EVERY DAY

WHAT KEEPS US GOING

Lakeside Evozone, Nuvali

AS WE TRANSFORM LANDSCAPES, WE REDEFINE EVERYDAY LIVING.

Creating environments that enable us to enrich lives
is at the heart of our business.

AyalaLand

THE 2015 ANNUAL REPORT

Ayala Triangle Gardens, Makati Central Business District

OUR COMPANY

Ayala Land is the leading, most diversified property developer in the Philippines with a proven track record that spans many decades in developing large-scale, integrated, mixed-use estates which are now thriving economic centers in their respective regions. We pioneer standards and practices that reflect the value we place on sustainability in all our developments.

Following the success of the Makati Central Business District (Makati CBD), Ayala Alabang, Cebu Park District, Bonifacio Global City (BGC) and Nuvali, we continue to increase our footprint in building estates that benefit more people. With 8,948 hectares of land bank, we are present in 55 growth centers across the country, offering a balanced and complementary mix of residential spaces, shopping centers, offices, hotels and resorts, and other businesses.

VISION & MISSION

Our vision is to enhance our standing and reputation as the Philippines' leading real estate developer and be a strong partner in nation-building.

By developing integrated, masterplanned, and sustainable mixed-use communities in vibrant growth centers all over the country, we strive to continually elevate the quality of life for our customers.

We shall be a responsible corporate citizen and act with integrity, foresight, and prudence.

We shall empower our employees to deliver products that exceed our customers' expectations and build long-term value for our shareholders.

CORE VALUES

At Ayala Land, we value integrity, long-term vision, empowering leadership, and commitment to national development.

G4-3, G4-6, G4-8, G4-9, G4-56

ABOUT THIS REPORT

To upgrade the ordinary and transform raw land into the most livable of spaces - this is what we seek to achieve for the Filipino every day. We push ourselves to create environments that delight, connect, and inspire people, families, and generations.

As we do so, we are guided by a clear vision, a strong commitment to sustainability, and a deep-seated set of values. This is why we challenge ourselves in the way we build structures today and in the way we plan the cities of the future.

This is an integrated annual report on Ayala Land's financial and operating results, and sustainability practices in 2015. A summary of the results is presented in the Performance Highlights section and is discussed in detail in the Business Review section of this report.

For the Corporate Governance section, the information is presented following the metrics of the ASEAN Corporate Governance Scorecard to provide shareholders with an organized and detailed reference to the business and governance practices that are aligned and consistent with ASEAN standards.

To complement this integrated annual report, a comprehensive and dedicated Sustainability Report following the Global Reporting Initiative (GRI) standards will be released online in September 2016.

For more details, the Annual and Sustainability Reports will be made available for download at *ir.ayalaland.com.ph.* G4-28

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FINANCIAL STATEMENTS

AT A GLANCE G4-9

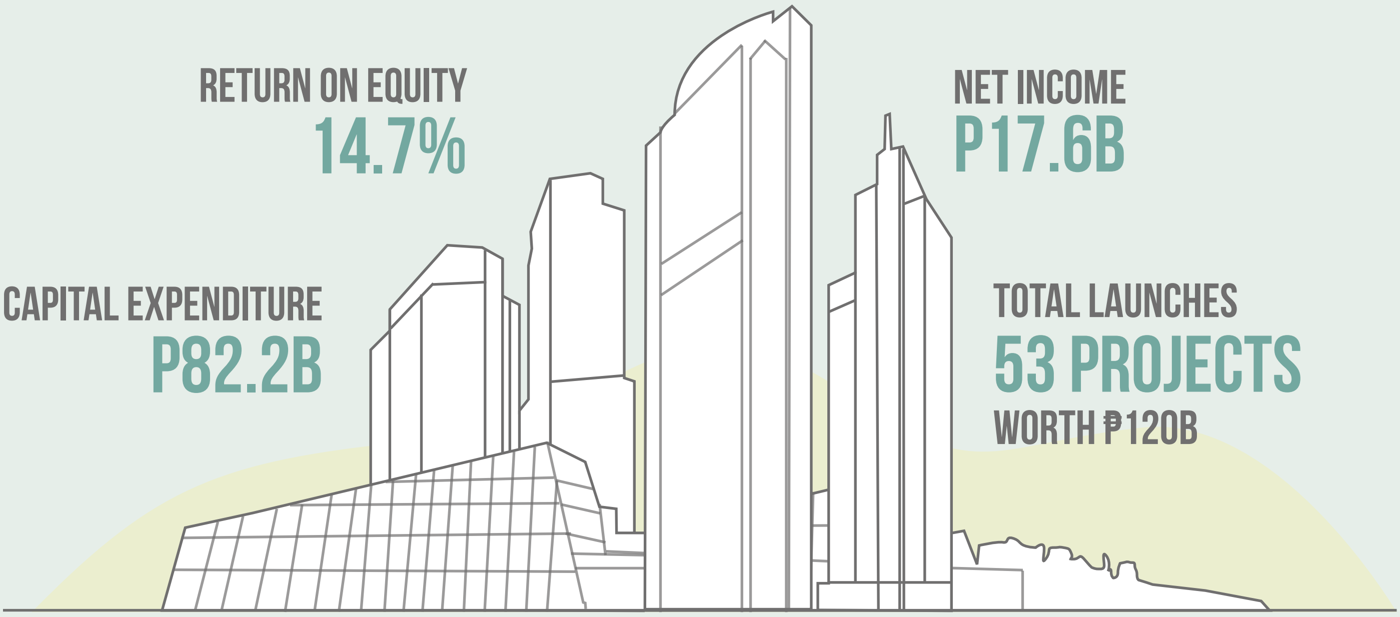
Ayala Land generated a net income of ₱17.6 billion in 2015 with the strong performance of all its business segments. Total capital expenditures reached ₱82.2 billion for land acquisition, residential development, and the build-up of the leasing portfolio.

RETURN ON EQUITY
14.7%

NET INCOME
P17.6B

CAPITAL EXPENDITURE
P82.2B

TOTAL LAUNCHES
53 PROJECTS
WORTH ₱120B



RESERVATION SALES
₱105.3B

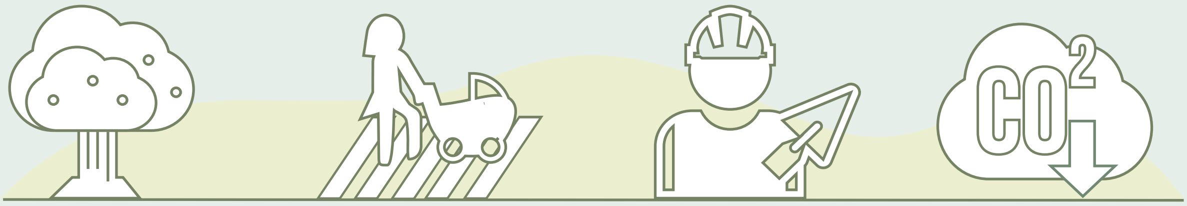
MALLS Gross Leasable Area
1.45M SQM

OFFICES Gross Leasable Area
715K SQM

HOTELS AND RESORTS
2,324 ROOM KEYS

PERFORMANCE HIGHLIGHTS	2011	2012	2013	2014	2015
Reservation Sales *(in billion pesos)*	51.7	77.6	91.9	101.7	105.3
Malls GLA *(in square meters)*	1.08M	1.19M	1.26M	1.34M	1.45M
Offices GLA *(in square meters)*	429K	509K	562K	612K	716K
Hotels and Resorts *(room keys)*	784	1,467	2,001	2,172	2,324

SUSTAINABILITY MILESTONES



SITE RESILIENCE

Additional 372 hectares of green open spaces in new estates

PEDESTRIAN AND TRANSIT CONNECTIVITY

Around 44,000 commuters are transported by the BGC bus daily

LOCAL ECONOMIC DEVELOPMENT

More than 24,000 individuals directly employed in our property management, construction, and hotel businesses with about 80% hired locally

ECO-EFFICIENCY

₱131.51 million worth of savings due to energy conservation initiatives

FINANCIAL HIGHLIGHTS

(In thousand pesos, except as indicated)

	2015	2014	2013
Statement of Income			
Revenues	107,182,940	95,197,046	81,523,070
EBITDA*	34,345,489	29,771,785	24,114,592
Net Income (attributable to equity holders of ALI)	17,630,275	14,802,642	11,741,764
Statement of Financial Position			
Cash and Cash Equivalents**	19,540,241	34,586,526	40,777,520
Total Assets	442,341,800	388,944,463	325,473,685
Total Borrowings	130,996,111	124,665,670	101,901,885
Stockholders' Equity	149,825,411	121,995,458	112,097,566
Statement of Cash Flows			
Net Cash Provided by Operating Activities	20,181,733	35,164,767	27,238,649
Net Cash Used in Investing Activities	(48,887,550)	(51,505,233)	(64,432,151)
Net Cash Provided by Financing Activities	19,115,925	17,051,610	33,037,555
Consolidated Project and Capital Expenditures			
(In billion pesos)	82.2	83.3	66.3
Financial Ratios			
Current Ratio	1.14	1.23	1.45
Debt-to-Equity Ratio****	0.87	1.02	0.91
Net Debt-to-Equity Ratio	0.74	0.74	0.55
Return on Equity***	14.7%	14.4%	13.0%
Return on Assets***	5.0%	5.0%	4.9%
Stock Information			
Market Capitalization (in billion pesos, as of yearend)	506	478	351
Stock Price (per share, as of yearend)	34.45	33.70	24.75
Earnings Per Share	1.20	1.05	0.84

** Earnings Before Interest, Taxes, Depreciation, and Amortization*
*** Includes short-term investments and investments in Unit Investment Trust Funds (UITF)*
**** Return on Average Equity and Average Assets*
***** Total Borrowings / Total Equity (includes non-controlling interest)*

CHAIRMAN'S MESSAGE

A better life for the Filipino every day, this is what keeps us going.

At the heart of our business is a strong desire to create an environment that gives the opportunity to improve the lives of many Filipinos. As we bring Ayala Land to new levels of growth in 2020, we also want each of you to be a part of this endeavor.

With our ability to develop large-scale, integrated, mixed-use estates, we aim to give people spaces that improve living and working standards, a place where they can enjoy life, be with family and friends, and conveniently go to work in a safe and secure environment. The value that these conditions generate lasts for generations.

In 2015, we launched new estates in new locations and growth centers. By doing so, we hope to rebalance the urbanization of Metro Manila and activate suburban areas and key provincial cities to achieve a more inclusive growth. Vermosa, for example, is located in the emerging commercial business hub of Imus and Dasmariñas in Cavite, while Cloverleaf, along EDSA and A. Bonifacio Avenue, is situated in an untapped growth corridor in Quezon City. Similar catalytic effects are envisioned with Capitol Central in Negros Occidental.

These new estates will become platforms for creating residential projects, shopping centers, office buildings, and hotels, serving growing populations with rising incomes, and becoming sources of urban growth. We hope to achieve the same success and sustained growth as Makati, Cebu Park District, Bonifacio Global City, and Nuvali in Laguna. Already in this path of progress are Arca South in Taguig, Vertis North in Quezon City, Circuit Makati, Alviera in Pampanga and Altaraza in Bulacan.

As we approach 2020, we want all of you, our shareholders and stakeholders, to be part of our efforts to bring Ayala Land to new levels of growth.

Our presence across the Philippines, with 18 established estates and a land bank of 8,948 hectares, enables us to take advantage of the growth of consumer spending, the steady remittance stream from overseas Filipino workers to the continuing robustness of business process outsourcing and the thriving tourism sector. We expect these strengths to remain as our anchors as we carry out plans to achieve a more balanced and sustainable Company by 2020.

We also recognize the significant contribution of Ayala Land to the Ayala group. Ayala Land has consistently generated substantial value to Ayala's portfolio of companies and, in 2015, it contributed 30 percent of the total equity earnings of the parent company.

I am proud to share with you that in 2015, our efforts to steer the Company based on strict principles of good governance received international recognition. Governance experts in the ASEAN region, applying the ASEAN Corporate Governance Scorecard, placed Ayala Land in the Top 3 publicly listed companies in the Philippines and Top 50 publicly listed companies in the ASEAN region. We aim to maintain and improve on this important achievement in the coming years.

As we approach 2020, we want all of you, our shareholders and stakeholders, to be part of our efforts to bring Ayala Land to new levels of growth.

As we execute and accomplish our plans, be assured that our Company's success and growth will not be measured solely in terms of profitability and market presence. Constant in our mind is the goal to always give our customers higher quality and value. We will do this by always achieving the highest level of professionalism, integrity and the pursuit of excellence that have been Ayala core values for generations.

Together with our Board of Directors, I would like to thank all of you, our shareholders and stakeholders, for your continued support to our strategies and plans, and for allowing us to help provide a better life for the Filipino, every day. G4-1, G4-2

FERNANDO ZOBEL DE AYALA
Chairman

PRESIDENT'S REPORT

Each new community we build gives us the opportunity to make a difference in the life of the Filipino. With a commitment to long-term growth and sustainability, we strive to transform land into living spaces that give a deeper meaning to everyday living.

In late 2014, we introduced the 2020-40 Plan, redefining growth for Ayala Land, one that is driven by value, by pursuit of developments that are responsive and relevant to Filipinos. We are guided by a mission to contribute significantly to the nation through a balanced and sustainable business platform.

We successfully accomplished the first year of this plan, achieving revenues of ₱107.2 billion and a net income of ₱17.6 billion in 2015. This translates to a 13 and 19 percent year-on-year growth, respectively. This performance came from the growth of our development business and the sustained contribution of our malls, offices, hotels and resorts businesses.

We launched three new estates in promising growth corridors in the country: Vermosa, Cloverleaf and Capitol Central. These are strategically located to take advantage of key infrastructure projects and the growing micro economies in the Philippines.

Vermosa, a 700-hectare project, is envisioned to become a new premier commercial and business district in the cities of Imus and Dasmariñas in Cavite. It is located within a few kilometers from the newly built Muntinlupa-Cavite Expressway and will eventually become a prime convergence area when the Cavite-Laguna Expressway is completed in a few years.

Cloverleaf, an 11-hectare development along EDSA and A. Bonifacio Avenue in Quezon City, is located right beside the connector road of the South Luzon and the North Luzon Expressways that is currently under construction. Once this highway is completed, it will significantly improve access for residents in the south and north of Metro Manila and will activate Cloverleaf as a new pocket urban development.

In the Visayas region, we launched Capitol Central, a nine-hectare parcel that is geared to serve the growing economy of Negros Occidental and enhance urban development in the province.

We remain steadfast in our approach towards growth. We will continue to pursue a balanced and sustainable business platform through a good mix of development projects and leasing assets in our portfolio to achieve our targets by 2020.

We also continued to revitalize our established estates. In Makati CBD, we started the groundwork to develop a 39-floor, Triple-A grade office building and the new 275-room Mandarin Oriental hotel at the northern tip of the Ayala Triangle Gardens. These new buildings will be set on a 9,000-square meter retail podium that will cater to the advancing cosmopolitan lifestyle in Makati.

In BGC, we completed the Bonifacio High Street (BHS) masterplan with the opening of One Bonifacio High Street Park. Enhancing this one-kilometer pedestrian main road beside The Suites at BHS and the new Philippine Stock Exchange (PSE) building underscores our commitment to offer people a better pedestrian experience in all our estates.

In Nuvali, our 2,900-hectare flagship eco-community in Laguna, we introduced new residential and commercial developments. This includes the newly-opened Ayala Malls' Solenad 3 which addresses the increasing retail needs of the residents of the villages within the estate, as well as Santa Rosa Estates, Ayala Westgrove Heights and other residential communities in Santa Rosa, Laguna. Catering to a growing Southern Luzon urban community, we remain confident of Nuvali's long-term prospects as a thriving economic growth center.

Through our estates, we continue to execute our strategy to build integrated mixed-use developments that inspire growth and create value for our stakeholders.

Our development business continued to boost our growth in 2015. Ayala Land Premier maintained its leadership in the high-end market segment through its existing projects in prime locations like Makati, BGC and Nuvali. Alveo solidified its strong presence in the upscale market segment through the successful take-up of its projects in Makati, BGC, and other existing estates within Metro Manila. Avida continued to maintain its foothold in the middle-income market segment despite the intense competitive activity. We are likewise pleased with the contribution of Amaia and BellaVita which continue to launch new projects, thereby expanding our footprint across the country. At the end of 2015, our five residential brands registered ₱105.3 billion worth of reservation sales.

We are also excited about the opening of our new retail spaces that serve the growing number of residents within our communities. Apart from Nuvali's Solenad 3, we opened Ayala Malls Legazpi in Albay to serve the growing demand for retail in this southern city. In Iloilo, we opened Shops at Atria, a new retail development for the citizens of the province. In Tagaytay, we opened Ayala Malls Serin to serve the growing number of tourists in the area. We also opened Circuit Lane in Circuit Makati to further activate the northern end of Ayala Avenue and a new phase of UP Town Center in Quezon City. The opening of these new malls brings our total mall portfolio to 1.45 million square meters of gross leasable area.

To complement the organic growth of our malls business, we increased our ownership in one of our best performing shopping malls, Trinoma, from 49 percent to 73 percent. This led to immediate earnings contribution to our expanding malls portfolio.

We continued to make progress in our office leasing business with the completion of BGC Corporate Center and Bonifacio Stopover, Alabang Town Center BPO, and eBloc 4 at the Cebu IT Park. Together with the acquisition of Aegis PeopleSupport Building in Cebu, this brings our total office leasing portfolio to 715,000 square meters of gross leasable area.

To further increase our presence in the hotels sector, we opened a 152-room Seda Hotel at Atria Park District in Iloilo, adding to its roster of branches in BGC, Nuvali, Abreeza in Davao and Centrio in Cagayan de Oro. Together with our internationally branded hotels and El Nido Resorts, this brings our total hotel portfolio to 2,324 room keys.

Our new acquisitions and projects will further fuel our growth. As we seek opportunities in ASEAN, we acquired a 33 percent stake in MCT (Modular Construction Technology) Bhd, a Malaysian firm that caters to the growing middle-income segment of Kuala Lumpur, with integrated mixed-use projects in the Klang Valley. This acquisition provides us with a solid entry in the growing greater Kuala Lumpur metropolitan area, with a population base of eight million and an estimated per capita income in 2014 of US$11,300.

We also won the bid to develop and operate the South Terminal Integrated Transport System Project through a 35-year concession agreement with the national government. This is adjacent to our 74-hectare estate in Taguig, Arca South, and will serve as a transport hub that is expected to accommodate around 2,000 provincial buses that enter Metro Manila on a daily basis. The Public-Private Partnership (PPP) infrastructure project will facilitate convenient in-city public transport transfers to improve the commuting experience for passengers coming from the south of Metro Manila.

In Cebu, through our subsidiary, Cebu Holdings Inc., together with SM Prime Holdings, Inc., we won the bid for a 26-hectare parcel located in the coastal South Road Properties. This further strengthens our presence in the Visayas region and adds to our substantial land bank.

With the strong performance of our development and leasing businesses, supported by our margin improvement program, we sustained our growth trajectory in 2015, enabling us to make progress on our 2020-40 Plan.

Fueled by our country's strong economic fundamentals such as consumption, a growing BPO industry, the steady stream of OFW remittances, a favorable interest rate environment, and a thriving tourism sector, we look forward to 2016, ready to address growth opportunities. We are optimistic that our vision, strategic land bank, diversified product lines and solid track record in developing integrated mixed-use estates will enable us to sustain our momentum.

We remain steadfast in our approach towards growth. We will continue to pursue a balanced and sustainable business platform through a good mix of development projects and leasing assets in our portfolio to achieve our targets by 2020.

All these accomplishments will not be possible without the dedication and commitment of our employees to deliver long-term growth and ensure the sustainability of Ayala Land.

To our Board of Directors and fellow shareholders, thank you for your continued support. Your trust and confidence in our leadership inspire us to continue to create communities that make a difference in the life of the Filipino, as well as contribute significantly to the growth of our country. G4-2

BERNARD VINCENT O. DY

President and Chief Executive Officer

CFO'S REPORT

With a clear vision for continued growth through our new 2020-40 Plan, we geared up our financial position to carry on our goals and strategies for 2015.

We successfully posted ₱107.2 billion in revenues driven by the sustained performance of our property development and commercial leasing portfolio. Supported by margin improvement initiatives and prudent balance sheet management, we were able to achieve a 19 percent growth in net income to ₱17.6 billion and a return on equity of 14.7 percent.

We improved our margins through key cost efficiency initiatives. We continued to aggregate the procurement of materials and focused on dealing with the most reliable suppliers which enabled us to source 60 percent of our procurement through partnering arrangements compared to only 45 percent in 2014. We also successfully reduced the energy consumption in our malls and offices through better demand management, energy saving devices and more efficient designs which allowed us to realize cost savings and higher operating margins. With the continued control of our overhead cost, general and administrative expenses as a percentage of revenues further improved to 6.2 percent from 6.5 percent in 2014. As a result, earnings before interest and taxes or EBIT margin improved to 28.9 percent from 27.4 percent while net income margin improved to 16.4 percent from 15.5 percent in 2014.

As we expand the business and transform landscapes, we will do our best to ensure that Ayala Land will remain to be in a solid financial position and be a dynamic organization grounded on strict corporate governance practices.

With senior officials of Ayala Land and Philippine Stock Exchange, ALI Chairman Fernando Zobel de Ayala and President and CEO Bernard Vincent Dy led the ceremonial listing of the ₱16B equity placement in March 2015

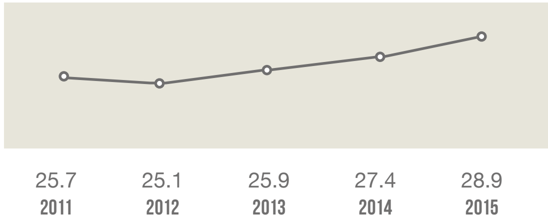
We also laid the groundwork to provide the required financial support to sustain growth and enhance capital efficiency. We started off by raising ₱16 billion through the equity capital market. This is the single largest capital-raising exercise we have conducted in the past 25 years that Ayala Land has been a listed company, making this a landmark transaction in our history. We conducted this through an accelerated bookbuilt offering structured as a top-up placement, in which Ayala Corporation sold more than 484 million listed common shares in the market and subscribed to the same number of new shares from Ayala Land.

The placement was warmly received by global institutional investors, with the deal size being oversubscribed with approximately 90 percent of the demand coming from foreign investors and existing long-term shareholders. Because of the successful outcome of the placement, it won as the Best Equity Deal in the Philippines by The Asset, marking it as the first major placement in 2015 and the third largest block trade ever conducted in the country.

