: The low estimate of the Fair Exchange Ratio is calculated as the low estimate of FILRT’s market value divided by the high estimate of FLI’s market value
The high estimate of the Fair Exchange Ratio is calculated as the high estimate of FILRT’s market value divided by the low estimate of FLI’s market value*

Fairness Opinion

Given that the exchange ratio proposed by management falls within our fair range of exchange ratios of FLI shares to be acquired from shareholders per FILRT share, we are of the opinion that the proposed Transaction is fair from a financial point of view.

Statement of Limitations

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

Statement of Compliance

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

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

Yours faithfully,

FTI CONSULTING PHILIPPINES, INC.

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Pasig City, Philippines

PSE Accreditation CN - No. 2023-0073

Validity Date: 29 December 2023 to 28 December 2024

SEC Accreditation No. 032

Validity Date: 29 October 2020 to 28 October 2025



John B. Balce

Senior Managing Director

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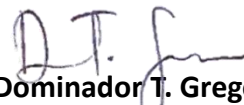
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APO Receipt Number: 711733

PTR Number: 9588865

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APO Receipt Number: 711733

PTR Number: 9588864

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