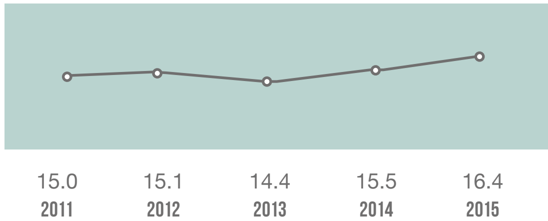
To complement the ₱16-billion equity placement, we raised ₱18 billion in debt capital composed of a ₱7-billion bond issuance and ₱11 billion in bilateral loans. With available cash, cash flow from operations and dividends from subsidiaries, we raised the required resources to deliver our commitments to build residential projects and expand the leasing portfolio while securing key land parcels to expand our footprint.

With a grounded and disciplined approach, we spent a total of ₱82.2 billion in capital expenditures during the year. We calibrated our spend by launching projects while rationalizing land acquisitions to prioritize our requirements. We believe this strategy is important as part of our tighter cash management program to maintain the Company's strong balance sheet position. This initiative, together with our funding strategy of establishing an optimal balance of debt and equity, enabled us to achieve a healthy net gearing level of 0.74:1 by the end of 2015.

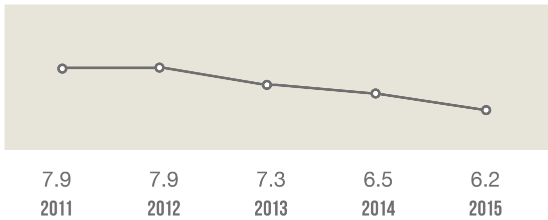
EBIT MARGIN*



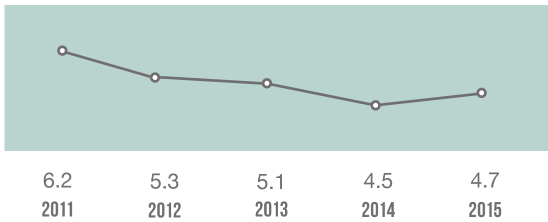
NET INCOME MARGIN*



GAE RATIO*



BORROWING COST*



**In percent*

To maintain the stability of our balance sheet, we managed refinancing risks and aligned the average tenor of our debt to mirror the development cycle of our various projects. We also locked in the interest rate on our notes while taking advantage of the best available short-term rates in the market. Despite an increase in borrowing rates, we have managed to achieve an average cost of borrowing of 4.7 percent in 2015.

In terms of Corporate Governance, we are glad to report that our strict adherence to corporate governance standards and the principles of disclosure and transparency has been recognized by corporate governance experts in the ASEAN region. Ayala Land ranked as one of the Top 3 publicly-listed companies in the country and one of the Top 50 publicly-listed companies in the ASEAN region in corporate governance practices based on the ASEAN Corporate Governance Scorecard (ACGS).

The ACGS and the ranking of corporate governance of ASEAN publicly listed companies is part of the ASEAN Corporate Governance Initiative which is one of several regional initiatives of the ASEAN Capital Markets Forum (ACMF) supported by the Asian Development Bank since it started in 2011.

According to ACMF, the ACGS was developed based on global principles and internationally recognized best practices in corporate governance applicable to publicly-listed companies. ACMF enlisted experts in the region to develop the scorecard and assessment criteria and ensure that the methodology is objective and independent. The awards were given by the ACMF during the inaugural ASEAN Corporate Governance Conference and Awards held in Manila on November 14, 2015.

Ayala Land President and CEO Bernard Vincent Dy and Chief Finance Officer Jaime Ysmael received the ASEAN Corporate Governance Scorecard Award in November 2015

We also enhanced on our compliance with the ASEAN Scorecard by creating a new Related Party Transactions Review Committee composed of independent directors to review all transactions with associates and related parties and ensure that these are all done in a very objective way and on an arm's length basis and in the best interest of all stakeholders.

For our institutional investors, individual shareholders and media, we made sure that we communicate our growth plans and results regularly through quarterly briefings, one-on-one meetings, investor conferences, non-deal road shows, on-site tours and press releases to strengthen brand awareness and ensure a stronger engagement with our shareholders.

Lastly, as part of our unwavering commitment to our shareholders, we distributed a total of ₱6.2 billion in dividends representing a 41 percent payout ratio from 2014 earnings.

To our shareholders and various stakeholders, thank you for your support, and your continued trust and confidence. We remain committed to the values that have served as our key guiding principles in shaping the future of Ayala Land.

As we expand the business and transform landscapes, we will do our best to ensure that Ayala Land will remain to be in a solid financial position and a dynamic organization grounded on strict corporate governance practices.

JAIME E. YSMAEL
Chief Finance Officer
and Compliance Officer

AYALA LAND ESTATES

Ayala Land has a strategic land bank of 8,948 hectares and 18 masterplanned estates. We are present in 55 growth centers across the Philippines.

Established Estates
Makati Central Business District
Cebu Park District
Bonifacio Global City
Nuvali

Estates in Metro Manila and Luzon
Alviera
Vermosa
Altaraza
Arca South
Vertis North
Circuit Makati
Cloverleaf
South Park District
Lio

Estates in Visayas and Mindanao
North Point
Atria Park District
Abreeza
Capitol Central
Centrio

ESTABLISHED ESTATES

MAKATI CENTRAL BUSINESS DISTRICT

The Philippines' Unrivaled Business Capital - Makati, Metro Manila (950 hectares)

CEBU PARK DISTRICT

Premier Business District of the South - Cebu City, Cebu (77 hectares)

BONIFACIO GLOBAL CITY

Home of Passionate Minds - Taguig, Metro Manila (240 hectares)

NUVALI

Where People and Nature Thrive - Santa Rosa, Cabuyao and Calamba, Laguna (2,900 hectares)

NEW ESTATES IN METRO MANILA AND LUZON

ALVIERA

Central Luzon's Emerging Mixed-use Estate - Porac, Pampanga (1,100 hectares)

VERMOSA

Contemporary Active Living - Imus and Dasmariñas, Cavite (700 hectares)

ALTARAZA

Vibrant City Living - San Jose Del Monte, Bulacan (109 hectares)

ARCA SOUTH

City in Sync - Taguig, Metro Manila (74 hectares)

VERTIS NORTH

Energizing Enterprise -
Quezon City, Metro Manila (29 hectares)

CIRCUIT MAKATI

Newest Entertainment District -
Makati, Metro Manila (21 hectares)

CLOVERLEAF

Pocket Urban Haven -
Quezon City, Metro Manila (11 hectares)

SOUTH PARK DISTRICT

Convergence in the South -
Alabang, Metro Manila (7 hectares)

ISLAND RESORT ESTATE IN LUZON

LIO

Ecologically Sustainable Tourism Destination - El Nido, Palawan (325 hectares)

ESTATES IN VISAYAS AND MINDANAO

NORTH POINT

Suburban Estate of Negros - Talisay, Negros Occidental (215 hectares)

ATRIA PARK DISTRICT

Emerging Business District in the South
Iloilo City, Iloilo (21 hectares)

ABREEZA

Holistic Urban Living
Davao City, Davao (10 hectares)

CAPITOL CENTRAL

New Commercial and Residential District
Bacolod, Negros Occidental (9 hectares)

CENTRIO

New Center of Activity in Northern Mindanao
Cagayan de Oro, Misamis Oriental (3 hectares)

SUSTAINABILITY

With our commitment to sustainability, we aspire to generate long-term value for our investors and stakeholders. By focusing on Site Resilience, Pedestrian and Transit Connectivity, Eco-Efficiency and Local Economic Development, we incorporate sustainable practices in our developments to help uplift the standard of living for many Filipinos.

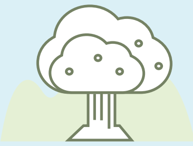
We continue to integrate sustainability into our products and processes and refine our targets and metrics in focus areas that address recurring sustainability concerns of the Filipino. These concerns are: (a) the Philippines' vulnerability to the effects of climate change and natural disasters, (b) urban mobility, (c) continuing loss of natural resources, and (d) unbalanced socio-economic development. These four main concerns define Ayala Land's priority programs in sustainability.

Through iterative consultations with various stakeholders and observation of trends, we clustered design and development approaches under Four Sustainability Focus Areas that are increasingly becoming mainstays in our project development cycle. Best practices under each focus area are incorporated in each project, and are monitored through a checklist and scorecard system. The scorecard is included in the performance review of our business units and project teams to establish accountability.

By continuously embedding features and processes that bring the four sustainability focus areas to life, we provide our customers livable spaces that uplift their everyday lives and ensure a sustainable future.

SUSTAINABILITY FOCUS AREAS

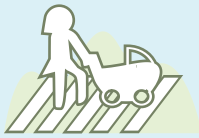
The Four Focus Areas guide our project teams in creating products that create value for the environment, society and the business, while minimizing risks and taking advantage of sustainability opportunities.



SITE RESILIENCE

Strengthen sites to recover from stresses quickly

- *Undertake technical due diligence to screen for geohazards*
- *Provide space for refuge and rainwater absorption*
- *Use native plants and trees for landscaping*



PEDESTRIAN AND TRANSIT CONNECTIVITY

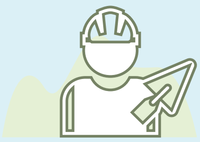
Promote mobility by prioritizing pedestrians and public transit facilities through design and masterplanning

- *Provide pedestrian-only areas and walkways*
- *Provide transit stops and terminals in estates and malls*
- *Maintain connectivity during construction and operations*

ECO-EFFICIENCY

Use natural resources judiciously and manage Greenhouse Gas (GHG) emissions in order to mitigate the effects of climate change

- *Implement energy and water conservation programs*
- *Implement waste management programs*
- *Monitor GHG emissions*
- *Use native plants and trees for landscaping*



LOCAL ECONOMIC DEVELOPMENT

Contribute to nation-building by creating value for the community and the business and be a solid partner in local development

- *Invest in human capital in communities where we locate*
- *Prioritize local hiring*
- *Allocate space for homegrown businesses*

In 2015, Ayala Land made significant milestones in applying these sustainability practices. We rolled out sustainability key result areas (KRAs) to our employees and embedded it into their performance reviews. Regular sustainability learning sessions were also undertaken at the corporate level to enhance learning and share best practices across the organization. More importantly, we launched an externally-assured Sustainability Report and a sustainability video outlining our sustainability journey.

In this Annual Report, we present sustainability milestones alongside key financial and operating highlights in the business review section. We present more examples of how we implemented the Four Focus Areas in our various businesses.

For reference, the Global Reporting Initiative (GRI) G4 content index with selected indicators is available on page 117.

Sustainability Reporting

We will release a detailed and comprehensive Sustainability Report in September 2016 wherein we will discuss the material sustainability metrics and outcomes.

The Sustainability Report will continue to follow the GRI G4 guidelines and will be externally-assured by an independent third party. This will provide in-depth discussions on our positive and negative impacts, and present our stakeholders with reliable information on the sustainability performance of Ayala Land.

BUSINESS REVIEW

G4-4

ESTATES

Ayala Land continues its tradition of creating economic growth centers through its estate developments.

Vermosa, Imus and Dasmariñas, Cavite (artist's perspective)

Our established estates such as Makati Central Business District, Bonifacio Global City and Nuvali continue to be the center of our business activities and serve as platforms for various residential, retail, office, hotel and other businesses. These areas have become the benchmark of emerging estates such as Vertis North in Quezon City, Circuit Makati, Arca South in Taguig, Alviera in Pampanga and Altaraza in San Jose Del Monte, Bulacan.

In 2015, we launched three new estates in the country: Vermosa, Cloverleaf, and Capitol Central.

NEW ESTATES

The launch of the 700-hectare Vermosa project in Imus and Dasmariñas, Cavite marked another milestone for Ayala Land. It is our fourth largest mixed-use masterplanned estate and presents a modern suburban community focused on active and healthy living. It will offer a wide range of residential options and a future central business district that will house office buildings, retail formats, hotels, entertainment and a sports center unified by civic spaces, parks and gardens.

Vermosa is accessible via different routes, including the newly opened four-kilometer Muntinlupa-Cavite Expressway or MCX, directly connecting South Luzon Expressway to Daang Hari Road. It is also near the upcoming Cavite-Laguna Expressway or CALAX, making Vermosa easily accessible from Manila, as well as the progressive towns of Kawit and Dasmariñas in Cavite and the city of Santa Rosa in Laguna.

One of the first institutional locators at Vermosa is the De La Salle Santiago Zobel School, which will open its doors to students in 2017. Vermosa also opened its motocross racetrack designed for enthusiasts and athletes and will soon open Vermosa Sports and Lifestyle Complex (VSLC) for multi-sports athletes and other sports disciplines such as marathons, swimming, and cycling. VSLC will also have an Olympic-size swimming pool, a 400-meter track oval, first purpose-built mountain bike skills track and an advanced sports science laboratory.

Vermosa Sports and Lifestyle Complex (artist's perspective)

GREENING LIFESTYLES IN NEW ESTATES

Our newly launched estates embody the principles of our sustainability focus areas. These centers of urban development have integrated features that contribute to the overall climate resilience of the sites and enable users to navigate easily with minimum dependence on cars.

The strategic locations of open green spaces in the emerging Arca South, Altaraza, Alviera, Circuit Makati, Cloverleaf, Vermosa and Vertis North will provide an additional 372 hectares of native-landscaped and vegetated areas. This ensures that future generations have access to open spaces and biodiversity in urban areas.

Vermosa, for example, takes advantage of the natural terrain to innovate on the use of low-lying areas by allowing these to continue functioning as retention and detention ecosystems during rainy days. The estate's residents and various visitors will enjoy a network of parks, linear greenways and mini lakes that will allow them to walk or bike around in the everyday course of their lives.

To prepare the site, the estate has established an onsite nursery to care for native trees and plants that will eventually be used for landscaping needs. In late 2015, about 500 employees of Ayala Land gathered to plant 2,500 saplings of seven species of native and endemic trees suitable for urban greening. The estate intends to add more native species in the future.

Cloverleaf is an 11-hectare urban pocket development in Balintawak, Quezon City. It is strategically located at the intersection of EDSA and the North Luzon Expressway, and at the tail end of the Metro Manila Tollway Corp.'s Metro Manila Skyway Stage 3 connector road, making Cloverleaf an emerging growth center in the northern corridor of Metro Manila.

Cloverleaf will offer residential and office towers, and a retail complex. The estate will also have a QualiMed hospital, envisioned to be the flagship project of the ALI-Mercado Medical Group partnership.

Cloverleaf, Balintawak (artist's perspective)

In the Visayas region, we launched Capitol Central, a nine-hectare land parcel at the city center of Bacolod, which is geared to boost the growing economy of Negros Occidental and enhance urban development in the province.

Ayala Malls Capitol Central, Bacolod City (artist's perspective)

REVITALIZING ESTABLISHED ESTATES

In Makati CBD, we started the groundwork to develop a 39-floor, Triple-A grade office building and the new 275-room Mandarin Oriental at the northern tip of the Ayala Triangle Gardens. These new buildings will be set on a 9,000-square meter retail podium that will make the Ayala Triangle Gardens an even more enjoyable place for the public.

Construction is also underway at the northern side of Ayala Avenue, for City Gate, which will add 71,000 square meter of gross leasable area for office and retail, 293 serviced apartments under the Seda brand and 2,600 square meters of civic space.

A Triple-A grade office building and the new Mandarin Oriental set on a retail podium at the northern tip of Ayala Triangle Gardens (artist's perspective)

Circuit Makati also strengthened its value proposition of being the entertainment district south of Makati as it opened the Power Mac Center Spotlight in 2015. This "black box" theater seats up to 300 people, and serves as a venue for plays and musicals, as well as other events.

Power Mac Center Spotlight, Circuit Lane

In Bonifacio Global City, we paved the way for One Bonifacio High Street Park, a key open space that completes the Bonifacio High Street masterplan. Enhancing this one-kilometer pedestrian main road beside The Suites and the new Philippine Stock Exchange building underscores our commitment to improve pedestrian connectivity for the residents of BGC.

Adding another civic space to BGC is the 500-seater MayBank Performing Arts Center which is expected to be completed in 2016.

PEDESTRIAN AND TRANSIT CONNECTIVITY

Around 120,000 people take the daily journey to BGC and most of them ride buses or jeepneys, and walk to their workplaces. Aside from providing pedestrians easy access to public transportation, the estate's design and construction guidelines require buildings to have arcades and canopies for protection. Sidewalks for major roads are 3.5 to 11 meters wide to facilitate the smooth flow and comfort of pedestrians. Most of the sidewalks are also lined with trees which makes strolling around the city a more pleasant experience. BGC is designed with parks that are very accessible for those who want to relax or go for an exercise.

Ridership of the bus transit system in BGC increased to 44,000 per day in 2015 from 32,800 per day in 2014. To accommodate more passengers, it expanded its fleet from 37 buses in 2014 to 44 in 2015 with additional buses expected in 2016. The BGC bus operates 24 hours with a total of 800 trips per day. It is one of the first transit systems in the Philippines to use contactless cards. Waiting sheds, with information on bus schedules, are strategically located all over the estate for the convenience of commuters.

New estates such as Circuit Makati, Arca South, Alviera, Vermosa, Cloverleaf, and Altaraza also feature pedestrian-friendly streets and incorporate public transit connections in their masterplan.

RESIDENTIAL

Amid a highly competitive residential sector that decelerated in growth in the past two years, Ayala Land's residential business remained resilient and continued to increase its market presence in 2015 by launching differentiated products within its new and established estates in key growth centers across the country.

Riomonte, an Ayala Land Premier project in Nuvali (artist's perspective)

We posted ₱105.30 billion in reservation sales, four percent higher than in 2014 while revenues grew 12 percent higher to ₱58.39 billion due to the steady performance of our five residential brands.

Despite heightened competitive activity, we remained the leader in residential development and we intend to maintain this position in the coming years.

AYALA LAND PREMIER

Ayala Land Premier (ALP) continues to dominate the luxury residential market, fueled by the brand's presence in prime estates such as the Makati Central Business District, Bonifacio Global City, Nuvali, and Cebu Park District, among others.

Our luxury brand registered revenues of ₱23.40 billion, four percent higher year-on-year. ALP capitalized on the strong momentum of Ayala Land's new and established estates by launching key projects in 2015. Among these were Arbor Lanes Block 2 in Arca South, Riomonte Phases 1-3 in Nuvali, West Gallery Place in BGC, The Alcoves in Cebu, The Enclaves in Bacolod, new phases at Anvaya Cove in Bataan and at Ayala Westgrove Heights in Cavite.

ALP embarked on a sharp ramp-up in project launches beginning 2010, and every year since then, ALP launched new and groundbreaking projects across different locations nationwide. A significant number of units was delivered to buyers in 2015. A total of 504 condominium units in Makati, Bonifacio Global City and Cebu, and 685 residential lots across our key locations nationwide were delivered at an exceptionally high acceptance rate of 98 percent during first inspection. While ALP caters to the demand for luxury residential products which have very unique requirements, it will continue to focus on ensuring that customer commitments are met and delivered.

With newly acquired sites and with available land in established estates, ALP is well-positioned to continue its leadership in the residential luxury segment in the Philippines.


The Alcoves, Cebu Busines Park (artist's perspective)


West Gallery Place, BGC (artist's perspective)

LUXURY WITH RESPONSIBILITY

Ayala Land Premier continues to lead in the area of sustainability in the luxury residential market. Its horizontal developments incorporate low impact design by following the natural terrain of the site. This significantly reduces the amount of earthworks and preserves much of the natural features of the land. Expansive greenways and pocket parks provide respite for its residents and serve as links for pedestrians and cyclists. In its vertical developments, passive cooling designs are used to save on energy and water.

ALVEO

Alveo successfully capped 2015 by solidifying its leading position in the upscale market segment. It posted ₱14.36 billion in revenues, 31 percent higher than the previous year due to strong demand.

In 2015, Alveo brought its office for sale product to Makati with the premium grade Alveo Financial Tower along Ayala Avenue, and Stiles Enterprise West Tower at Circuit Makati.

In Bonifacio Global City, Alveo also offered its first residential tower within an integrated mixed-use development with Park Triangle Residences. Alveo also launched commercial lots for sale at Westborough Park Square located near Ayala Westgrove Heights which gained strong acceptance from the market.

Mariana E. Zobel presented Alveo Financial Tower during its launch in September 2015

Park Triangle Residences, BGC

Alveo Financial Tower Makati (artist's perspective)

Westborough Park Square, Silang, Cavite

Alveo also launched Montala, its first subdivision in Alviera and sustained its presence in Nuvali through Mondia. To maintain its stronghold in Quezon City and Taguig, Alveo launched sequel towers in Vertis North and Arca South with High Park Tower 2 and East Veranda, respectively.

In 2015, Alveo achieved a 91 percent acceptance rate from its customers during the first inspection of its completed projects. It turned over 852 units of its projects in Makati CBD, Bonifacio Global City, Quezon City, Tagaytay, Santa Rosa in Laguna, Pampanga and Davao.

Alveo will grow its presence further through key land acquisitions and strategic partnerships, to ensure a robust pipeline for horizontal and vertical projects, as well as estate development.

Montala at Alviera in Porac, Pampanga

LEARNING SUSTAINABILITY

In 2015, Alveo conducted training and learning sessions focused on sustainability, design, and urban living. The learning sessions are meant to deepen the understanding and application of sustainability within the organization and share global and local best practices in real estate development.

An example of Alveo's application of sustainability practices is the High Street South Block in Bonifacio Global City. This project contributes to the overall walking experience of BGC with an 8,500-square meter, T-shaped park across the office towers of High Street South Corporate Plaza. This park is integrated into the whole development of High Street South, the future cultural district of BGC. It will also serve as a haven for cyclists as it will provide facilities such as bike racks and showers. As a LEED (Leader in Energy and Environmental Design) - registered project, the High Street South Corporate Plaza towers use resource-efficient design features to minimize energy and water consumption.

Also in 2015, as part of its local community engagement, Alveo adopted Barangay Fort Bonifacio to implement projects which include provision of school kits and renovation of restrooms. In 2016, it will conduct an "Adopt-A-Reader" program and two fundraising activities aimed to support math literacy and proficiency programs.

AVIDA

Avida continued to mark its presence in the middle-income segment amidst a strong competitive environment. The company registered ₱14.74 billion in revenues, posting a 12 percent increase from the previous year.

The company launched eight projects in 2015: One Union Place Tower 2 at Arca South, Altura Tower 2 in Alabang, Asten Tower 2 in Makati, Atria Tower 2 in Iloilo, Cloverleaf Tower 1 at Cloverleaf, Quezon City, Serin East Tower 1 in Tagaytay, Avida Parkfield Settings Pulilan in Bulacan and Avida Towers Turf at BGC.

Atria Tower Iloilo (artist's perspective)

In 2015, Avida turned over 2,918 units from its completed projects in Alabang, Makati, BGC, Mandaluyong, Nuvali, Bulacan and in the Visayas region specifically Iloilo, Bacolod, and Cebu, and achieved a 99.92 percent acceptance rate from its customers.

Several projects of Avida were recognized internationally and highly commended by Asia Pacific Property Awards: Residential High-Rise Development for Avida Towers Verte at BGC, Mixed-Use Development for South Park District, High-Rise Development for One Park Drive and Avida showrooms at Glorietta and Atria Tower in Iloilo under the interior design show home category. Avida also received a recognition from Philippines Property Awards for Southgrove Estates as highly commendable housing development and Avida Towers Altura under the affordable condo development category.

Avida aims to continue its mission to provide affordable dream communities for the middle-income family and will further strengthen its brand presence and reputation in the coming years.

RESILIENT LANDSCAPES

Avida incorporates the principle of site resilience as a constant feature in its projects. By using bioswales, retaining original tree clusters, and enhancing its projects with native trees, Avida is able to provide residents with parks that filter and decelerate stormwater run-off. Avida's planners and landscape designers retain clusters of mature trees wherever possible and incorporate native tree species into landscapes. Avida's centrally located greens and looped road systems also enable residents to easily walk to these amenities.

For eco-efficiency, Avida allows ample daylight illumination for its buildings in order to minimize use of energy during the day.

For water conservation, Avida installed dual flush toilets in its projects.

AMAIA

Amaia continued to make a significant mark in 2015 in the affordable market segment. Amaia revenues reached ₱3.91 billion, up eight percent from 2014. Amaia launched projects in General Trias, Cavite, Lipa, Batangas, Camarines Sur, Cabuyao Laguna, Cagayan de Oro and Iloilo.

In 2015, Amaia turned over 630 units and achieved a 97 percent acceptance rate upon first inspection.

Amaia Steps, Sucat, Parañaque

With sustained brand initiatives and the introduction of new marketing programs, Amaia achieved an average rate of 91 percent in brand awareness in its target market segment. With five years in operations, Amaia is well-equipped to further develop its business model, and serve the broader market and contribute to the delivery of ALI's 2020-40 Plan.

BELLAVITA

BellaVita posted a strong performance in 2015 generating ₱529.80 million in revenues, posting more than a three-fold increase from 2014 as it continued to provide the required supply of socialized housing units for Ayala Land's residential portfolio.

BellaVita launched three projects in 2015, strengthening its pipeline in the north through Cabanatuan East, solidifying its presence in the south through Pila, Laguna and expanded further its geographical reach with its first venture in Visayas and Mindanao through BellaVita Cagayan De Oro. By the end of 2015, BellaVita turned over 266 completed units to its buyers, and its first homeowners' association was organized in its General Trias project.

PROMOTING CONNECTIVITY

Amaia and BellaVita continue to provide sustainable housing in the affordable and mass housing market segments, enabling mobility for its residents through clear and safe pedestrian pathways and convenient connections to modes of public transportation. Tricycle terminals are provided to ensure that BellaVita residents have access to public transport. BellaVita's signature pathwalks interconnect with roads and are designed with spaces in between pavers to help absorb rainwater.

Through intensified brand awareness initiatives and partnerships with respective local governments, BellaVita's presence across provinces continues to grow and serve the increasing demand for socialized housing.

BellaVita General Trias, Cavite

MALLS

We continue to redefine the shopping, dining and leisure experience for more Filipinos. Supported by strong consumer spending, we opened new malls in thriving economic centers in the country in 2015, increasing the total gross leasable area from 1.34 million to 1.45 million square meters.

Solenad 3, Nuvali

Ayala Land's revenues from its malls reached ₱13.37 billion, 18 percent higher year-on-year driven by the steady performance of the established malls and higher revenues of the newly opened shopping centers.

We opened Solenad 3 at Nuvali, a new phase of UP Town Center in Quezon City, Ayala Malls Serin in Tagaytay City, The Shops at Atria in Iloilo, Ayala Malls Legazpi and Circuit Lane in Makati. All these new mall spaces contributed to a total of 124,000 square meter of leasable space. We also increased our ownership in North Triangle Depot Commercial Corporation (NTDCC) to 73.24 percent. NTDCC is a subsidiary that currently owns Trinoma, our third largest mall in terms of net income contribution. This acquisition will increase Trinoma's contribution to Ayala Land's bottomline.

Circuit Lane, Makati

UP Town Center, Quezon City

In 2015, Ayala Malls won two Gold Awards in the Asia Pacific Shopping Center competition of the International Council of Shopping Centers (ICSC) held in Taipei, Taiwan. Ayala Center Cebu garnered Gold in the renovations and expansion design and development category while "Idea'Yala", a campaign developed by Ayala Malls in partnership with Paloma Zobel to promote innovation among the youth, won the Gold Award in the cause-related marketing category. As Gold winner, both entries were nominated for the prestigious Global awards to be held in Las Vegas in May 2016. Ayala Malls formed part of the Elite Circle of 16 winners, beating over 200 entries from all over Asia and is one of only two shopping center developers in the region to win multiple awards.

Ayala Malls will further increase its mall space by 181,000 square meter of gross leasable space in 2016, with the completion of projects at Lio in Palawan, Vertis North in Quezon City, Southpark District in Alabang, Iloilo Riverside, UP Town Center Phase 2, Park Triangle Retail, Bonifacio Central Ear Lot and The 30th in Pasig City, to serve the growing retail sector and the steady consumption growth in the country.

REFRESHING ENVIRONMENTS FOR SHOPPERS

With the opening of Solenad 3, Ayala Malls continues to establish leadership in providing retail spaces. Solenad 3 features a two-hectare Activity Park lined with lush native trees and plants where families and mall goers can relax and gather. The Activity Park has walkways that lead to different parts of the mall, making a stroll around Solenad a very refreshing and rewarding experience. The mall also features naturally-ventilated spaces and corridors to minimize the use of air-conditioning and save on energy consumption.

Ayala Malls also continues to invest in new technologies and implement practices that strengthen our eco-efficiency program. We continue to replace old light bulbs with LED equivalents, install escalator sensors, and upgrade our air-conditioning equipment to minimize energy consumption. In 2015, our malls were able to reduce electricity consumption by 7.4 million kwh equivalent to ₱59.6 million in savings. Conscious efforts in water efficiency and waste management are also being undertaken to ensure we save as much resources as possible.

OFFICES

Backed by a growing BPO sector, Ayala Land builds workspaces that serve the expanding range of outsourced services in the country. In 2015, we increased our total gross leasable area from 612,000 to 715,000 square meters as we completed new office spaces in major business hubs in the country.

Bonifacio Stopover, BGC

Ayala Land Offices (ALO) registered revenues of ₱5.16 billion, 22 percent higher than in 2014. Three office buildings namely ATC Corporate Center, BGC Corporate Center, and eBloc 4 in Cebu provided a total of 61,000 square meters of gross leasable space. Another 17,000 square meters at Bonifacio Stopover in BGC was also completed in 2015.

ALO also acquired a fully-tenanted LEED Gold Building at Cebu IT Park, adding another 18,000 square meters in its office portfolio. Ayala Land has over 51 office developments in 11 cities throughout the Philippines.

ATC Corporate Center, Alabang

Critical to the growth of ALO is the selection of the most strategic locations for its corporate clients to establish and expand its businesses. Our buildings are located where access to transportation and a strong labor pool are available. These are situated in ideal environments within Ayala Land's mixed-use developments where office workers could have better access to enhance their productivity and work life balance.

In 2016, ALO expects to complete office buildings in BGC, Pasig, Quezon City, and Cebu.

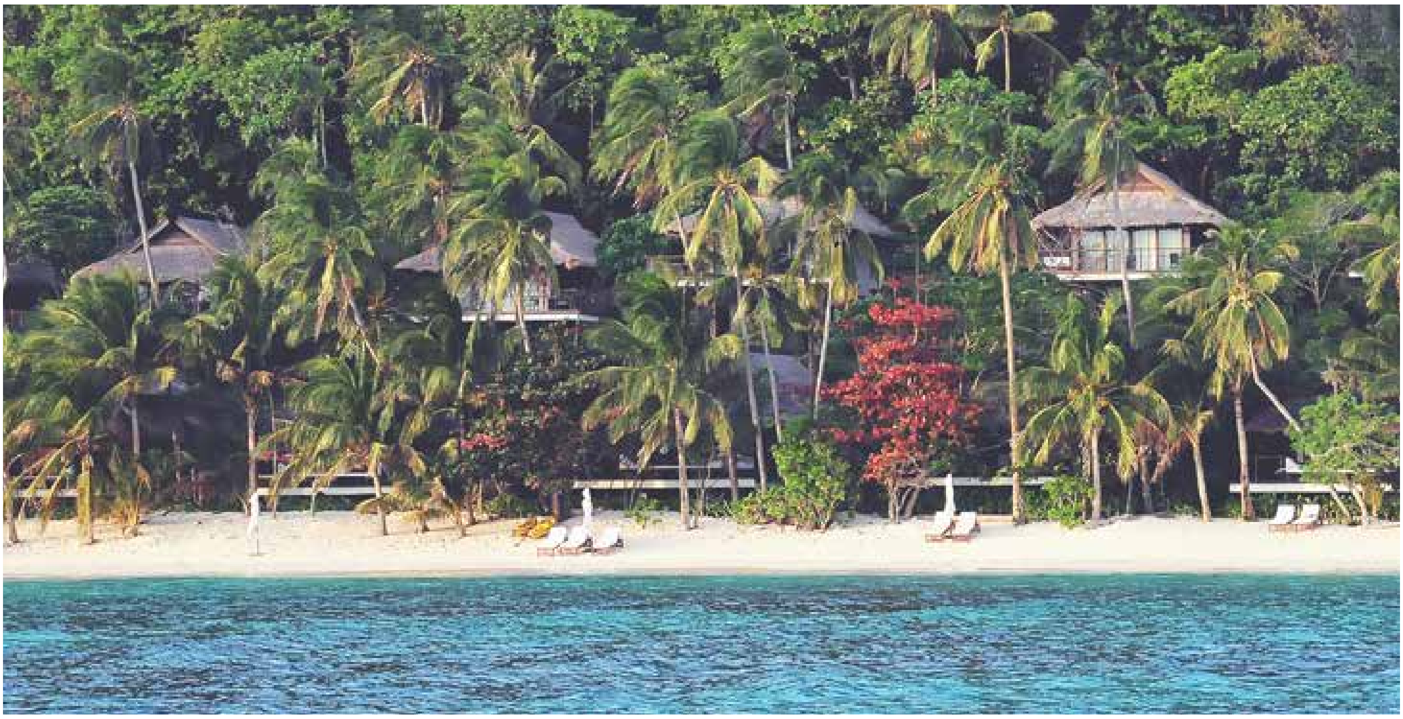
Bonifacio Corporate Center, BGC

MOBILITY FOR PROFESSIONALS

Building on strategic locations, our buildings continue to invest in pedestrian and transit related facilities to better serve our stakeholders. Integration into the transit network and pedestrian connectivity are carefully considered in the planning of our office developments. As a result, all of our existing office buildings are located near or connected to a transport terminal. For example, McKinley Exchange makes it convenient to use different modes of transportation due to its proximity to the Ayala-MRT station and EDSA bus stops. It is also the main terminal for buses going to BGC. In 2015, Ayala Land Offices also intensified the installation of bike racks to serve those who use their bicycles to go to work. We have bike racks in 21 buildings compared to six in 2014. We look forward to improving more pedestrian and transit facilities as we continue to expand our office portfolio.

HOTELS AND RESORTS

Supporting the growth of Philippine tourism, we continued to enhance our hotels and resorts portfolio and increased our room count from 2,172 to 2,324 in 2015. Eleven new properties currently being built in key locations across the country will accelerate expansion in the coming years.



Pangulasian Island Resort is an eco-luxury island resort surrounded by the crystal clear waters and abundant flora and fauna of El Nido, Palawan

Hotels and Resorts posted revenues of ₱5.97 billion, six percent higher than last year as the group undertook aggressive marketing activities aimed at expanding its market base across various sectors. These resulted in the steady ramp up of our newer properties as well as increased occupancies and average room rates across the entire portfolio.

The hotels and resorts group earned a significant number of awards in 2015: Seda Hotels was awarded the Philippines' Leading Hotel Group by World Travel Awards, Raffles was awarded Best Hotel in Manila by Smart Travel Asia, and Fairmont was awarded Best City Hotel by TTG Travel Awards.

El Nido also garnered awards such as Southeast Asia's Best Sustainable Hotels by Boutique Hotel Awards, Asia's Responsible Tourism Award by World Travel Awards, Gold Award Winner Environment Education Campaign by PATA, Environmental Leadership Award by WWF and Best Branded Accommodation by Tourism InSPIRE Awards.

152-room Seda Atria opened in Iloilo in 2015

Seda Nuvali, silver LEED-certified hotel

Tree nursery at Lio estate

SUSTAINABLE RESORT DEVELOPMENT

2015 was a milestone year for our hotels and resorts group as they contributed significantly to our eco-efficiency initiative. Seda Nuvali was awarded the LEED Silver Certification by the US Green Building Council. It is the first hotel in the Philippines to be awarded this distinction. It is estimated that Seda Nuvali will consume 43 percent less potable water as compared with buildings of the same type and generate energy cost savings of up to 15.8 percent. Added to this, 26 percent of the building materials used in Seda Nuvali are manufactured using recycled materials. Seda Nuvali is the second building of Ayala Land with an LEED Certification, the first being One Evotech which also received a LEED Silver Certification.

In 2015, El Nido Resorts invested around ₱130 million in Lagen Island for an upgrade of its facilities. Part of the objectives of the upgrade program is to gain better efficiencies in its fuel and water consumption. As a result, Lagen Island increased its generator efficiency by approximately 16 percent and saves around 1,400 liters of fuel per month.

Lio estate also established nurseries of native trees found in El Nido to ensure that it is able to replace vegetation affected by development.

With eco-efficiency as one of Ayala Land's sustainability focus areas, we continue to find new ways to minimize the impact on the environment and consistently measure the results of our initiatives.

CONSTRUCTION AND PROPERTY MANAGEMENT

CONSTRUCTION

Makati Development Corporation (MDC) remained the largest construction company in the Philippines with a total of 491 projects in 2015, a 10-percent increase from 2014, brought about by a robust portfolio of ongoing projects and a strong project pipeline. MDC posted consolidated revenues of ₱44.07 billion, 53 percent higher than last year.

MDC continued to be recognized in its construction safety and sustainability practices with a total of 97 safety awards coming from various government and non-government occupational health and safety organizations.

It grew the depth and breadth of its manpower resource through extensive training and recruitment programs, as well as strengthened partnerships with its service providers. The company established six TESDA-accredited training centers, which provide safety and skills training programs, resulting in a steady stream of skilled manpower. MDC and its subsidiaries had a total of 43,000 direct and indirect personnel by the end of 2015.

PROPERTY MANAGEMENT

Ayala Property Management Corp. (APMC) continued to provide quality facility management services in all Ayala Land buildings.

In 2015, an additional 55 new buildings and developments were added to our portfolio, including the management of Makati Commercial Estate. To date, we have a total of 196 managed properties.

APMC maintained its standing as the country's leading property manager with three international certifications: – ISO 9001:2008; ISO 14001:2004; and OHSAS 18001:2007. APMC successfully passed the surveillance audit for its three international certifications last November 16, 2015 by Certification International Philippines, Inc. (CIPI). In addition, managed properties have consistently been recognized for energy efficiency and safety initiatives including an ASEAN Energy Award, 34 MAFSAFI Fire Safety awards, four SOPI National Fire Brigade Competition awards, 42 Don Emilio Abello awards and four Apolinario Mabini awards.

By continuously improving processes and operations and implementing major initiatives aimed at enhancing services and reducing cost, APMC continues to fulfill its mission to have sustainable operations for our stakeholders.

PRUDENT CONSUMPTION

APMC was able to save 13.4 million kwh of energy consumed in our managed properties due to its energy conservation initiatives equivalent to ₱109.26 million in energy costs. MDC meanwhile continued to implement its waste management program recycling 52 percent of their construction waste.

With sustained growth, APMC and MDC will continue to employ more Filipino workers to build and support Ayala Land's products. In 2015, APMC and MDC provided jobs to around 23,800 people for construction and property management services.

NEW BUSINESSES

MCT Bhd

Through our wholly-owned subsidiary, Regent Wise Investments Limited, Ayala Land acquired 32.95 percent of the shares in MCT Bhd in 2015. It was first established in 1999 as a construction company, which eventually became a property development company specializing in mixed-use projects for retail, office, hotel, and residential use. It delivers projects at lower costs by adhering to a modular construction technique and by being an integrated builder with an in-house design team, in-house trading company, direct execution of specialist works and having its own pre-cast and ready-mix concrete plants. The company has several ongoing projects in Subang Jaya, Cyberjaya and Dengkil, all located in the Klang Valley in Malaysia.

By partnering with a company such as MCT, Bhd., Ayala Land will expand its footprint in Southeast Asia, in line with its diversification goals and sets the platform for growth in Malaysia. With this engagement, Ayala Land will enter the Malaysian market with an experienced team, benefit from synergies of the partnership, and further add value to MCT over the long term to enable it to be a key player in the Malaysian real estate market.

ITS Project - South Terminal

Ayala Land also won the bid for the Integrated Transport System Project – South Terminal. It was awarded by the Department of Transportation and Communications or DOTC with a 35-year concession agreement to build and operate the ITS South Project and have the opportunity to develop and operate commercial leasing facilities on a 5.57-hectare property adjacent to Arca South. It is estimated that up to 4,000 buses and 160,000 passengers will feed into ITS South from SLEX every day. Construction will begin in May 2016 and is expected to be completed and ready for operation by October 2017.

Merkado Supermarket

In partnership with Puregold, we opened our very first grocery at UP Town Center called Merkado Supermarket, which was received warmly by the residents and the commuters in the area. This will enable us to tap a broader market like students, young professionals and young families in this portion of Quezon City. Merkado Supermarket is a testament to our commitment to deliver a holistic environment and experience in the mixed-use communities that we are developing.

HEALTHCARE

QualiMed

- In partnership with Mercado General Hospital Inc.
- Opened the fourth QualiMed Clinic in UP Town Center in May and upgraded QualiMed Hospital in Atria Park into a 104-bed General Hospital in October.
- Corporate Health Solutions (CHS) was also set up in 2015 to provide better service coverage for institutional clients. CHS started operations in January 2016 and is expected to drive more Industrial and Occupational Health patients to QualiMed facilities, especially to the clinics.
- Established QualiMed Physician Associates, Inc. (QPA) in 2015 to directly engage medical doctors for improved alignment and operational synergies. QPA will start operations in the first quarter of 2016, in time for the opening of QualiMed Hospital in Altaraza.
- Seven facilities in operation:
    - » Clinics (4)
        - › Trinoma, Fairview Terraces, McKinley Exchange Corporate Center, and UP Town Center
    - » Ambulatory Surgical Center (2)
        - › PGH Manila and Daniel Mercado Medical Center, Batangas
    - » Hospital (1)
        - › QualiMed Iloilo (104-bed)

RETAIL

FamilyMart

- In partnership with Store Specialists, Inc., FamilyMart Co Ltd. and Itochu Corporation
- Opened 31 stores in 2015
- Total of 112 stores in operation

Wellworth

- In partnership with Store Specialists, Inc.
- Value-based, mid-market department store in Fairview Terraces and UP Town Center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IF MARKETS MOVE YOU.
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FROST & SULLIVAN
PHILIPPINES
2015 EXCELLENCE AWARDS
FROST & SULLIVAN


Tourism InSPIRE Awards
2015


FinanceAsia

2015 AWARDS AND RECOGNITIONS

ONE OF TOP 3 PLCS IN THE PHILIPPINES IN CORPORATE GOVERNANCE
ONE OF TOP 50 PLCS IN THE ASEAN IN CORPORATE GOVERNANCE
ASEAN Corporate Governance Scorecard Awards

ETHICS AND GOVERNANCE CATEGORY WINNER
ASEAN Corporate Sustainability Awards

BEST MANAGED COMPANY IN ASIA IN THE REAL ESTATE SECTOR
BEST CFO IN THE PHILIPPINES FOR JAIME E. YSMAEL
BEST INVESTOR RELATIONS COMPANY
2ND BEST MANAGED PUBLIC COMPANY IN THE PHILIPPINES
2ND BEST IN CORPORATE GOVERNANCE
3RD MOST COMMITTED TO PAYING GOOD DIVIDENDS
Finance Asia - 15th Best Companies in Asia Poll

3RD BEST INVESTOR RELATIONS PROGRAM - SELL SIDE
3RD BEST CEO - SELL SIDE FOR BERNARD VINCENT O DY
2ND PHILIPPINES' BEST COMPANY
Institutional Investor

BUILDER OF THE YEAR
CUSTOMER VALUE LEADERSHIP
Frost and Sullivan

OVERALL BEST MANAGED COMPANY ASIA - BY COUNTRY
Euromoney

SPECIAL RECOGNITION FOR CSR
BEST RESIDENTIAL ARCHITECTURAL DESIGN FOR ALP PARK TERRACES
BEST CONDO DEVELOPMENT IN CEBU FOR ALVEO SOLINEA
HIGHLY COMMENDED: BEST AFFORDABLE CONDO DEVELOPMENT FOR AVIDA ALTURA
HIGHLY COMMENDED: BEST LUXURY DEVELOPMENT RESORT FOR ANVAYA COVE
HIGHLY COMMENDED: BEST DEVELOPER
HIGHLY COMMENDED: BEST HOUSING DEVELOPMENT
IN MM FOR AVIDA SOUTHGROVE ESTATES
BEST RESIDENTIAL DEVELOPMENT IN DAVAO FOR ALVEO ABREEZA RESIDENCES
Philippine Property Awards

BEST IN ENVIRONMENTAL RESPONSIBILITY
BEST IN INVESTOR RELATIONS
Corporate Governance Asia's 5th Asian Excellence Awards

GOLD AWARD FOR CAUSE-RELATED MARKETING FOR "IDEA'YALA" CAMPAIGN OF AYALA MALLS
GOLD AWARD FOR RENOVATIONS AND EXPANSION DESIGN AND DEVELOPMENT FOR AYALA CENTER CEBU
ICSC Asia Pacific Shopping Center Awards

PHILIPPINES' LEADING HOTEL GROUP FOR SEDA HOTELS
ASIA'S RESPONSIBLE TOURISM AWARD FOR EL NIDO RESORTS
World Travel Awards

BEST HOTEL IN MANILA FOR RAFFLES
Smart Travel Asia

BEST CITY HOTEL FOR FAIRMONT
TTG Travel Awards

SOUTHEAST ASIA'S BEST SUSTAINABLE HOTELS FOR EL NIDO RESORTS
Boutique Hotel Awards

GOLD AWARD WINNER ENVIRONMENT EDUCATION CAMPAIGN FOR EL NIDO RESORTS
Pacific Asia Travel Association

ENVIRONMENTAL LEADERSHIP AWARD FOR EL NIDO RESORTS
World Wildlife Fund

BEST BRANDED ACCOMMODATION FOR EL NIDO RESORTS
Tourism InSPIRE Awards

LEADERSHIP TEAM

G4-42


Jaime Augusto Zobel de Ayala, Fernando Zobel de Ayala, Bernard Vincent O. Dy

BOARD OF DIRECTORS

FERNANDO ZOBEL DE AYALA *Chairman*
Filipino, 55, has served as Chairman of the Board of ALI since April 1999. He holds the following positions in publicly listed companies: President and Chief Operating Officer of Ayala Corporation; Chairman of Manila Water Company, Inc.; and Director of Bank of the Philippine Islands, Globe Telecom, Inc. and Integrated Micro-Electronics, Inc. He is the Chairman of AC International Finance Ltd., Ayala International Holdings Limited, Accendo Commercial Corporation, Alabang Commercial Corporation, Automobile Central Enterprises, Inc., Ayala Automotive Holdings Corporation, Liontide Holdings, Inc., AC Energy Holdings, Inc., and Hero Foundation Incorporated; Co-Chairman of Ayala Foundation, Inc. and Ayala Group Club, Inc.; Vice Chairman of Ceci Realty, Inc., Vesta Property Holdings, Inc., Aurora Properties, Inc., Columbus Holdings, Inc. Emerging City Holdings, Inc., Fort Bonifacio Development Corporation, and Bonifacio Land Corporation; Director of LiveIt Investments, Ltd., Asiacom Philippines, Inc., AG Holdings Limited, Ayala International Holdings Limited, AI North America, Inc., AC Infrastructure Holdings Corporation, Ayala Retirement Fund Holdings, Inc., Honda Cars Philippines, Inc., Isuzu Philippines Corporation, Pilipinas Shell Petroleum Corp., Manila Peninsula and Habitat for Humanity International; Member of the INSEAD East Asia Council, World Presidents' Organization, Habitat for Humanity International and Asia Philanthropy Circle; Chairman of Habitat for Humanity's Asia-Pacific Capital Campaign Steering Committee; and Member of the Board of Trustees of Caritas Manila, Pilipinas Shell Foundation, National Museum, the foundation of the Roman Catholic Church and Asia Society. He graduated with B.A. Liberal Arts at Harvard College in 1982.

JAIME AUGUSTO ZOBEL DE AYALA *Vice Chairman*
Filipino, 56, has served as a Director, Vice Chairman and Member of the Executive Committee of ALI since June 1988. He holds the following positions in publicly listed companies: Chairman and CEO of Ayala Corporation; Chairman of Globe Telecom, Inc., Integrated Micro-Electronics, Inc. and Bank of the Philippine Islands; and Vice Chairman of Manila Water Company, Inc. He is also the Co-Chairman of Ayala Foundation, Inc.; Vice Chairman of AC Energy Holdings, Inc.; Chairman Emeritus of the Asia Business Council; Chairman of Harvard Business School Asia-Pacific Advisory Board and World Wildlife Fund Philippine Advisory Council; and member of the Harvard Global Advisory Council, Mitsubishi Corporation International Advisory Committee, JP Morgan International Council, Endeavor Philippines and Singapore Management University. He graduated with B.A. Economics (Cum Laude) at Harvard College in 1981 and took his MBA at the Harvard Graduate School of Business Administration in 1987.

BERNARD VINCENT O. DY *President and CEO*
Filipino, 52, is the President and Chief Executive Officer of ALI effective April 7, 2014. Prior to this post, he was the Head of the Residential Business, Commercial Business and Corporate Marketing and Sales of ALI. He is the Chairman of two other publicly listed companies namely: Cebu Holdings, Inc. and Cebu Property Ventures and Development Corporation. His other significant positions include: Chairman of Ayala Property Management Corporation, Ayala Land International Sales, Inc., Amicassa Process Solutions, Inc., Amaia Land Corporation, Avida Land Corp., Alveo Land Corp., Alviera Country Club, Inc., Ayalaland Commercial Reit, Inc., Lagdigan Land Corporation, BellaVita Land Corporation, Avencosouth Corp., Ayagold Retailers, Inc., Station Square East Commercial Corporation, Aviana Development Corp., Cagayan De Oro Gateway Corp., BGSouth Properties, Inc., BGNorth Properties, Inc., BGWest Properties, Inc., Portico Land Corp., and ALI Capital Corp.; Vice Chairman of Ayala Greenfield Development Corporation; Chairman and President of Serendra, Inc. and; Director and President of Bonifacio Land Corporation, Emerging City Holdings, Inc., Columbus Holdings, Inc. Berkshires Holdings, Inc., Fort Bonifacio Development Corporation, Aurora Properties Incorporated, Vesta Property Holdings, Inc., Ceci Realty Inc., Alabang Commercial Corporation, Accendo Commercial Corp., Hero Foundation Incorporated, Bonifacio Art Foundation,; Director of Ayala Land Sales, Inc., North Triangle Depot Commercial Corporation, Ayala Greenfield Golf & Leisure Club, Makati Development Corporation, Nuevocentro, Inc., Whiteknight Holdings, Inc., Ayala Land Medical Facilities Leasing, Inc., Alveo-Federal Land Communities, Inc., Philippine Integrated Energy Solutions, Inc.; Trustee of Ayala Foundation, Inc.; Member of Ayala Group Club, Inc.; and Treasurer of SIAL Specialty Retailers, Inc. and SIAL CVS Retailers, Inc. In 2015, he was inducted as Member of the Advisory Council of the National Advisory Group for the Police Transformation Development of the Philippine National Police. He earned a degree of B.B.A. Accountancy from the University of Notre Dame in 1985 and took his Master's Degree in Business Administration and International Relations at the University of Chicago in 1989 and 1997, respectively.

Vincent Y. Tan, Antonino T. Aquino, Delfin L. Lazaro

VINCENT Y. TAN *Non-Executive Director*
Canadian, 65, has been a Director of ALI since April 2014. Prior to retiring from active management in April 2014, he was Executive Vice President and Head of the Planning Group and a Member of the Management Committee of ALI. He continues to provide informal inputs and training in sustainability and other topics of interest to the ALI Management Team. He graduated with a degree of B.S. Management Engineering from Ateneo de Manila University, a Master's Degree in Business Administration Concentrations in Management Science and Finance from The University of Chicago, and a Certificate in Sustainable Community Development from Simon Fraser University in Vancouver.

ANTONINO T. AQUINO *Non-Executive Director*
Filipino, 68, has served as a Director of ALI since April 2009. He is also a Director of Manila Water Company, Inc., another publicly listed company, since 1999. He was the President of ALI from April 2009 to April 2014, MWC from April 1999 to April 2009, and Ayala Property Management Corporation from 1989 to 1999. He is a Member of the Multi-Sectoral Advisory Board of the Philippine Army since 2014. He was named "Co-Management Man of the Year 2009" by the Management Association of the Philippines for his leadership role in a very successful waterworks privatization and public-private sector partnership. In 2015, Mr. Aquino was elected as Director of The Philippine American Life and General Insurance Company (Philam). He earned a B.S. Management degree and a Master's Degree in Business from the Ateneo de Manila University in 1968 and 1975, respectively.

DELFIN L. LAZARO *Non-Executive Director*
Filipino, 69, has served as a Member of the Board of ALI since April 1996. He holds the following positions in publicly listed companies: Director of Ayala Corporation, Integrated Micro-Electronics, Inc., Manila Water Company, Inc., and Globe Telecom, Inc.; and Independent Director of Lafarge Republic, Inc. His other significant positions include: Chairman of Philwater Holdings Company, Inc. and Atlas Fertilizer & Chemicals Inc.; Chairman and President of A.C.S.T. Business Holdings, Inc.; Vice Chairman and President of Asiacom Philippines, Inc.; Director of AC Energy Holdings, Inc., AC Infrastructure Holdings Corporation, Ayala International Holdings, Ltd., Bestfull Holdings Limited, Probe Productions, Inc. and Empire Insurance Company; and Trustee of Insular Life Assurance Co., Ltd. He graduated with a B.S. Metallurgical Engineering degree at the University of the Philippines in 1967 and took his MBA (with Distinction) at Harvard Graduate School of Business in 1971.

Francis G. Estrada, Rizalina G. Mantaring, Jaime C. Laya

FRANCIS G. ESTRADA *Independent Director*

Filipino, 66, has served as Independent Director of ALI since April 2008. His other significant positions are: Independent Director of Philam Life and General Insurance Co. (Chairman, Risk Management Committee; Member of the Audit and Investment Committees); Chairman, Advisory Council, Development Bank of the Philippines; Chairman, Trustee and Fellow of the Institute of Corporate Directors; Director and Member of the Audit Committee of Clean Air Asia, Inc.; Member, Multi-Sectoral Governance Council, Armed Forces of the Philippines; Fellow, Institute for Solidarity in Asia; Trustee of the Sociedad Espanola de Beneficiencia; Vice Chairman and Trustee of Bancom Alumni, Inc.; Director of the Maximo T. Kalaw Foundation; former President of the Asian Institute of Management; former Chairman of De La Salle University Board of Trustees; former Chairman of the Board of Visitors of the Philippine Military Academy; former Member of the National Mission Council and Chairman of the Investment Committee of De La Salle Philippines; Most Outstanding Alumnus of the Asian Institute of Management in 1989. Mr. Estrada graduated from De La Salle University with undergraduate degrees in Liberal Arts and Business Administration in 1971, a Master's Degree in Business Management (with Distinction) at the Asian Institute of Management in 1973 and completed the Advanced Management Program at the Harvard Business School in 1989.

RIZALINA G. MANTARING *Independent Director*

Filipino, 56, has served as an Independent Director of ALI since April 2014. She holds the following positions: Country Head for the Sun Life Financial group of companies in the Philippines, President and CEO of the flagship Sun Life of Canada (Philippines) Inc., Director of Sun Life of Canada (Philippines) Inc., Sun Life Financial Plans, Sun Life Asset Management Co. Inc., Sun Life Financial Philippine Holding Co. Inc., Sun Life Grepa Financial, Inc. and Grepalife Asset Management Corporation; Independent Director of Microventures Foundation Inc. She is also the Chairperson of Sun Life Financial-Philippines Foundation, Inc., and a Member of the Makati Business Club, Management Association of the Philippines and Financial Executives of the Philippines. In 2010, she was selected as one of the 100 Most Outstanding Alumni of the past century by the University of the Philippines College of Engineering. In 2011, she was named by Moneysense Magazine as one of the 12 Most Influential in Personal Finance. She is also a recipient of the 2011 CEO EXCEL award given by the International Association of Business Communicators. She is a B.S. Electrical Engineering, cum laude, graduate of the University of the Philippines. She obtained her M.S. degree in Computer Science from the State University of New York at Albany.

JAIME C. LAYA *Independent Director*

Filipino, 76, has served as an Independent Director of ALI since April 2010. He is a Member of the Board of Directors of publicly listed companies, Independent Director of GMA Network, Inc., GMA Holdings, Inc. and Manila Water Company, Inc. and Regular Director of Philippine Trust Company (Philtrust Bank). His other significant positions are: Chairman and President of Philtrust Bank, Independent Director of Philippine AXA Life Insurance Co., Inc.; and Trustee of Cultural Center of the Philippines, St. Paul's University – Quezon City, Ayala Foundation, Inc., Escuela Taller de Filipinas Foundation, Inc., Fundación Santiago, Manila Polo Club, and other non-profit, non-stock corporations. He graduated magna cum laude from University of the Philippines in 1957 with a degree of B.S.B.A. (Accounting) and completed his Masteral Studies in Industrial Management at Georgia Institute of Technology in 1960. He later graduated from Stanford University as Ph.D. in Financial Management in 1967. He has served as Minister of the Budget, Minister of Education, Culture and Sports, Governor of the Central Bank of the Philippines, Chairman of the National Commission for Culture and the Arts, and Professor and Dean of Business Administration of the University of the Philippines.

MANAGEMENT COMMITTEE

JOSE EMMANUEL H. JALANDONI
Group Head, Commercial Business

BERNARD VINCENT O. DY
President and CEO

JAIME E. YSMAEL
Chief Finance Officer,
Group Head, Finance and
Compliance Officer

RAUL M. IRLANDA*
Group Head, Property Management

ANNA MA. MARGARITA B. DY
Group Head, Strategic Landbank Management

DANTE M. ABANDO
Group Head, Construction

**Retired effective December 31, 2015*

EMILIO J. TUMBOCON*
Group Head, Visayas-Mindanao, Human Resources and Public Affairs

ARTURO G. CORPUZ
Group Head, Urban and Regional Planning Division and Central Land Acquisition Unit

JOSELITO N. LUNA
Group Head, Innovation and Design

**Retired effective December 31, 2015*

SENIOR MANAGEMENT

ROBERT S. LAO
President, Alveo Land Corporation

THOMAS F. MIRASOL
President, Ayala Land International Sales Inc.

JOSE JUAN Z. JUGO
Managing Director, Ayala Land Premier

CHRISTOPHER B. MAGLANOC
President, Avida Land Corporation

MARIA CORAZON G. DIZON*
Head, ALI Capital Corporation

MICHAEL ALEXIS C. LEGASPI
Chief Operating Officer,
Ayala Hotels, Inc. and AyalaLand
Hotels and Resorts Corporation

ROWENA M. TOMELDAN
Head, Ayala Malls

MYRNA LYNNE C. FERNANDEZ**
Head of Mall Operations

**Retired effective December 31, 2015*
*** Appointed Vice President effective January 1, 2016*

MANUEL A. BLAS II
Head, Commercial Operations,
Makati Central Business District and
Fort Bonifacio Development Corporation

ANICETO V. BISNAR, JR.
President, Cebu Holdings Inc.
and Cebu Property Ventures
and Development Corporation

LEOVIGILDO D. ABOT
Chief Audit Executive,
Ayala Land, Inc.

GINAFLOR C. ORIS
Chief Finance Officer,
Makati Development Corporation

ANGELICA L. SALVADOR
Controller, Ayala Land, Inc.

AUGUSTO D. BENGZON
Treasurer, Ayala Land, Inc.

LAURENT P. LAMASUTA
President, Ayala Property Management Corporation

RODELITO J. OCAMPO
Head, Construction Operations, Makati Development Corporation

ROMEO T. MENPIN, JR.
Head, Electro Mechanical Commissioning Group, Makati Development Corporation

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

Ayala Land is firmly committed to strict corporate governance standards and principles. We believe that this is a critical element in sustaining the trust and confidence of our stakeholders and enhancing shareholder value.

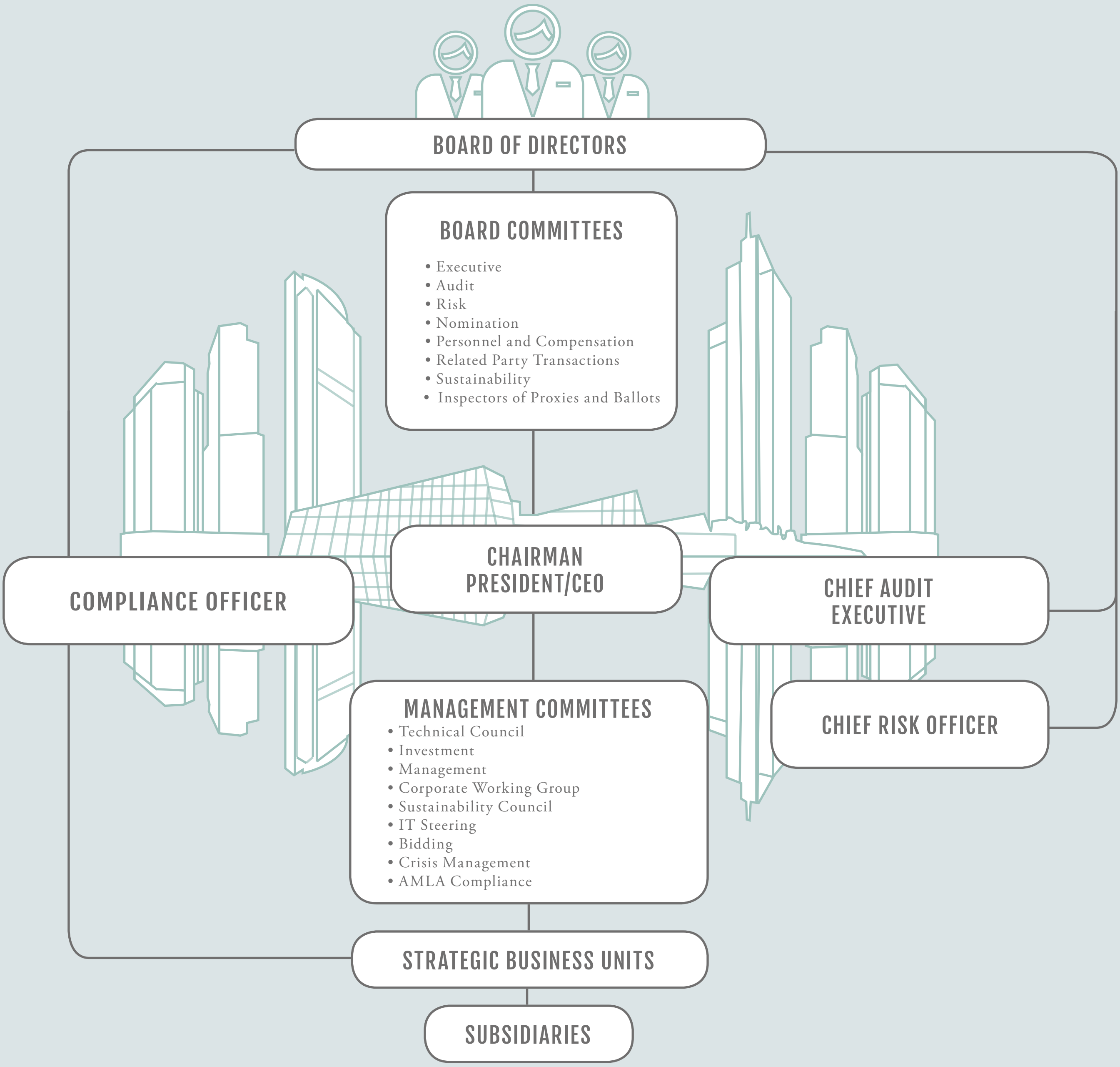
President and CEO Bernard Vincent Dy delivered ALI's quarterly results during the management team briefing held at Power Mac Center Spotlight, Circuit Makati

Our corporate governance policies and practices are principally contained in our Articles of Incorporation and By-laws and are also made available in our Annual Report, Annual Corporate Governance Report, and the IR website.

Ayala Land is in full compliance with the code of corporate governance and all listing rules of the Philippine Stock Exchange (PSE), regulations adopted by the Securities and Exchange Commission (SEC) and the Philippine Dealing Exchange (PDEx).

Following the outline of the ASEAN Corporate Governance Scorecard, we present the key corporate governance practices and detailed initiatives undertaken in 2015 to further strengthen our standards and reinforce our commitment to protect shareholder rights, treat all shareholders in an equitable manner, respect and recognize the role of stakeholders, strictly adhere to the principles of disclosure and transparency, and ensure a responsible and well-functioning Board of Directors and management team. G4-15, G4-56

AYALA LAND'S CORPORATE GOVERNANCE STRUCTURE



AYALA LAND'S CORPORATE GOVERNANCE PRACTICES

A. RIGHTS OF SHAREHOLDERS

G4-42

1. Right to Equitable and Timely Payment of Dividends

Ayala Land declared cash dividends on its common shares last February 20, 2015 and August 17, 2015. This translated to a total of ₱6.2 billion or ₱0.4150 per outstanding common share, representing a 41 percent payout ratio to 2014's net earnings. The cash dividends were paid to all stockholders of common shares within 30 days from the date of the declaration.

The declaration of dividends depends on the earnings, cash flow and financial condition of the Company. To support the 2020-40 Plan, Ayala Land will provide a fixed dividend per share, per year, which will translate to a 30 percent to 40 percent dividend payout ratio based on prior year's earnings.

Cash dividends require the approval of the Board of Directors but do not require the approval of stockholders. Special cash dividends are declared on a case-to-case basis depending on the Company's cash level and the capital expenditure requirements. Property dividends, that may come in the form of additional shares, require the approval of the Board of Directors and stockholders. Furthermore, the declaration of stock dividends requires the approval of the Securities and Exchange Commission and the Philippine Stock Exchange for the listing of the shares.

2. Right to Participate in Decisions Concerning Fundamental Corporate Changes

We respect the rights of shareholders to participate in decisions concerning fundamental corporate changes, such as but not limited to, amendments to the Company's Article of Incorporation and By-laws, authorization of additional shares, transfer of all or a substantial portion of the Company's assets, approval of remuneration matters, nomination of candidates for the Board and election of Directors through voting.

3. Right to Participate Effectively and Vote in General Shareholder Meetings

Each shareholder may cast votes to which the number of shares he or she owns entitles him or her. Shareholders are given the opportunity to approve remuneration matters of the Company's non-executive directors during general meetings, whether regular or special. The last increase in remuneration (annual retainer fee, board and committee meetings per diem) of non-executive directors was approved in 2011.

Non-controlling or minority shareholders have the right to nominate candidates for the Board of Directors. The list of the names of the nominees to the Board of Directors, together with the written consent of the nominees, are filed and submitted to the Nomination Committee through the Office of the Corporate Secretary, at least 30 business days, prior to the date set for the annual meeting wherein they will be elected. The profile of directors seeking election or re-election is included in the Definitive Information Statement.

Voting Procedure in the Annual Stockholders' Meeting

Ayala Land discloses the voting and vote tabulation procedures used, before the Annual Stockholders' Meeting proceedings.

Voting is done by poll or through electronic voting and each stockholder entitled to vote may cast the vote to which the number of shares he owns entitles him. A stockholder may vote manually using the ballot provided to him upon his registration and placing the accomplished ballot in the ballot boxes located at the registration table and inside the ballroom. A stockholder may also vote electronically using any of the 16 computers at the voting station located outside the ballroom.

The paper ballot and the platform for electronic voting set forth the proposed resolutions for consideration by the stockholders and each proposed resolution is shown on the screen in front as it is taken up in the meeting.

The stockholders may cast their votes anytime during the meeting. All votes received are tabulated by the Office of the Corporate Secretary and the results of the tabulation are validated by SyCip Gorres Velayo & Co. (SGV). As the stockholders take up an item in the agenda, the Secretary would report on the votes that have been received and tabulated and the final tally of votes are reflected in the minutes of the meeting including approving, dissenting and abstaining votes for each agenda item.

Ayala Land also allows voting in absentia through the proxy solicitation and voting process.

Minutes of the Annual Stockholders' Meeting

The minutes of the most recent Annual Stockholders' Meeting is posted on the company website. It documents the whole proceeding including the opportunity for stockholders to ask questions or raise issues. It also records the questions raised by stockholders in attendance and answers provided by each respective Board member.

The minutes also contain the list of Board members who attended. Mr. Fernando Zobel de Ayala, the Chairman of the Board of Directors, Mr. Bernard Vincent O. Dy, President and CEO, Mr. Jaime C. Laya, Chairman of the Audit Committee and the rest of the Board members were present during the most recent Annual Stockholders' Meeting. *(Kindly refer to Board Attendance on pg 103 to see the complete list of attendees)*

Venue of the Annual Stockholders' Meeting

For the convenience of stockholders, the most recent Annual Stockholders' Meeting was held at the Grand Ballroom of Fairmont Makati, located at the Central Business District of Metro Manila, in Makati City, Philippines.

4. Appointment of an Independent Party to Evaluate Fairness in Cases of Mergers, Acquisitions and/or Takeovers Requiring Shareholders' Approval

In cases of mergers, acquisitions and/or takeovers requiring shareholders' approval, the Board of Directors may appoint an independent party to evaluate the fairness of the terms of the transaction.

5. Policies or Practices to Encourage Attendance to the Annual Stockholders' Meeting and to Engage Individual and Institutional Shareholders

Ayala Land, through its Investor Communications and Compliance Division (ICCD), ensures the timely disclosure and distribution of notices or invitations on the Annual Stockholders' Meeting to all individual and institutional shareholders.

ICCD also implements active measures to encourage the engagement and participation of all shareholders through email, direct one-on-one discussions, conference calls and quarterly briefings. The President and CEO, Chief Finance Officer and other key members of the Management Team, together with the Head of ICCD, periodically join investor conferences and non-deal roadshows held locally and internationally to ensure a regular discussion with institutional shareholders.

B. EQUITABLE TREATMENT OF SHAREHOLDERS

1. Shares and Voting Rights

Each common and preferred share of Ayala Land entitles the person in whose name it is registered in the books of the Corporation to one vote.

2. Notice of the Annual Stockholders' Meeting

Ayala Land sends a notice to the stockholders at least 21 days before the scheduled date of the Annual Stockholders' Meeting. The notice is composed in English and contains the agenda, the rationale and the explanation for each agenda item which requires stockholder approval.

Ayala Land does not bundle several agenda items into one resolution. We ensure that each resolution taken up during the meeting deals with only one agenda item and the result of the votes for all resolutions taken up in the Annual Stockholders' Meeting is disclosed to the public within the day.

The notice contains the profile in the past five years and personal data of all the Board of Directors including the directors seeking election or reelection.

Auditors seeking appointment or reappointment are also clearly identified in the notice. For 2015, the principal accountant and external auditor of the Company, SyCip, Gorres, Velayo & Company (SGV), was clearly identified and recommended for reelection at the Annual Stockholders' Meeting.

The dividend policy is also sufficiently explained and disclosed in the notice including the total amount payable. Lastly, a proxy form is attached in every notice sent to each stockholder by mail.

3. Prohibition of Insider Trading and Abusive Self-Dealing

Ayala Land has a Trading Blackout Policy in place that prohibits covered persons, which include members of the Board of Directors, all members of the Management Team, consultants, advisers, and other employees, from buying or selling of Ayala Land shares during a prescribed period wherein they have been made aware of undisclosed internal information. This restriction is expanded to include the immediate family members of the parties mentioned.

The prescribed period covers ten (10) trading days before and three (3) trading days after the date of disclosure of quarterly and annual financial results. For cases of non-structured disclosure of other material information, the trading blackout period covers three (3) trading days before and after the date of disclosure.

Outside of the trading blackout period, the Board of Directors and identified key officers are required to submit any change in their beneficial ownership of shares in Ayala Land through the SEC Form 23-B within three (3) business days from the date of the transaction. Prior to this, the Board of Directors and identified key officers are required to submit their initial statement of beneficial ownership of shares in Ayala Land through the SEC Form 23-A within ten (10) days from the date of their appointment. These forms are disclosed to the PSE, SEC and PDEx in a simultaneous manner.

4. Related Party Transactions by Directors and Key Executives

Ayala Land has a Related Party Transactions Policy (RPT) in place to ensure that all related party transactions between Ayala Land, Inc., its subsidiaries, affiliates and other related entities or persons are made on an arm's length basis at normal prices.

Under the RPT policy, all directors and employees of Ayala Land and its subsidiaries are required to promptly disclose any business and family-related transactions with the Corporation and/or its subsidiaries, to ensure that potential conflicts of interest are surfaced and brought to the attention of management.

All employees of the Corporation are also required to complete the mandatory form on Business Integrity and Related Party Disclosure in the month of January of each year. The form requires all employees to disclose any businesses or sources of income other than their employment in Ayala Land and any family member or related party that conducts business with Ayala Land or any of its subsidiaries. This is duly noted by the employee's strategic business unit or group head, and submitted to the Human Resource Group, which collates them in file and monitors compliance thereof.

Further to this, the Corporation also ensures that its independent directors hold no conflict of interest with the Corporation. Independent directors are required to submit to the Corporate Secretary a letter of confirmation stating that they hold no interest in companies affiliated with the Corporation and the management or controlling shareholders of the Corporation at the time of their election or appointment and/or re election as independent directors.

The Corporation requires directors and key management personnel to abstain and/or inhibit themselves from participating in discussions on a particular agenda item when they are conflicted. None of the directors, in his or her personal capacity, has been contracted and compensated by the Corporation for services other than those provided as a director. Non-executive directors receive a remuneration consisting of a fixed annual retainer fee of ₱1,000,000 and a fixed per diem of ₱200,000 for each Board meeting attended.

The policy also defines related party relationships and transactions and sets out the guidelines, categories, and thresholds that will govern the review, approval, and ratification of these transactions by the Board of Directors or shareholders, to ensure that related party relationships have been accounted for and disclosed in accordance with the International Accounting Standards (IAS) 24 on Related Party Disclosures.

To ensure that this policy is practiced in strict compliance, an assessment is undertaken of related party transactions as they happen. In accordance with the Charter of The Board of Directors, the Related Party Transaction Review Committee, composed of three (3) independent, non-executive directors is constituted as the Committee responsible to oversee and review the propriety of RPTs and their required reporting disclosures.

The RPT Review Committee shall approve related party transactions before their commencement. However, material or significant related party transactions will have to be endorsed by the RPT Review Committee to the Board for approval. Materiality thresholds applicable to related party transactions are to be defined and endorsed by the RPT Review Committee to the Board. The Board may, at its option, require that a related party transaction that it has approved, be also submitted to the stockholders for consideration and ratification.

Related party transactions are disclosed in the relevant financial reports of the Corporation as required under International Accounting Standard 24 on Related Party Disclosures and other applicable disclosure requirements. None of the RPTs can be classified as financial assistance to entities other than wholly owned subsidiary companies.

C. ROLE OF STAKEHOLDERS

G4-24

1. Respect for Rights of Stakeholders

We believe that our long-term success rests on the support and contribution of different stakeholders, including our shareholders, customers, business partners, employees, the communities around our developments, the government, non-government organizations (NGOs), and the media.

a. Addressing Customer Welfare, Health and Safety

We recognize that our customers contribute significantly to the success of Ayala Land. As such, we are unrelenting towards further strengthening the trust and confidence of our customers by constantly ensuring on-time delivery of best-in-class products and services.

We continuously sharpen customer focus and our service levels across all customer-facing units through dedicated service and relationship management teams. We also ensure that our products and services perform their intended functions satisfactorily and not post a risk to health and safety.

b. Business Partners and Suppliers Selection Practice

We recognize the rights of all our business partners and we strive to forge long-term and mutually-beneficial relationships with them through impartial dealings and adherence to the highest level of moral and ethical conduct. We grant equal opportunities and promote fair and open competition among vendors and trade partners by encouraging the highest level of productivity, efficiency, quality, and cost-competitiveness.

We accredit suppliers who share the same vision as the Company along these lines, with preference for those who adopt an environmental mindset under our "greening the supply chain" campaign.

To ensure that business partners and suppliers strictly comply with the company policies to prevent the occurrence of fraudulent activities, the Internal Audit Division conducts vendor audit in accordance with the provision in the Vendor's Code of Ethics.

c. Community Interaction and Engagement

We are aware that our projects have a significant impact in the areas where we operate. We are dedicated to improving the quality of life not only of our customers but also the families and people in the communities that surround our developments, and the society as a whole.

We consistently work hand in hand with the Philippine government, both at the national and local levels, to address various social issues. We constantly seek to partner with the public sector in developing business solutions, initiatives, and infrastructure platforms that may serve as catalysts for social progress and contribute to raising the standard of living of people in the communities we serve and develop.

Our strategic presence through our various developments across the Philippines helps us create new opportunities for employment and productivity. We prioritize local hiring and consciously allocate space for homegrown businesses, to help foster local economic growth well into the future.

We team up with reputable NGOs and corporate foundations for their expertise in providing meaningful and effective engagement with the communities that we serve. We also make available additional resources to augment their capacity and capability to increase their contribution to society. We have lasting partnerships with established NGOs who assist us in addressing some of the needs of the communities surrounding our developments, through livelihood programs and employment opportunities.

We likewise coordinate with Ayala Foundation for the provision of educational grants to qualified students in public schools accross the country.

d. Employee Health, Safety and Welfare

We have key programs in place to ensure the health, safety and welfare of our employees.

All our employees undergo annual physical examinations and regular flu, cervical, and pneumonia vaccinations. Employees receive health risk assessments and timely information on prevention of serious diseases. We also provide extensive health insurance coverage for both employees and eligible family members. We have our own clinic with a company nurse and doctor available to employees.


Employees participate in Alviera Book Drive


Sicogon Livelihood Program

We have a Safety Council that monitors the implementation of safety practices. For our construction projects, we mandate the use of personal protective equipment, safety glasses, and dust masks among construction personnel. We have a detailed Emergency Response Plan in place and regular drills for fire, earthquake, and emergency are conducted.

We also believe in the holistic development of our talents. We offer quality training opportunities and custom-fit courses under the Individual Development Plan process that enables our employees to upgrade their skill-set and perform at optimum levels. These training modules cover business and technical knowledge, skills-building, values, ethics, and corporate governance.

Ayala Land conducted a total of 4,232 training hours translating to 84 training sessions. MDC conducted a total of 3,542 training hours under different programs such as level-based Leadership Development program, Development program for Critical Positions, Skilled Workers TESDA NC II Certification, Safety and Quality Culture Building programs and other Technical and Competency-based training. APMC registered a total of 14,954 training hours composed of training sessions under various service improvement programs.

We also provide level-appropriate training programs such as Professionals-in-Development (PID) program, Associate Managers, New Manager's Boot Camp, and internal trainings custom-made for each unit of the Corporation.

All matters related to the health, safety, and welfare of employees, including training and development programs, rewards and compensation are provided in the Annual Corporate Governance Report and will be fully discussed in the Sustainability Report to be released in September 2016.

Ayala Land has a reward or compensation policy that accounts for the performance of the company beyond short-term financial measure. In particular, the Company implements an Employee Stock Ownership (ESOWN) Plan to introduce into the Company's performance and rewards systems a long-term perspective to complement the short-term components and mechanisms that are in place. This is meant to encourage decision-makers to balance short-term with long-term goals and objectives.

For employee complaints concerning illegal and unethical behavior, a Whistleblowing Policy is in place to report any individual or organization that becomes aware of, or suspects any irregularity or misconduct by employees through secure channels.

e. Sustainability Reporting

We strongly adhere to best sustainable practices in the delivery of our products and services. In this Annual Report, we present selected sustainability metrics alongside key financial and operational highlights as steps towards integrated reporting. We present more examples of our Four Sustainability Focus Areas in the Business Review section, reflecting how our different business units were able to implement sustainability to redefine everyday living for the Filipino.

We will release a detailed and comprehensive Sustainability Report in September which will discuss all our material sustainability metrics and outcomes. The Sustainability Report will follow the Global Reporting Initiative (GRI) guidelines and will be externally-assured by an independent third-party. This will allow us to provide in-depth discussions on our positive and negative impacts, and provide our stakeholders with reliable information on the sustainability performance of the Company.

f. Anti-corruption Programs and Procedures
G4-56, G4-57, G4-58

Whistleblowing Policy

Our Whistleblowing Policy includes employees of Ayala Land, subsidiaries, affiliates, agents, suppliers or vendors, customers, and the general public. The policy defines conditions or concerns which can be reported by any individual or organization that becomes aware of, or suspects any irregularity or misconduct by employees through secure channels.

We believe that it is of primary importance that we must operate in full compliance with applicable laws, rules, and regulations. Therefore, all employees are expected to exemplify the behavior and professional demeanor consistent with such laws, rules, and regulations, as well as the Company's applicable policies and procedures. Also, business partners and suppliers must share and embrace the spirit of commitment to these sets of standards.

All employees, business partners and suppliers, or other stakeholders are encouraged and empowered to report their concerns should they suspect or become aware of any illegal or unethical activities. This can be done through the Ayala Land Business Integrity Channels.

Business Integrity Channels

We established Business Integrity Channels that serves as direct communication points for employees, third-party business partners and other concerned stakeholders to freely report fraud, violations of laws, rules, and regulations, or misconduct to people of authority without fear of retaliation. These secured channels provide concerned individuals all possible means to come forward and report their concerns, either through electronic mail, telephone, fax, post mail, website or face-to-face discussions.

These channels are spearheaded by the Ayala Land Ethics Committee. The Ethics Committee, which has a direct reporting line to the Audit and Risk Committee, is chaired by the Head of the Human Resource Division, and is composed of selected members from the Internal Audit Division (IAD), Risk Management Division, and Ayala Group Legal Counsel. The committee evaluates and resolves concerns received via the business integrity channels to ensure just and prompt resolution.

The Ayala Land Business Integrity Channels receive all reports from whistleblowers on the following:

- Conflicts of Interests
- Misconduct or Policy Violations
- Theft, Fraud or Misappropriation
- Falsification of Documents
- Financial Reporting Concerns
- Retaliation Complaints

The Ayala Land Business Integrity Channels accepts reports made anonymously. The whistleblower who files a report may choose to provide the manner by which he or she can be contacted without jeopardizing his anonymity. Such means include, but not limited to, using an e-mail address, or a mobile number, among others. If the whistleblower chooses to identify himself or herself, the recipient of the report from any of the Reporting Channels shall ask the whistleblower if he or she is willing to be identified in the course of the investigation.
After the investigation has been completed, and the report is substantiated, the Committee informs the Respondent's Company's HRD about the report for appropriate action. The Respondent's Company HRD shall coordinate with the Committee in conducting a full investigation in accordance with applicable Company policies and procedures.

The Committee will ensure the confidentiality of the information and will treat all reports, including the identity of the whistleblower, confidential, unless compelled by law to reveal such information. By reporting through any of the Ayala Land Business Integrity Channels, a whistleblower is protected from any retaliation, provided that the report is made in good faith. Cases of retaliation against any whistleblower may be reported through any of the Ayala Land Business Integrity Channels.

The retaliation complaint shall be dealt with in accordance with the policy, or other relevant Company policies and procedures, and any applicable laws.

g. Safeguarding Creditor's Rights

We acknowledge the rights of our creditors as stakeholders and we are committed to honoring our contracted financial obligations and any financial covenants these may contain. We present creditors with readily available information required to evaluate the Company's credit standing.

h. Provision of Contact Details in Case of Concerns or Complaints

The contact numbers and email addresses for questions, concerns or complaints are made publicly available on the back cover of the Annual Report and the corporate website to ensure that all stockholders can get in touch directly with Ayala Land and its subsidiaries anytime for possible violation of their rights.

D. DISCLOSURE AND TRANSPARENCY

We are committed to the highest standards of disclosure, transparency, and fairness in information dissemination. We provide the public with strategic operating and financial information through adequate and timely disclosure submitted to regulatory authorities such as SEC, PSE, and PDEx.

Along with regular periodic reports, we disclose any and all material information about the Company that may have an impact on the Company's valuation, and therefore, its stock price, and the trading volume of its securities.

All disclosures are immediately posted on our Investor Relations website and may be accessed through the following link: http://ir.ayalaland.com.ph/Disclosures.aspx

1. Transparent Ownership Structure

Consistent with SEC requirements, we disclose the list of beneficial owners owning more than 5 percent of the company's total outstanding stock, on a quarterly basis. We also disclose the direct and indirect shareholdings of directors and senior management. This is also aligned with our Insider Trading Policy, where all directors and officers are required to disclose their transaction in shares of the company within three working days from the date of transactions.

We also disclose the details of the parent or holding company, subsidiaries, associates, joint ventures and special purpose enterprises or vehicles in the IR website, SEC 17A, 17Q reports, Definitive Information Statements, Annual Report and ACGR.

None of the members of the Company's directors and management owns 2 percent or more of the outstanding capital stock of the Company.

2015 DISCLOSURES

Unstructured Disclosures

- Consolidated changes in the 2014 Annual Corporate Governance Report
- Ayala Land Executive Committee approves P16B top up placement
- Ayala Land completed P16B equity placement
- Retirees as of December 2014
- Change in the number of outstanding shares
- Notice and agenda of the 2015 Annual Stockholders' Meeting
- Analyst Briefing invitation on FY 2014 results
- Ayala Land acquires additional shares of Anglo Philippine Holdings Corp in NTDCC
- Ayala Land acquires shares of Allante Realty and Development Corp. and DBH, Inc. in NTDCC
- Press release on FY 2014 results
- Declaration of cash dividends
- Results of the board meeting
- Detailed notice and agenda of the 2015 Annual Stockholders' Meeting
- Attendance of officers in Corporate Governance seminars
- LLEDP pre-qualification submission
- PSE Corporate Governance Guidelines Report
- Ayala Land acquisition of shares in MCT BHd
- Results of the Organizational Meeting of the Board
- Ayala Land acquires Aegis People Support Realty Corp
- Analyst Briefing invitation on 1Q 2015 results
- Attendance of officers in Corporate Governance seminars
- SEC Certification of Independent Directors
- ESOWN grant
- Ayala Land signs call option agreement on acquisition of MCT BHd
- Press Release on 1Q 2015 results
- Change in directors and/or officers
- SM – Ayala Land Consortium wins bid in SRP lot
- Press Release on 1H 2015 results
- Ayala Land wins bid for ITS South Project
- Ayala Land to acquire shares in Prime Orion Philippines, Inc.
- Declaration of cash dividends
- Results of the Organizational Meeting of the Board
- Updated 2015 Annual Corporate Governance Report
- Ayala Land increase in stake in MCT BHd
- Analyst Briefing Invitation on 9M 2015 results
- Press release on 9M 2015 results
- Ayala Land extends due diligence related to the acquisition of shares in Prime Orion Philippines, Inc.
- Results of the Organizational Meeting of the Board
- Attendance of officers in Corporate Governance seminars
- 2015 Board Attendance

News Clarifications

- ALI's P21B bonds gets highest rating (PhilStar)
- ALI upbeat on 2015 prospects looking at P10B debt (Manila Bulletin)
- AboitizLand to start P3B housing venture with ALI (Manila Bulletin)
- Ayala Land expands to Malaysia
- Ayala Land in talks with banks for P11b loan (BusinessWorld)
- Ayala Land to raise P13B more via debt (BusinessMirror)
- ALI to spend $124M to triple current MCT shareholdings (PhilStar)
- Clark prospect lures property majors (BusinessWorld)
- Ayala Land defers bond sale to manage liabilities (BusinessWorld)
- Ayala Land allots P70B for Cavite Towship (BusinessMirror)
- Ayala Land reins in land bank spending, cuts capex (BusinessWorld)
- ALI mulls ringgit loan to fund Malaysian deal (BusinessWorld)
- Ayala Land prepares for P90B funding (Malaya Business Insight)

SECURITY OWNERSHIP OF DIRECTORS AND MANAGEMENT (EXECUTIVE OFFICERS) AS OF JANUARY 31, 2016:

G4-7

	Title of Class	Amount and Nature of Beneficial Ownership	Citizenship	Percent (of total outstanding Shares)
DIRECTORS				
Fernando Zobel de Ayala	Common	(direct) 12,000	Filipino	0.00004%
Jaime Augusto Zobel de Ayala	Common	(direct) 12,000	Filipino	0.00004%
Bernard Vincent O. Dy	Common	(direct & indirect) 10,536,167	Filipino	0.03795%
Antonino T. Aquino	Common	(direct & indirect) 20,305,226	Filipino	0.07314%
Vincent Y. Tan	Common	(direct & indirect) 12,950,871	Canadian	0.04665%
Jaime C. Laya	Common	(direct) 10,000	Filipino	0.00004%
Delfin L. Lazaro	Common	(direct) 1	Filipino	0.00000%
Francis G. Estrada	Common	(direct) 1	Filipino	0.00000%
Rizalina G. Mantaring	Common	(direct) 1	Filipino	0.00000%
SENIOR MANAGEMENT				
Arturo G. Corpuz	Common	(direct & indirect) 6,195,761	Filipino	0.02232%
Raul M. Irlanda**	Common	(direct & indirect) 1,034,604	Filipino	0.00373%
Emilio Lolito J. Tumbocon**	Common	(direct & indirect) 8,938,585	Filipino	0.03220%
Jaime E. Ysmael	Common	(direct & indirect) 8,848,635	Filipino	0.03187%
Dante M. Abando	Common	(direct & indirect) 3,333,264	Filipino	0.01201%
Leovigildo D. Abot	Common	(direct & indirect) 477,773	Filipino	0.00172%
Augusto D. Bengzon	Common	(indirect) 2,067,444	Filipino	0.00745%
Aniceto V. Bisnar, Jr.	Common	(direct & indirect) 1,516,701	Filipino	0.00546%
Manny A. Blas II	Common	(direct & indirect) 1,534,308	Filipino	0.00553%
Ma. Corazon G. Dizon**	Common	(direct & indirect) 1,141,495	Filipino	0.00411%
Anna Ma. Margarita B. Dy	Common	(indirect) 5,299,857	Filipino	0.01909%
Myrna Lynne C. Fernandez*	Common	(indirect) 800,500	Filipino	0.00288%
Jose Emmanuel H. Jalandoni	Common	(indirect) 5,383,260	Filipino	0.01939%
Jose Juan Z. Jugo	Common	(indirect) 460,787	Filipino	0.00166%
Laurent P. Lamasuta	Common	(indirect) 2,378,791	Filipino	0.00857%
	Preferred	(indirect) 1,977,234		0.00712%
Robert S. Lao	Common	(indirect) 594,648	Filipino	0.00214%
Michael Alexis C. Legaspi	Common	(indirect) 3,651,853	Filipino	0.01315%
Joselito N. Luna	Common	(direct & indirect) 3,760,955	Filipino	0.01355%
Christopher B. Maglanoc	Common	(indirect) 506,485	Filipino	0.00182%
Romeo T. Menpin, Jr.	Common	(direct & indirect) 251,051	Filipino	0.00090%
William Thomas F. Mirasol	Common	(indirect) 186,146	Filipino	0.00067%
Rodelito J. Ocampo	Common	(direct & indirect) 1,303,090	Filipino	0.00469%
Angelica L. Salvador	Common	(direct & indirect) 1,008,190	Filipino	0.00363%
Ma. Rowena Victoria M. Tomeldan	Common	(direct & indirect) 1,249,281	Filipino	0.00450%
Solomon M. Hermosura	Common	(direct) 480	Filipino	0.00000%
	Preferred	(direct) 480		0.00000%
All Directors and Officers as a group		**107,727,925**		**0.388011%**

** Vice President effective January 1, 2016.*

***Retired effective December 31, 2015.*

2. External Auditor and Auditor Report

The principal accountant and external auditor of the Company is the accounting firm of Sycip, Gorres, Velayo and Co. (SGV) with Ms. Jessie D. Cabaluna as the Partner-in-Charge for the 2015 audit year.

a. Audit and Audit-related fees

Ayala Land and its various subsidiaries and affiliates paid SGV the following fees in the past two years (in Php million; with VAT). Non-audit fees do not exceed the audit fees.

	Audit & Audit-related Fees	Tax Fees	Other Fees
2015	22.69*	-	1.95**
2014	19.01*	-	0.13**

** Pertains to audit fees.*
***SGV fees for the validation of stockholders' votes during the annual stockholders' meeting and other assurance fees.*

3. Medium of Communications

We address the various information requirements of the investing public through our Investor Communications and Compliance Division, which reports directly to the CFO.

a. Quarterly Briefings and One-on-one Meetings

We conduct quarterly briefings for both equity and credit analysts and communicate directly with institutional and individual investors through one-on-one meetings, conference calls and written communications such as electronic mail.

Analysts and investors who are unable to attend our quarterly briefings in person are also invited to participate through a teleconference facility.

We also have a continuing program of enhancing our Investor Relations website, which includes the podcasts of our quarterly briefings.

CFO Jaime Ysmael presenting during the FY 2015 Analysts' Briefing at The Mind Museum, BGC last February 2016

b. IR Website

All information on Corporate Governance and Investor Relations-related matters are available online at http://www.ir.ayalaland.com.ph.

c. Roadshows and Conferences

Throughout the year, our CEO, CFO, Head of ICCD, and other members of senior management (where appropriate) make themselves available for meetings with institutional investors through pre-arranged company visits, teleconferences, analyst briefings and attendance in local and international investor conferences, corporate days and non-deal roadshows.

In 2015, senior management met with institutional investors and fund managers in 18 conferences and corporate day events held in Manila and other key cities across the globe.

d. Property Tours and Site Visits

Ayala Land welcomes analysts and investors to have an actual visit of various Ayala Land property developments on a scheduled basis.

Investors' tour of Arca South in October 2015

e. Media Briefings

Our Corporate Communications Division engages the media on a regular basis through multiple channels such as media conferences, briefings, news releases, fact sheets, social gatherings, one-on-one meetings and through third-party consultants.

We occasionally support media-initiated causes and events that are aligned with our principles and advocacies.

E. BOARD RESPONSIBILITIES

The Board is the supreme authority on matters of governance and in managing the business of the Corporation. It shall be the Board's responsibility to promote and adhere to the principles and best practices of corporate governance and to foster the long-term success of the Corporation and secure its sustained competitiveness in the global environment in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its shareholders and other stakeholders.

To ensure good governance of the Corporation, the Board establishes the vision and mission and strategic objectives and key policies and procedures for management of the Corporation, as well as the mechanism for monitoring and evaluating management's performance.

A minimum quorum of at least two-thirds is required for board decisions.

The Board shall have the following duties, powers and attributes, in addition to those assigned to it by the Corporation Code or other applicable laws and the By-Laws which are not set forth herein:

(a) Determine the period, manner and conditions under which the Corporation shall engage in the kinds of business comprised in the second article of the articles of Incorporation;

(b) Review the Vision and Mission statement of Corporation every year;

(c) Determine the manner in which the capital shall be invested, subject to the provisions of the Articles of Incorporation and By-Laws;

(d) Make rules for the internal regulation of the Corporation;

AYALA LAND BOARD OF DIRECTORS

Members	Position	Nature of Appointment
Fernando Zobel de Ayala	Chairman	Non-executive
Jaime Augusto Zobel de Ayala	Vice Chairman	Non-executive
Antonino T. Aquino	Director	Non-executive
Bernard Vincent O. Dy	Director	Executive
Francis G. Estrada	Director	Non-executive/ Independent
Jaime C. Laya	Director	Non-executive/ Independent
Delfin L. Lazaro	Director	Non-executive
Rizalina G. Mantaring	Director	Non-executive/ Independent
Vincent Y. Tan	Director	Non-executive

G4-38, G4-39, G4-40, G4-42, G4-47, G4-48, G4-49, G4-50

(e) Create committees and other bodies it may deem advantageous or necessary in running the affairs of the Corporation; appoint advisory directors who can participate in Board deliberations but whose functions shall strictly be advisory and are non-voting; appoint Executive Vice-Presidents, Senior Vice-Presidents, Vice-Presidents and Assistant Vice-Presidents, who need not necessarily be members of the Board, Attorney's-in-Fact, Managers, Assistant Managers, Assistant Secretaries and Legal Counsel for the Corporation, Members of the Proxy Validation Committee, and fix their duties and powers;

(f) Determine the creation of branches, agencies, office departments of any class, under conditions it may deem convenient;

(g) Decide as to the safekeeping of the funds of the Corporation, open current accounts, fixed deposit accounts and savings accounts with any bank authorized to operate in the Philippines and/or abroad;

(h) Approve the budgets and general expense accounts of the Corporation each year;

(i) Fix annually the percentage to be written off on all capital expenditures of the Corporation such as buildings, furniture and fixtures, etc. and determine the distribution of profits and dividends;

(j) Submit annually during the regular general meeting of stockholders the Balance Sheet, Income Statement and Annual Report on the condition of the Corporation;

(k) Call special meetings;

(l) Authorize any other person or persons it may deem fit to purchase, sell or mortgage the real or personal properties of the Corporation;

(m) Authorize any other person or persons it may deem fit to cancel mortgages or pledges executed as securities for loans and bonds when the mortgages have been repaid to the Corporation and when the bonds have been cancelled;

(n) Determine the time and manner of issuance of unissued stocks of the Corporation;

(o) Fix the budget of administration expenses;

(p) Determine the manner and conditions under which employees of the Corporation shall be granted pensions, retirement gratuity or life insurance protection;

(q) Institute, maintain, defend, compromise or drop any litigation in which the Corporation or its officers may be interested in as plaintiff or Corporation and grant extension of time for the payment or settlement of any indebtedness in favor of the Corporation;

(r) Settle any doubts that may arise relative to the interpretation of the Corporation's By-Laws and supply any omissions, reporting thereon to the stockholders' general meeting for such action as it may see fit to take;

(s) Conduct an annual assessment of the performance of the Board, its individual members, its committees, the President and CEO, and its other key officials; adopt a clear procedure and criteria to be used for the performance assessment; and engage an external consultant to facilitate the Board assessment at least once every three (3) years;

(t) Ensure that all directors, executives and employees adhere to the Corporation's Code of Ethics;

(u) Obtain a regular update from the Corporation's Management Committee on any issues concerning the Corporation's strategy, risk management and compliance; and the status of the implementation of the Corporation's strategy including variances from the approved plans and targets;

(v) Based on the report by the Audit Committee, and with the help of independent directors, approve the financial statements of the Corporation;

(w) Approve the annual plans and budget of the Corporation, as well as the corresponding investments and personnel movements;

(x) Approve individual transactions or projects that are worth at least one billion pesos.

The Board is guided by the Corporation's mission and vision in the fulfillment of its functions. The Board conducts a review of the Company's vision and mission, strategies and corporate governance practices on an annual basis and provides necessary improvements.

In line with this, the Board also ensures the adequacy of internal controls and risk management practices, accuracy and reliability of financial reporting, and compliance with applicable laws and regulations, together with the implementation of the Company's Code of Ethics.

1. Board Structure

The Board is composed of nine (9) members (each a "member" or "director"), more than 50 percent of whom are independent and/or non-executive directors.

A director shall exercise due discretion in accepting and holding directorships outside of Ayala Land, Inc. A director may hold any number of directorships outside of the Company provided that in the director's opinion, these other positions do not detract from the director's capacity to diligently perform his duties as a director of the Corporation.

2. Independent Directors

Independent directors may serve for a period of not more than nine (9) years. Independent directors shall hold no more than five (5) board seats in any group of publicly-listed companies and executive directors shall hold no more than two (2) board seats in listed companies outside the Corporation's group.

INDEPENDENT DIRECTORS
Francis G. Estrada-*Chairman of the Nomination and Personnel and Compensation Committee*
Jaime C. Laya-*Chairman of the Audit and Sustainability Committee*
Rizalina G. Mantaring-*Chairman of the Risk and Related Party Transactions Committee*

Each independent director should not hold any interest and relationship with the Corporation that may hinder his or her independence from the Corporation or management or interfere with his or her exercise of independent judgment in carrying out the responsibilities of a director.

Independent directors submit to the Corporate Secretary a letter of confirmation stating that he or she holds no interests affiliated with the Corporation, management or controlling shareholder at the time of his or her election or reelection as a director for purposes of compliance with the legal requirement on independent directors,

(a) Officers, executives and employees of the Corporation may be elected as directors but cannot and shall not be characterized as independent directors;

(b) If a director elected or appointed as an independent director subsequently becomes an officer or employee of the Corporation, the Corporation shall forthwith cease to consider him or her as an independent director;

(c) If the beneficial security ownership of an independent director in the Corporation or in its related companies exceeds two (2) percent, the Corporation shall forthwith cease to consider him or her as an independent director until the beneficial security ownership of the director is reduced to two (2) percent or lower; and

(d) Independent directors are not entitled to receive options, performance shares and bonuses except pursuant to a resolution approved by stockholders owning at least a majority of outstanding capital stock.

The Corporation shall, as appropriate, provide each independent director with technical support staff to assist in performing his or her duties.

An independent director may, when necessary, also request and receive support from executives, employees or outside professionals such as auditors, advisers and counsel to perform his or her duties. The Corporation shall cover the reasonable expenses in providing such support.

As a company listed in the PSE, Ayala Land exceeds the regulatory requirement of having at least two independent directors on the Board. Ayala Land has three independent directors equivalent to thirty-three (33) percent of the nine-man board.

3. Board Committees

G4-45, G4-46

The Board may create committees as it may deem necessary to support it in the performance of its functions and in accordance with the By-Laws and to aid in good governance.

The Board may delegate part of its rights and responsibilities to any of its committees. The committees shall be composed of Board members specifically chosen for their particular background and areas of expertise that will allow them to adequately perform the functions assigned to their committee. The rights and responsibilities of each Board committee may be defined in greater detail in specific committee charters duly approved by the Board.

PROFILE DETAILS OF AYALA LAND BOARD OF DIRECTORS

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual /Special Meeting)	No. of years served as director
Fernando Zobel de Ayala	NED	Ayala Corp.	Melany Donato	4/1999	04/6/2015	Annual Meeting	16 (Chairman)
Jaime Augusto Zobel de Ayala	NED	Ayala Corp.	Melany Donato	6/1988	04/6/2015	Annual Meeting	26
Antonino T. Aquino	NED	Ayala Corp.	Melany Donato	4/2009	04/6/2015	Annual Meeting	6
Bernard Vincent O. Dy	ED	Ayala Corp.	Melany Donato	4/2014	04/6/2015	Annual Meeting	1
Francis G. Estrada	ID	N.A	Melany Donato (not related with Mr. Estrada)	4/2008	04/6/2015 - 7 years	Annual Meeting	7
Jaime C. Laya	ID	N.A	Melany Donato (not related with Mr. Laya)	4/2010	04/6/2015 - 5 years	Annual Meeting	5
Delfin L. Lazaro	NED	Ayala Corp.	Melany Donato	4/1996	04/6/2015	Annual Meeting	19
Rizalina G. Mantaring	ID	N.A	Melany Donato (not related with Mrs. Mantaring)	4/2014	04/6/2015 - 1 year	Annual Meeting	1
Vincent Y. Tan	NED	Ayala Corp.	Melany Donato	4/2014	04/6/2015	Annual Meeting	1

The Board adopts, for each Board committee a charter providing, among others, the composition of the Board Committee, the qualifications of the members, the powers, duties and responsibilities of the Board Committee and the rules governing the exercise of those powers or performance of the duties and responsibilities.

The Board constitutes an Executive Committee, an Audit Committee, a Risk Committee, a Nomination Committee, a Personnel and Compensation Committee, a Related Party Transactions Review Committee, and a Sustainability Committee.

a. Executive Committee

The Board may appoint from among its members an Executive Committee composed of not less than three (3) members, a majority of whom shall be citizens of the Philippines, and shall designate one of such members as Chairman of the Executive Committee. The Executive Committee has to be composed in such a way that it possesses, as a group, the necessary knowledge, skills and experience required to properly perform its duties.

The Executive Committee shall regularly review its composition, taking into account the evolving requirements of the Company, and best practices in corporate governance.

MEMBERS OF EXECUTIVE COMMITTEE

Director	Designation
Fernando Zobel de Ayala	Chairman (NED)
Jaime Augusto Zobel de Ayala	Member (NED)
Antonino T. Aquino	Member (NED)
Bernard Vincent O. Dy	Member (ED)
Delfin L. Lazaro	Member (NED)

The Executive Committee, in accordance with the authority granted by the Board, or during the absence of the Board, shall act on a minimum quorum of at least two-thirds (2/3) of its members on such specific matters within the competence of the Board of Directors as may, from time to time, be delegated to the Executive Committee in accordance with the Corporation's By-Laws, except with respect to:

i. approval of any action for which shareholders' approval is also required; filling of vacancies in the Board or in the Executive Committee;

ii. the amendment or repeal of By-Laws or the adoption of new By-Laws;

iii. the amendment or repeal of any resolution of the Board of Directors, which, by its express terms, is not so amendable or repealable;

iv. distribution of cash dividends; and

v. the exercise of powers delegated by the Board exclusively to other committees, if any.

An act of the Executive Committee which is within the scope of its powers shall not require ratification or approval for its validity and effectivity, provided, however, that the Board of Directors may, at any time, enlarge or redefine the powers of the Executive Committee.

The Executive Committee shall perform such other functions as may be properly delegated to it by the Board.

The Executive Committee shall be guided by the Company's mission and vision in the fulfillment of its functions.

b. Audit Committee

The Committee consists of three (3) directors entirely non-executive, majority of whom are independent directors. An independent director is the chair of the Committee and is responsible for ensuring the effective interaction among Committee members and with Management and the internal and independent auditors. Each member has an adequate understanding of accounting and auditing in general and of the Corporation's financial management systems and environment in particular. At least one (1) member has an auditing experience and accounting expertise.

MEMBERS OF AUDIT COMMITTEE

Director	Designation
Jaime C. Laya	Chairman (ID)
Antonino T. Aquino	Member (NED)
Rizalina G. Mantaring	Member (ID)

The Committee supports the corporate governance process through the provision of checks and balances. Specifically, it shall be responsible for the following:

Finance Reporting

i. Reviewing the financial statements and all related disclosures and reports certified by the Chief Financial Officer and released to the public and/ or submitted to the SEC and for compliance with both the internal financial management handbook and pertinent accounting standards, including legal and regulatory requirements.

ii. Reviewing the quarterly, half-year and annual financial statements before submission to the Board, focusing on changes in accounting policies and practices, major areas of judgement, significant adjustments resulting from the audit, going concern assumptions, compliance with accounting standards, tax, legal, and stock exchange requirements.

iii. Reviewing and approving management representation letter before submission to the independent auditor.

iv. Ensuring that a transparent financial management system, supported by a Procedures and Policies Handbook that will be used by the entire organization, is established to ensure the integrity of internal control activities throughout the Corporation.

v. Elevating to international standards the accounting and auditing processes, practices and methodologies.

vi. Ensuring that actions and measures, in case of error or fraud is found in the financial statements and related disclosures, are in place and followed.

vii. Reviewing unusual or complex transactions including all related party transactions.

viii. Communicating with legal counsel covering litigation, claims, contingencies or other significant legal issues that impact the financial statements.

Internal Audit

i. Reviewing and approving the Internal Audit Charter and subsequent revisions thereto for approval of the Board. The Internal Audit Charter shall be periodically reviewed to ensure alignment with the International Standards for the Professional Practice of Internal Auditing (ISPPIA).

ii. Setting up the Internal Audit Division, including the appointment of the Chief Audit Executive (CAE). The Committee shall establish and identify the reporting line of the CAE so that the reporting levels allow the internal audit activity to fulfill its responsibilities. The CAE shall report directly to the Committee functionally. The Committee, having appointed the CAE, shall also concur in his/her replacement, reassignment or dismissal. The Committee shall set up the qualification criteria for internal auditors.

iii. Ensuring that the Internal Auditors have free and full access to all the Corporation's records, properties and personnel relevant to and required by their function and that the Internal Audit Division shall be free from interference in determining its scope, performing its work and communicating its results.

iv. Approving the Annual Internal Audit Work Plan and all deviations therefrom, ensuring that the audit resources are reasonably allocated to the areas of highest risk.

v. Reviewing reports of the Internal Auditors and regulatory agencies, where applicable, ensuring that management is taking appropriate corrective actions in a timely manner, including addressing internal control and compliance issues.

vi. Reviewing Internal Audit Division's periodic reports and the Internal Audit Annual Report. Periodic reports shall highlight the status of projects in accordance with the audit plan approved by the Committee, as well as any unplanned projects. Such reports shall include a summary of key findings and recommendations, including the status of implementation. The Annual Report shall discuss the Internal Audit Division's activities and performance relative to the audit plans and strategies approved by the Committee.

vii. Conducting separate meetings with the CAE to discuss any matter that the Committee or the auditors may deem necessary to be discussed privately.

viii. Providing inputs on the performance of the Internal Audit Division and communicating or discussing such inputs with the CFO who shall then translate these into a performance appraisal applicable to the CAE and the Internal Auditors taken as a whole.

ix. Instituting special investigations as necessary, and if appropriate, hiring special counsel or experts to provide the necessary assistance.

x. Reviewing evaluation of compliance with the Code of Conduct for management.

Independent Audit

i. Recommending the appointment and removal of the Independent Auditors and the fixing of their remuneration to the Board. The Committee shall conduct an assessment of independence and professional qualifications and competence of the independent auditor and ensure that a rotation process is observed in the engagement of independent auditor.

ii. Reviewing and pre-approving the Independent Auditor's plans one (1) month before the conduct of external audit to understand the basis for their risk assessment and financial statement materiality, including the scope and frequency of the audit. In this regard, the Committee shall discuss with the Independent Auditors, before the audit commences, the nature and scope of the audit, and ensure cooperation when more than one professional service firm is needed. In addition, the Committee shall review compliance of independent auditor with auditing standards.

iii. Monitoring the coordination of efforts between the independent and internal auditors.

iv. Reviewing the reports of the Independent Auditors and regulatory agencies, where applicable, and ensuring that management is taking appropriate corrective actions in a timely manner, including addressing control, governance and compliance issues.

v. Conducting a separate meeting in executive session, with the Independent Auditors to discuss any matter that the Committee or Independent Auditors believe should be discussed privately, including the results of the audit, year-end financial statements, the quality of management, financial and accounting controls.

vi. Reviewing and approving the proportion of audit versus non-audit work both in relation to their significance to the Independent Auditor and in relation to the Corporation's year-end financial statements, and total expenditure on consultancy, to ensure that non-audit work will not be in conflict with the audit functions of the Independent Auditor. The amount of both audit and non-audit work of Independent Auditors shall be disclosed in the annual report.

vii. Ensuring that there is a process in place for understanding disagreements between the independent auditor and the management of the Corporation.

c. **Risk Committee**
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The Committee is composed of three (3) members, at least one of whom is an independent director who is the Chairman. Each member possesses an adequate understanding of the management, assessment and mitigation of risks to which the Corporation is or may be exposed to.

MEMBERS OF RISK COMMITTEE

Director	Designation
Rizalina G. Mantaring	Chairman (ID)
Antonino T. Aquino	Member (NED)
Jaime C. Laya	Member (ID)

The Committee shall have the following authority, roles and responsibilities:

i. Ensure that an overall set of risk management policies and procedures exist for the Corporation.

ii. Review the adequacy of the Corporation's risk management framework or process.

iii. Review the results of the annual risk assessment done by the Chief Risk Officer(CRO), including the risks identified and their impact or potential impact on the Corporation's business and the corresponding measures to address such risks.

iv. Evaluate the risk assessment report submitted by the CRO on a periodic basis, which may include existing and emerging risks faced by the Corporation and/or its subsidiaries as well as the risk mitigation strategies and action plans adopted by Management.

v. Monitor the risk management activities of the Corporation and evaluate the effectiveness of the risk mitigation strategies and action plans, with the assistance of the internal auditors. This includes ensuring that the Corporation maintains a framework for fraud prevention and detection (i.e. Whistleblower Program) and plans for business continuity (i.e. Business Continuity Plan)

vi. Meet periodically with Management to discuss the Committee's observations and evaluation on its risk management activities.

d. Nomination Committee

The Committee is composed of at least three (3) members and as far as practicable, with independent directors as majority.

MEMBERS OF NOMINATION COMMITTEE

Director	Designation
Francis G. Estrada	Chairman (ID)
Antonino T. Aquino	Member (NED)
Fernando Zobel de Ayala	Member (NED)

The Committee has the following powers, duties and responsibilities:

i. Establish and maintain a process to ensure that all candidates or nominees for election as directors at the Annual Stockholders' Meeting are qualified in accordance with the By-laws, Manual of Corporate Governance and relevant laws, rules and regulations, and possess none of the disqualifications stated in the Corporation's Revised Code of Corporate Governance.

ii. Encourage the selection of a mix of competent directors, each of whom can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. In the selection of candidates, the objectives set by the Board regarding its composition are to be seriously considered, as well as the required knowledge, abilities and experience needed to successfully manage the Corporation. Careful attention is given to ensure that there is independence and diversity, and appropriate representation of women in the Board, subject to the possession of the knowledge, abilities and experience determined by the Board as necessary for the Board to properly perform its functions.

iii. Review and evaluate the qualifications of persons nominated to positions in the Corporation, which require appointment by the Board, and provide guidance and advice as necessary for the appointments of persons nominated to other positions.

iv. Review and disclose succession plans for members of the Board, and officers for the position of Group Directors to the President/CEO.

v. Provide assessment of the Board's effectiveness in directing the process of renewing and replacing Board members and in appointing officers or advisors and develop, update as necessary and recommend to the Board policies for considering nominees for directors, officers or advisors.

vi. Discharge any other duties and responsibilities delegated to the Committee by the Board from time to time. The Committee shall be guided by the Corporation's mission and vision in the fulfillment of its functions.

Process and Criteria for Nominations to the Board

The Committee shall observe the following processes and criteria in receiving and evaluating nominations to the Board in line with the Corporation's strategic directions:

1. Receive all written nominations to the Board submitted by stockholders at least thirty (30) business days before the date of the next annual meeting of the stockholders.

2. Review and evaluate the qualifications of all those nominated in accordance with the following criteria:

(a) ownership of at least one (1) share of stock of the Corporation standing in his name in the books of the Corporation;

(b) a college degree or its equivalent or adequate competence and understanding of the fundamentals of doing business or sufficient experience and competence in managing a business to substitute for such formal education;

(c) relevant qualification, such as previous business experience, membership in good standing in relevant industry, and membership in business or professional organizations;

(d) integrity, probity, diligence and assiduousness in the performance of his functions;

(e) directorships in other companies, taking into account the following factors:

(i) the nature of the business of the Corporation;

(ii) the number of directorships in other companies;

(iii) any possible conflict of interest;

(iv) the age of the director;

(f) for independent directors, beneficial equity ownership in the Corporation or in its related companies, which must not exceed two (2) percent and;

(g) the term limit set for independent directors under applicable laws, rules and regulations.

The Committee may consider and recommend to the Board other qualifications for directors, including independence criteria or standards for independent directors, which are aligned with the Corporation's vision, mission and corporate strategy that are now or may hereafter be provided in relevant laws or any amendments thereto.

The Committee may likewise identify and recommend qualified individuals for nomination and election to the Board. For this purpose, the Committee shall make use of professional search firms or other external sources of candidates to search for qualified candidates to the Board.

e. Personnel and Compensation Committee

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The Personnel and Compensation Committee is composed of at least three (3) members, and as far as practicable, with majority as independent directors. The Chairman of the Committee is an independent director.

MEMBERS OF PERSONNEL AND COMPENSATION COMMITTEE

Director	Designation
Francis G. Estrada	Chairman (ID)
Fernando Zobel de Ayala	Member (NED)
Jaime Augusto Zobel de Ayala	Member (NED)
Antonino T. Aquino	Member (NED)

The Personnel and Compensation Committee shall have the following powers, duties and responsibilities:

i. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel, ensuring that compensation is consistent with the Corporation's culture, strategy and control environment.

ii. Designate the amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the Corporation successfully.

iii. Establish a formal and transparent procedure for developing a policy on remuneration packages of individual directors, if any, and officers, which policy shall disallow independent directors from receiving options, performance shares and bonuses.

iv. Develop a Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which, among others, compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.

v. Provide for the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year.

vi. Review and recommend changes to the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.

vii. Provide in the Corporation's annual report the fee structure of non-executive directors, and ensure that independent directors are not entitled to receive options, performance shares and bonuses.

viii. Ensure that the Corporation's compensation policy is competitive and aligns the long term interests of the corporate officers and directors with those of the Corporation.

ix. Ensure that executive compensation is based on a fair and transparent performance evaluation process.

No member of the Personnel and Compensation Committee will act to fix his or her own compensation except for uniform compensation to directors for their services as a director.

f. Related Party Transactions (RPT) Review Committee

To ensure that the policy on related party transactions is practiced and complied with, an assessment is undertaken of related party transactions as they happen. In accordance with the Charter of Board of Directors, the RPT Review Committee is constituted as the Committee responsible to oversee and review the propriety of related party transactions and their required reporting disclosures.

The Committee consists of three (3) independent non-executive directors. The Committee Chair shall be responsible for ensuring the effective interaction among Committee members and with the Compliance Officer and the Management.

MEMBERS OF RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Director	Designation
Rizalina G. Mantaring	Chairman ID
Jaime C. Laya	Member
Francis G. Estrada	Member

The Committee shall be responsible for the following:

i. Assist the Board in assessing material agreements of any kind with a related party in determining whether to approve, ratify, disapprove or reject a RPT.

ii. The Committee shall take into account whether the RPT is entered into on terms no less favorable to the Corporation than terms generally available to an unaffiliated third party under the same or similar circumstances.

iii. For transactions involving sale of Corporation assets, review results of the appraisal, valuation methodology used as well as alternative approaches to valuation.

iv. Review all information provided by the Management, including all relevant facts and circumstances.

v. Require adequate and accurate information from the Management.

vi. Review the adequacy of the Management's monitoring and reporting systems of the RPTs.

vii. Annually review the Committee's own performance.

The RPT Review Committee shall approve related party transactions before their commencement. However, material or significant related party transactions will have to be endorsed by the RPT Review Committee to the Board for approval. Materiality thresholds applicable to related party transactions are to be defined and endorsed by the RPT Review Committee to the Board. The Board may, at its option, require that a related party transaction it has approved, be also submitted to the stockholders for consideration and ratification.

g. Sustainability Committee

The Committee is composed of at least three (3) members as determined by the Board. The Committee is composed in such a way that it possesses, as a group, the necessary knowledge, skills and experience required to properly perform its duties.

MEMBERS OF SUSTAINABILITY COMMITTEE

Director	Designation
Jaime C. Laya	Chairman (ID)
Rizalina G. Mantaring	Member (ID)
Bernard Vincent O. Dy	Member (ED)

The Company recognizes sustainable development as the foundation for a high-performing, successful and forward-looking business. It adopts the Brundtland Report's definition of "sustainable development" as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Ayala Land seeks to embed a conscious understanding of economic, social and environmental interdependencies to create long term value for its stakeholders.

The Sustainability Committee has the following powers, duties and responsibilities:

i. Provide oversight, identify and assess significant social, ethical and environmental interdependencies that might impact on the long-term business objective of Ayala Land to be recognized as a responsible and sustainable Corporation in the property sector.

ii. Guide policy-making in the Corporation's sustainability program and ensure full Corporation support and alignment with the Ayala Group of Companies' commitment to sustainable development.

iii. Regularly monitor new and innovative technologies, processes and practices that will permit the Corporation to attain sustainable growth.

iv. Regularly review both current and proposed partnerships and relationships with stakeholders that support the Corporation's sustainable growth.

v. Regularly evaluate the Corporation's communication and marketing strategies related to sustainable growth.

vi. Review the sustainability-related content of the Corporation's annual report prior to its issuance.

h. Inspector of Proxies and Ballots Committee

The Committee is composed of (3) persons which are empowered to pass on the validity of proxies. The Committee shall be uided by existing laws, and rules and regulations of the Commission regarding proxies. The term of office of the Committee members shall be fixed by the Board of Directors. In the event of vacancy in the Committee membership, the Board of Directors may appoint another member to such vacancy.

MEMBERS OF INSPECTORS OF PROXIES AND BALLOTS COMMITTEE*

Director	Designation
Solomon M. Hermosura	Chairman
Angelica L. Salvador	Member
Leovigildo D. Abot	Member

**May not be members of the Board of Directors*

The Committee shall have the following particular duties and responsibilities:

- At least five (5) working days prior to the date of the stockholders' meeting, the Committee shall perform the validation of the proxies submitted by stockholders. The Committee shall only consider proxies submitted not later than seven (7) working days prior to the date of the stockholders' meeting. The Committee shall prepare a summary of the valid and invalidated proxies to be submitted to the Office of the Corporate Secretary, together with the proxies.
- Validation, counting and tabulation of votes cast at the Corporation's stockholders' meeting
- Perform such other duties and functions as may be delegated by the Board from time to time

The Committee shall be guided by applicable laws, the By-laws and the rules and regulations of the SEC regarding proxies under SEC Rule 20, Section 20 of the Securities Regulation Code of the Philippines.

COMMITTEES / MEMBERS	RESPONSIBILITIES / ACCOMPLISHMENTS IN 2015
EXECUTIVE COMMITTEE Fernando Zobel de Ayala, Chairman Jaime Augusto Zobel de Ayala Antonino T. Aquino Delfin L. Lazaro Bernard Vincent O. Dy	• Acts on specific matters delegated by the Board of Directors except with respect to the following: distribution of cash dividends; filling of vacancies on the Board or in the Executive Committee; amendment or repeal of By-Laws or the adoption of new By-Laws; amendment of or repeal of any resolution of the Board of Directors; and the exercise of powers delegated by the Board exclusively to other committees. • Discusses in detail strategic plans and directions. • Deliberated on, among others, various projects and business proposals.
NOMINATION COMMITTEE Francis G. Estrada, Chairman Fernando Zobel de Ayala Antonino T. Aquino	• Implements and maintains a process which ensures that all directors nominated for election at the Annual Stockholders' Meeting have all the qualifications and none of the disqualifications for directors as stated in the By-Laws and the Manual of Corporate Governance. • Reviews the qualifications of key executives prior to movement, promotion or hiring • Reviewed the profiles of the nominees for directors for the year 2016-2017, approved the final list of nominees and approved the appointments and promotions of key officers.
PERSONNEL AND COMPENSATION COMMITTEE Francis G. Estrada, Chairman Fernando Zobel de Ayala Jaime Augusto Zobel de Ayala Antonino T. Aquino	• Establishes a formal and transparent process for developing and reviewing policies related to the remuneration of corporate directors, officers and other key personnel. • Approved and endorsed the grant of the 2015 performance bonus, 2016 Executive Stock Ownership Plan and 2016 Executive Housing Privilege to qualified officers of the Company. • Approved and endorsed the amendment to the Corporation's retirement plan. • Reviewed the 2015 organization climate survey. • Approved and endorsed the amendment to the Corporation's Employees Stock Ownership Plan.
AUDIT COMMITTEE Jaime C. Laya, Chairman Antonino T. Aquino Rizalina G. Mantaring	• Assists the Board of Directors in the fulfilment of its oversight responsibility relating to the accuracy of the Company's financial statements and the soundness of its financial reporting process, internal audit activities, the annual independent audit of the financial statements, and compliance with legal and regulatory requirements. • Reviewed and approved the 2015 Audited Financial Statements of the Company as prepared by the external auditors Sycip, Gorres, Velayo & Co. (SGV), as well as the quarterly unaudited financial statements. • Recommended on the re-appointment of SGV as the Company's external auditors for 2016 and the corresponding audit fee structure. • Reviewed and/or approved the overall scope and the respective audit plans of the Company's Internal Auditors and SGV &Co. and discussed the results of their audits and their assessments of the Company's internal controls and the overall quality of the financial reporting process. • Approved, discussed and endorsed related-party transactions until November 25, 2015 when a separate Related Party Transaction (RPT) Review Committee was constituted .
RISK COMMITTEE Rizalina G. Mantaring, Chairman Antonino T. Aquino Jaime C. Laya	• Assists the Board of Directors in the fulfilment of its oversight responsibility relating to the effectiveness of the Corporation's risk management process by ensuring that risk management policies and procedures exist and by reviewing the risk management framework and processes. • Reviews the results of the annual risk assessment and evaluates the risk assessment report both done by the Chief Risk Officers (CRO). • Monitors the risk management activities of the Corporation and evaluated the effectiveness of risk mitigation strategies and action plans. • Reviewed and discussed the Corporation's enterprise-wide risk management, business continuity management and insurance management, the key risks as well as the emerging risks. • Reviewed and/or approved the report of the CRO.
SUSTAINABILITY COMMITTEE Jaime C. Laya, Chairman Rizalina G. Mantaring Bernard Vincent O. Dy	• Provides oversight to the sustainability initiatives of the Company, guides policymaking in the Company's sustainability program, and ensures full Company support and alignment with the Ayala Group of Companies' commitment to Sustainable Development. • Discussed, reviewed and approved the Corporation's sustainability report. • Reviewed and discussed the summary report of the Corporation's external assurer, DNV GL, the Ayala Corporation's recommended use of the United Nation's Sustainable Development Goals, the sustainability objectives and updates on the four (4) focus areas, and the recommended directions and enhanced targets.
RELATED-PARTY TRANSACTION REVIEW COMMITTEE Rizalina G. Mantaring, Chairman Francis G. Estrada Jaime C. Laya	• Assists the Board of Directors in the fulfilment of its oversight responsibility relating to the review of all Related Party Transactions (RPTs), except pre-approved RPTs, the formulation, revision and approval of policies on RPTs, and the conduct of any investigation required to fulfill its responsibilities on RPTs; • Assessed, reviewed and discussed the contract with GNPower Dinginin Ltd. Co.
INSPECTORS OF PROXIES AND BALLOTS COMMITTEE Solomon M. Hermosura, Chairman Angelica L. Salvador Leovigildo D. Abot	• Approved by the Board on April 06, 2015 • At least five (5) working days prior to the date of the stockholders' meeting, the Committee shall perform the validation of the proxies submitted by stockholders. The Committee shall only consider proxies submitted not later than seven (7) working days prior to the date of the stockholders' meeting. The Committee shall prepare a summary of the valid and invalidated proxies to be submitted to the Office of the Corporate Secretary, together with the proxies. • Validation, counting and tabulation of votes cast at the Corporation's stockholders' meeting • Perform such other duties and functions as may be delegated by the Board from time to time

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4. Board Processes

a. Board Meetings and Attendance

Regular meetings of the full Board are scheduled at the onset of the year and held at least once every quarter.

In 2015, the Board had six regular meetings. The average attendance rate of members of the Board was 98 percent, with each member individually complying with the SEC's minimum attendance requirement of 50 percent. Executive sessions are held every now and then without the presence of any executives. The Executive Committee likewise convenes regularly in lieu of the Board.

Board materials are distributed to the Board of Directors at least five business days prior to the meeting.

b. Corporate Secretary

The Corporate Secretary oversees the adequate flow of information to other Board members prior to meetings and serves as an adviser to the directors on their responsibilities and obligations.

The Corporate Secretary is Mr. Solomon M. Hermosura who assumed the position since April 2011 and has served as the Group Counsel of the Company since April 2015. He is a Managing Director of Ayala Corporation and a member of its Management Committee since 2009 and the Ayala Group Management Committee since 2010. He is also the Group Head of Corporate Governance, General Counsel, Compliance Officer, and Corporate Secretary of Ayala Corporation. He is the CEO of Ayala Group Legal. He serves as Corporate Secretary of Globe Telecom, Inc., Manila Water Company, Inc., Integrated Micro-Electronics, Inc. and Ayala Foundation, Inc.; and a member of the Board of Directors of a number of companies in the Ayala group. He graduated valedictorian with Bachelor of Laws degree from San Beda College in 1986 and placed third in the 1986 Bar Examination.

Board members have separate and independent access to the Corporate Secretary who oversees the adequate flow of information to other Board members prior to meetings and serves as an adviser to the directors on their responsibilities and obligations. Discussions during Board meetings are open, and independent views are encouraged and given due consideration.

It is the duty of the Corporate Secretary, who is a citizen and a resident of the Philippines, to prepare and keep the minutes of all meetings of the Board and stockholders and attend to the correspondence and files of the Corporation; to sign, jointly with the President, all stock certificates; keep and fix the corporate seal; record all transfers of stock and cancellations and keep all stock certificates transferred; and keep a list in alphabetical order of all stockholders of the Corporation and of their residences and the shares owned by each.

The Corporate Secretary has the following functions:

i. Serve as an adviser to the directors on their responsibilities and obligations;

ii. Keep the minutes of meetings of the stockholders, the Board, the Executive Committee, and all other committees in a book or books kept for that purpose, and furnish copies thereof to the Chairman, the President and other members of the Board as appropriate;

iii. Keep in safe custody the seal of the Corporation and affix it to any instrument requiring the same;

iv. Have charge of the stock certificate book and such other books and papers as the Board may direct;

v. Attend to the giving and serving of notices of Board and shareholder meetings;

vi. Be fully informed and be part of the scheduling process of other activities of the Board;

vii. Prepare an annual schedule of board meetings and the regular agenda of meetings, and put the Board on notice of such agenda at every meeting;

viii. Oversee the adequate flow of information to the Board prior to meetings; and

ix. Ensure fulfillment of disclosure requirements to the Securities and Exchange Commission and the Philippine Stock Exchange.

The Corporate Secretary shall have such other responsibilities as the Board may impose upon him or her, including the facilitation of trainings for directors when necessary.

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c. Board Appointments and Re-election

The directors shall be elected by the Corporation's stockholders entitled to vote at their annual meeting in accordance with the By-laws and the rules of procedure for annual meeting of stockholders.

Pursuant to the Corporation Code, any shareholder, including minority shareholders, shall have the right to nominate candidates to the Board. The list of names of the nominees to the Board, together with the written consent of the nominees, shall be filed and submitted to the Nomination Committee through the office of the Corporate Secretary at least thirty (30) business days prior to the date set for the annual meeting of stockholders wherein they will be elected.

For the election of directors, it is necessary for one-half plus one of the outstanding shares of stock to be present or represented.

No person shall be elected nor be competent to hold the office of director unless at least one (1) share of stock of the Corporation shall stand in his name in the books of the Corporation at the time of his election.

The election of directors shall be by ballot and each stockholder may vote such number of shares he owns for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute his votes on the same principle among as many candidates as he may see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

BOARD OF DIRECTORS ATTENDANCE IN 2015

Director	No. of Meetings Attended/Held	% Present
Fernando Zobel de Ayala	6/6	100%
Jaime Augusto Zobel de Ayala	6/6	100%
Delfin L. Lazaro	6/6	100%
Antonino T. Aquino	6/6	100%
Vincent Y. Tan	6/6	100%
Bernard Vincent O. Dy	6/6	100%
Rizalina G. Mantaring	5/6	83%
Jaime C. Laya	6/6	100%
Francis G. Estrada	6/6	100%

AUDIT COMMITTEE ATTENDANCE IN 2015

Director	No. of Meetings Attended/Held	% Present
Jaime C. Laya	4/4	100%
Antonino T. Aquino	4/4	100%
Rizalina G. Mantaring	4/4	100%

RISK COMMITTEE ATTENDANCE IN 2015

Director	No. of Meetings Attended/Held	% Present
Rizalina G. Mantaring	2/2	100%
Antonino T. Aquino	2/2	100%
Jaime C. Laya	2/2	100%

EXECUTIVE COMMITTEE ATTENDANCE IN 2015

Director	No. of Meetings Attended/Held	% Present
Fernando Zobel de Ayala	5/6	83%
Jaime Augusto Zobel de Ayala	6/6	100%
Bernard Vincent O. Dy	5/6	83%
Antonino T. Aquino	6/6	100%
Delfin L. Lazaro	5/6	83%

NOMINATION COMMITTEE ATTENDANCE IN 2015

Director	No. of Meetings Attended/Held	% Present
Francis G. Estrada	4/4	100%
Fernando Zobel de Ayala	4/4	100%

PERSONNEL AND COMPENSATION COMMITTEE ATTENDANCE IN 2015

Director	No. of Meetings Attended/Held	% Present
Francis G. Estrada	3/3	100%
Fernando Zobel de Ayala	3/3	100%
Jaime Augusto Zobel de Ayala	3/3	100%
Antonino T. Aquino	3/3	100%

SUSTAINABILITY COMMITTEE ATTENDANCE IN 2015

Director	No. of Meetings Attended/Held	% Present
Jaime C. Laya	3/3	100%
Rizalina G. Mantaring	3/3	100%
Bernard Vincent O. Dy	3/3	100%

RELATED PARTY TRANSACTION REVIEW COMMITTEE ATTENDANCE IN 2015

Director	No. of Meetings Attended/Held	% Present
Rizalina G. Mantaring	1/1	100%
Francis G. Estrada	1/1	100%
Jaime C. Laya	1/1	100%

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The Committee of Inspectors of Proxies and Ballots appointed by the Board shall supervise the election of directors. No candidate for the office of director maybe a member of the Committee.

Directors shall hold office for the term of one (1) year or until their successors shall have been elected and qualified, in accordance with the By-Laws.

d. Board Independence and Conflict of Interest

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It is the responsibility of each director to promote the best interest of the Corporation. Therefore, in making decisions, the directors should only pursue the interest of the Corporation, and must not consider their own personal advantage. Each director shall disclose any conflict of interest, annually through the Ayala Land Disclosure Form. A director with any material conflict of interest that has been determined to be permanent in nature shall be disqualified from the Board.

Notwithstanding the precautions set by the annual disclosure of conflict of interest, each director is required to abstain from participating in the discussion of, and from voting on, any matter where he is in conflict of interest at any point during the course of his service.

In line with the insider trading policy of the Corporation, each director is required to notify the Board at least one day before dealing in the shares of stock in the Corporation.

No person shall qualify or be eligible for nomination or election to the Board of if he is engaged in any business which competes with or is antagonistic to that of the Corporation in accordance with the Corporation's By-laws.

At least once a year, the non-executive directors must meet without any executives present. Directors shall keep confidential all the information contained in the confidential reports or discussions for a period of at least two years. They shall also ensure that all persons who have access to the same information on their behalf shall likewise comply with this rule.

The personal interest of directors, key officers and employees should never prevail over the interest of the Company. If an actual or potential conflict of interest should arise on the part of directors, it should be fully disclosed and the concerned director should not participate in the decision-making. If a director has an interest in a matter under consideration by the board, then the director should not participate in those discussions and the board should follow any further appropriate processes.

Individual directors should be conscious of shareholder and public perceptions and seek to avoid situations where there might be an appearance of conflict of interest.

The Ayala Land Internal Audit Division (IAD) has aligned the policies on conflict of interest of Ayala Land with the subsidiaries and affiliates to facilitate a group-wide implementation.

The amended group-wide policy will continue to require strict compliance by all employees to file their Annual Business Interests and Related Party Disclosure forms with their respective Human Resources Division which will then be submitted for consolidation and filing. IAD will then review the disclosures and conduct audit to check compliance.

e. Remuneration

Each director of the Corporation shall be entitled to receive from the Corporation, pursuant to a resolution of the Board of Directors, fees and other compensation for his services as director. The Board of Directors shall have the sole authority to determine the amount, form and structure of the fees and other compensation of directors. In no case shall the total yearly compensation of directors exceed one percent (1 percent) of the net income before income tax of the Corporation during the preceding year.

The total compensation paid to the CEO and key officers of management is disclosed in the Definitive Information Statement sent to all shareholders. The total annual compensation reported includes the basic salary and other variable pay, such as performance-based cash bonuses and the exercise of previously granted Employee Stock Option Plans or the current ESOWN, if any.

Non-executive directors receive remuneration consisting of a fixed annual retainer fee of ₱1,000,000 and a fixed per diem of ₱200,000 for each Board meeting attended. There were a total of six Board meetings in 2015. In addition, non-executive directors are also entitled to a per diem of ₱100,000 per Board Committee meeting attended. The remuneration of non-executive directors was approved and ratified during the 2011 Annual Stockholders' Meeting.

None of the directors, in his or her personal capacity, has been contracted and compensated by the Company for services other than those provided as a director.

The Company has no other arrangement regarding the remuneration of its directors and officers aside from the compensation received as herein stated.

G4-51, G4-52, G4-53

Director	2015 Gross Remuneration
Fernando Zobel de Ayala	3,100,000
Jaime Augusto Zobel de Ayala	3,400,000
Delfin L. Lazaro	2,700,000
Antonino T. Aquino	4,400,000
Francis G. Estrada	3,000,000
Jaime C. Laya	3,400,000
Rizalina G. Mantaring	3,200,000
Vincent Y. Tan	2,200,000

Note: Mr. Bernard Vincent O. Dy, President and CEO, does not receive any compensation as a member of the Board since he is an executive of Ayala Land, Inc.

f. Internal Audit

The Ayala Land Group Internal Audit, headed by Mr. Leovigildo D. Abot as Vice President and Chief Audit Executive, reports to the Audit Committee of the Board. The Ayala Land Group Internal Audit provides independent and objective assurance and advisory services to the Company. Through the Audit Committee, the Ayala Land Group Internal Audit assists the Board in the discharge of its duties and responsibilities as provided for in the SEC's 2009 Revised Code of Corporate Governance.

The Ayala Land Group Internal Audit executed its audit activities for 2015 in accordance with the risk based, process-focused audit approach. This approach is in accordance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and likewise complies with the SEC's 2009 Revised Code of Corporate Governance.

The Company continues to improve the internal audit function by benchmarking against best practices.

For example, Ayala Land Group Internal Audit is implementing Control Self Assessments (CSA) as regular audit projects in some business units using facilitated discussions and questionnaires (hybrid approach). CSA is a process through which internal control effectiveness is examined and assessed by the audit client (i.e. process owners) and validated by Internal Audit. The objective is to provide reasonable assurance that all business objectives of business units will be met through the process owners' assessment of how well things work at their end. Overall, we believe that the process resulted in more efficient and effective business processes through improved internal controls and increased employee morale.

Other internal audit best practices adopted by Ayala Land Group Internal Audit include Assurance Mapping, Data Analytics and Continuous Auditing. Assurance Mapping is critical in determining priority audit projects during audit planning phase. Ayala Land Group Internal Audit has established a Data Analytics Unit which allows Internal Audit to integrate data analytics (as audit tool) into their regular risk-based, process-focused internal audit projects enabling auditors to review or examine 100 percent of critical transactions/ data, instead of samples (increased assurance). Also, Ayala Land Group Internal Audit has successfully rolled out Continuous Auditing starting 2015 which allows collection of data, audit evidence and indicators from IT systems (SAP and non-SAP), processes, transactions and controls on a frequent, repeatable and sustainable basis. Meaning, certain key processes are now being audited on continuous basis, a significant improvement from three-year audit cycle.

g. Risk Management

G4-14, G4-45

As the Company continues its massive growth and expansion to various territories all over the country, the Company also maintains its commitment and adherence to the highest standards of corporate governance and risk management.
Alongside the growth of the business, the Company's risk management program had seen significant milestones in 2015, all geared towards ensuring that the Company can deliver on its 2020 vision while being fully cognizant of the risks that accompany such growth. Among such milestones is the full review of the risks previously identified for each strategic business unit and integration of more effective strategies, controls and risk mitigation activities, as well as the establishment of Key Risk Indicators for all the major risks identified and confronting the Company.

The Risk Committee played an integral role in ensuring that the Company excercises sound risk management practices and activities, consistent with its Board oversight function of reviewing and evaluating the adequacy and effectiveness of the Company's risk management activities and processes.

Two Risk Committee meetings were held in 2015 to review the results of the risk assessment done by the Chief Risk Officer (CRO), including the risks identified, their impact or potential impact on the Company's business and the corresponding measures to address such risks.

To further underscore the Company's commitment to Risk Management and to guarantee its advancement to an integrated and systemic approach, the Company participated in the Ayala-group wide risk maturity external assessment conducted by Aon Global Risk Consulting. Aon has partnered with the Wharton School of the University of Pennsylvania to develop its Risk Maturity Index (RMI) and conduct joint research on the relationships between risk management practices and actual performance.

The result of the external assessment shows the Company obtaining the highest score of 5.0 (Advanced) in the Aon RMI scale of 1-5. Advanced maturity, as defined in the scale, means that the Company has a well-developed ability to identify, measure, manage and monitor risks; our risk management processes are dynamic and adapt to changing risks and business cycles; risk and risk management information is explicitly considered in decision processes and is viewed as providing a competitive advantage with a focus on optimizing risk-reward trade-offs. This result shows the Company outperforming the global average of 3.0 and the real estate industry benchmark of 3.0. Against internal benchmarks, the Company also leads the Ayala Group across all components. Similarly, the Company appeared to outperform the industry peers at all RMI components.

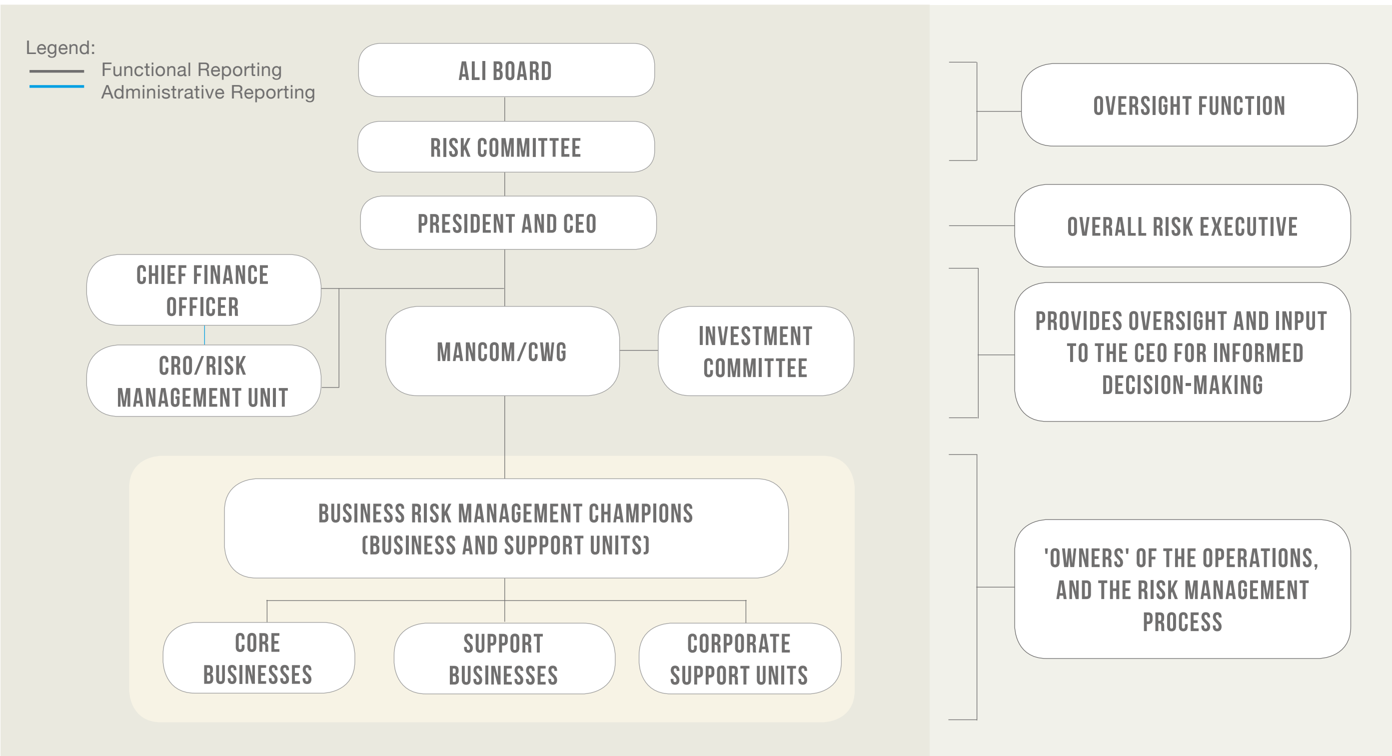
The high rating is by no means signaling the Company's end to pursuing a higher level of risk management practice but will be used in moving forward to search for other opportunities to further improve on the management of risks, uphold a strong reputation for integrity and good corporate governance and to further create long-term value for its stakeholders.

Enterprise-Wide Risk Management Activities

The Company continues to implement its EWRM program and further works on enhancing its activities through periodic reviews with the strategic business units (SBU) and key support groups through a "top-down, bottom-up" approach. This approach enabled the Company to have full visibility of the wide range of risks that the Company is facing both from the perspective of Management and from the operational side of the business, finding commonalities and disparities, and integrating both perspectives to arrive at a holistic view of the Company's risk profile.

The Risk Management Process:
Facilitated risk review and control assessment sessions with each of the Company's strategic business units were conducted. The outcomes of these facilitated sessions, which included identification of key risks both at the Company level and at each of the business units, as well as control processes, strategies and improvement plans to mitigate the key risks identified, were presented and communicated in separate meetings to the Management Committee and the Risk Committee for review and evaluation.

RISK MANAGEMENT STRUCTURE



To ensure effectiveness, key risk indicators and metrics previously identified and established for each risk have also been reviewed in 2015 to adapt to the changing needs of each business and to validate the appropriateness of the use of each metric as an indicator of the risk and the effectiveness of the risk mitigation activities of the strategic business units and of the Company as a whole.

With the key risk areas and key risk mitigation strategies across the Company identified, monitored and periodically reported on, business decisions are able to consider and incorporate the following:

- New and emerging risks, both at the Company and at the operating business unit level
- Changes in risk outlook and assessment
- Changes in the status of key risk indicators

Key Risk Themes and Risk Mitigation Activities:

1. Project Execution and Timely Delivery – The Company continues to benefit from the improved performance of the construction industry, particularly from the residential and retail sectors. And as the Company continues to expand its footprint all over the country, continuing pressures are felt on the following areas, among others: maintaining developmental costs within competitive levels, getting qualified and reliable contractors and suppliers in the market, ensuring that quality standards are consistently being enforced across all projects in different geographies.

Standardization and streamlining of processes to achieve increased operating efficiencies, complete partnering agreements on critical materials with suppliers, aggregation, advance buying for critical commodities to avoid delays, continuous external sourcing are among the major mitigation activities being done by the Company to meet project execution and delivery targets.

To address contractor and supplier risks, the Company, through its construction arm MDC, engages AAA contractors. It also taps local contractors registered with the Philippine Contractor's Association (PCA) to expand its vendor base. As of December 2015, the Company already has 135 micro subcontractors as a result of program to expand the pool of micro contractors.

2. Government and Political Risk – The growth of the local real estate industry and specific business sectors like hotels and resorts, which is part of the growing portfolio of the Company, is largely driven by the country's overall political and economic situation. And as the Company continues to expand into different growth centers, there is an increased need to cultivate good relationships with local government entities within these growth centers. The forthcoming national and local elections may cause possible disruptions in the real estate landscape. Any slowdown in real estate and tourism activities resulting from political instability and turmoil in the country could potentially have an effect to the Corporations operational capabilities and growth plans.

The Company continues to have healthy national and local government relationships in both Metro Manila and provincial growth centers Maintaining positive and supportive relations with government entities and regulators as well as sound corporate governance practices and strict compliance to internal policies and procedures, enabled the company to manage this risk at acceptable levels.

As we expand to new growth areas, there is an increased need to cultivate relationships with local government entities within these areas and one way to gauge positive relationship with local government is the processing of critical permits. At present, we are well within our acceptable thresholds and timelines however, the Company is still taking further steps in making permit-related improvements such as (1) more rigorous monitoring of permit renewals and deadlines to avoid payment delays and penalties and (2) the continuous review of permit processes to ensure permits are processed and released within acceptable time frame thereby helping in preventing serious project delays.

3. Risk of Being Marginalized by Competitors – The Company faces significant competition in its major lines of business. As the Company expands its land bank and mixed use developments, competitors are likewise continuing their massive expansion in all segments of the real estate industry and have significantly improved their capabilities and quality of products addressing various price points.

To manage this risk, the Company continues its active land acquisition and development activities in key growth centers and its aggressive build-up of recurring income within tried and tested estates through its integrated mixed-use model versus pocket developments.

Particular to the leasing business, one of the major drivers of competition is the Company's ability to attract and retain merchants and tenants – which is generally dependent on the location of the leasing properties, price offerings to the tenants and merchants, as well as the quality of service provided by the Company's property management team. And for this, the Company continues to do the following: (1) concentrating growth in key locations (2) gathering market intelligence and translating information into competitive proposals and (3) active sourcing to bring in top global brands and new offerings and aggressively pursue new business and partnerships, among other control activities and procedures.

4. Product and Service Quality and Safety Risk – Since the inception of the Company's risk management program, the Management Committee has consistently emphasized the need for a higher level of safety and security awareness and diligence to ensure customers have pleasant experiences in our shopping centers and other managed properties and estates.

Also, the importance of adequate and effective maintenance practices and procedures is always advocated to prevent serious and unscheduled operational losses such as equipment breakdown and to maintain quality standards in our owned and managed properties.

Product and service quality and safety risks are also relatively high in ongoing construction projects from safety-related incidents up to poor quality or workmanship issues. The Company has strengthened its controls and mitigation activities to minimize and even prevent this risk from happening by ensuring safety programs are in place in all ongoing projects such as (1) adequate supervision and safety inspections for all critical and hazardous activities (2) ensuring that workers are provided with pre-activity trainings on safety before any construction work can commence (3) empowering the Safety Officers to declare work stoppage and to override project managers if they see that things are not being done in accordance with the Company's safety standards and practices (4) stricter monitoring of all EHS permits and licenses for all projects and (5) engagement of MDC for project supervision even for projects that are sub-contracted to third parties.

Controls that have been existing prior to 2015 are the following: establishment of geographic Sub-Crisis Management Teams, establishment of Occupational Safety and Health Committee and development of plans to respond to potential project emergencies.

5. Organizational Risk – As the Company continues to ramp up its operations, it recognizes that its people is its most critical asset. Thus, achievement of the Company's growth and strategic objectives largely depend on the strength of its human resources. Organizational processes, systems and performance metrics were also identified as among the risk drivers crucial to the success of the company.

This is the main rationale for keeping Organizational Development a top priority. The Company continues to tap various sources to make sure that there are adequate and quality personnel to meet the demands of the business and to ensure that employees are valued for their contribution to the Company and are continuously empowered through professional development opportunities. In 2015, the Company introduced improvements in its current New Managers training program and Professionals in Development program. Moreover, the Company periodically conducts Organizational Climate Surveys to determine employee engagement and provide added controls to address areas with less than ideal engagement results.

Among the completed risk mitigation activities was the full organization structure review which enabled the Company to enhance, build and acquire core competencies needed especially for the new businesses, consolidate similar functions and outsourced transactional activities to streamline process and create efficiencies.

6. Environmental Risks – The Company acknowledges the risk of ALI's operating properties and ongoing projects being impacted by adverse environmental issues such as natural disasters, water shortage, effects of climate change, earthquake, and other similar events.

To mitigate the risk of changing environmental and site conditions, and as part of a more thorough due diligence process, all land acquisitions and project launches need to pass a thorough technical due diligence process and environmental scanning to identify all other potential risks that the Company may be exposed to. These technical due diligence reports include, but are not limited to, environmental studies not just for the specific land parcels but for adjacent areas, as well.

Further, the Company continuously observes sustainable business policies, practices and systems, among which are:

- Open space / location efficiency requirements
- Erosion and sedimentation control
- Vegetation requirements in coastal projects
- Reforestation using local vegetation
- Eco-efficiency monitoring and controls

The Company has established 24/7 Operation Centers all throughout the country that continuously monitor and track weather situations to facilitate early mitigation and quick response during typhoons, flood incidents, earthquakes and other natural or man-made disasters.

To protect the company assets and to ensure cost recovery for property damages and business interruption losses during these disasters, the Company has put in place insurance programs for both operating properties and construction projects.

7. Company Fraud Risk – The Company has consistently affirmed its commitment and fidelity to its values and to doing things the right way. However, the Company recognizes that opportunities for committing fraud exist because of extensive dealings with vendors and contractors and because the industry is generally prone to this type of risk.

To help mitigate this risk, the Company has established a Code of Ethical Behavior for all employees, a Code of Ethical Procurement Conduct for all those who influence the procurement process, as well as a Vendor's Code of Ethics to promote a culture of transparency within the company and to guide both employees and vendors in determining acceptable and ethical business activities and conduct.

Through the Internal Audit Division, the Company's whistleblowing policy and Business Integrity Channel have likewise been formed. And as these controls were institutionalized, the instances of fraud related audit findings have significantly been lessened.

8. Financial Risk – To support the Company's growth plans in the coming years, major financial decisions are geared towards capital and cash flow efficiency and availability. With the ₱82B capital expenditures in 2015 and the steady increase in project launches, it is critical to ensure that the Corporation has an adequate funding capacity.
To centrally manage financial risks, the Treasury Division has established a three-layered approach to liquidity through prudent management of sufficient cash, money market placements and high-quality and marketable securities, a continuous program for the sale of receivables, and the maintenance of ample short-term revolving facilities from both local and foreign banks. The Company employs scenario analysis and contingency planning to proactively manage its liquidity position.

Accordingly, the Company has set counterparty bank limits for its investable funds to ensure that its funds are invested only with counterparties with high credit standing. Each counterparty's credit worthiness is determined through the Company's internal rating system covering the areas of liquidity, capital adequacy and financial stability, as well as available international credit ratings.

The Company also closely monitors developments relating to counterparty banks. Based on these, exposures are adjusted accordingly to adhere to the pre-approved limits that are tracked on a daily basis.

In addition to the maintenance of ample short-term revolving facilities, the Company obtains on a timely basis and at appropriate terms and conditions, long-term debt funding. To mitigate exposure to interest rate, refinancing and concentration risks, the Company actively monitors and manages within pre-determined limits prescribed by Management the mix of fixed and floating-rate borrowings, its debt maturity profile, as well as the amount of debt the Company has or can prospectively have outstanding with any one of its relationship banks.

h. People on the Board

Chairman, Vice Chairman and President and CEO

The roles of the Chairman and the Chief Executive Officer (CEO) are separate to ensure Board independence from management, an appropriate balance of power and increased accountability. Of the nine members of the Board, only the President and CEO is an executive director. The rest are non-executive directors who are neither officers nor consultants of the Company.

The Chairman of the Board is Mr. Fernando Zobel de Ayala who assumed the position in April 1999.

The Chairman of the Board shall act as the legal representative of the Corporation and has powers:

i. To execute the resolutions of the stockholders' General meetings and of the Board;

ii. To sign, in accordance with said resolutions, such contracts, instruments and powers of attorney as may be necessary;

iii. To represent the Corporation and vote at the stockholders' meetings or designate proxy on all stocks owned by the Corporation in other corporations or companies;

The Chairman of the Board shall receive such remuneration as may be fixed by the Board each year, aside from that which each director may be entitled to receive.

The Chairman of the Board shall chair all Board meetings, or may assign his alternate in cases when he or she is not available.

The Chairman of the Board shall ensure that each director is allowed to freely express his opinions about any matter being discussed.

The Vice Chairman is Mr. Jaime Augusto Zobel de Ayala and has served as Director and member of the Executive Committee since June 1988. The President and CEO is Mr. Bernard Vincent O. Dy who assumed the position in April 2014.

Management Committee

In addition to the various Board-level committees, the Company has also put in place a management committee to guide the critical decision-making and key governance processes required at the management level in overseeing individual business units, projects and support functions, as shown in our Governance Structure chart. The Company is cognizant of the importance of having clear policies, adopting best practices and maintaining strong internal controls to support effective corporate governance.

Along with the members of the Board, the Company requires members of the Management Committee and other key officers to receive periodic training in corporate governance. As of year-end 2015, all members of the Management Committee and key officers have been certified for having attended accredited corporate governance training programs. We also rolled out in 2010 an internal training module for corporate governance that is attended by all new employees of the Company to effectively broaden their awareness on the principles of good corporate governance.

In 2014, we launched our first ever Governance, Risk Management and Compliance Summit to reinforce the practice of good corporate governance among key members of management. This Summit gave us an opportunity to build on our current strengths and once more align our business practices with our corporate values, which have always served as our competitive advantage.

G4-38, G4-39, G4-40, G4-42, G4-47, G4-48, G4-49, G4-50

i. Skills, Competencies and Diversity

The Board encourages the selection of a mix of competent directors, each of whom can add value and contribute independent judgment in the formulation of sound corporate strategies and policies. In the selection of candidates for the Board, the objectives set by the Board for its composition are to be seriously considered, as well as the required knowledge, abilities and experience needed to successfully manage the Corporation. Careful attention is given to ensure that there is independence and diversity, and appropriate representation of women in the Board.

The Board, as a group, possesses the necessary knowledge, skills and competencies and experience in general business, industry, legal, and finance required to properly perform its duties with each director capable of adding value and rendering independent judgment in relation to the formulation of sound corporate policies.

The Board regularly reviews its composition, taking into account the evolving requirements of the Corporation, and best practices in corporate governance.

j. Board Performance

Training and Continuous Education

Ayala Land encourages all Board members to attend orientation programs and continuous professional education programs.

New directors are given an orientation program to ensure that they are properly equipped with all the Company information required for them to fulfill their respective roles as members of the Board. Typically, a presentation about Ayala Land's operations, business performance and financial results is provided followed by an optional tour of Ayala Land's various business segments and projects.
All Directors are likewise encouraged to attend seminars and trainings on Corporate Governance. In 2015, all Board members have undergone training in corporate governance and have been certified by the Institute of Corporate Directors (ICD) and Securities and Exchange Commission (SEC).

DIRECTOR TRAINING AND CONTINUING EDUCATION

Name of Director/Officer	Date of Training	Program	Training Institution
Fernando Zobel de Ayala	02/18/2015	Corporate Governance and Risk Management	ICD*, SEC**
Jaime Augusto Zobel de Ayala	02/18/2015	Corporate Governance and Risk Management	ICD, SEC
Antonino T. Aquino	02/18/2015	Corporate Governance and Risk Management	ICD, SEC
Bernard Vincent O. Dy	02/18/2015	Corporate Governance and Risk Management	ICD, SEC
Francis G. Estrada	Exempted	Corporate Governance and Risk Management	ICD, SEC
Jaime C. Laya	02/18/2015	Corporate Governance and Risk Management	ICD, SEC
Delfin L. Lazaro	02/18/2015	Corporate Governance and Risk Management	ICD, SEC
Rizalina G. Mantaring	02/18/2015	Corporate Governance and Risk Management	ICD, SEC
Vincent Y. Tan	02/18/2015	Corporate Governance and Risk Management	ICD, SEC

**ICD Institute of Corporate Directors*
***SEC Securities and Exchange Commission*

ICD is a professional organization that is based in the Philippines and is accredited by the Philippine SEC. ICD works closely with the Organization for Economic Cooperation and Development (OECD), the Global Corporate Governance Forum, and the International Corporate Governance Network and is committed to promoting world-class corporate governance principles in the East Asia region.

ICD releases an annual survey based on an independently verified "scorecard" rating of corporate governance for publicly listed companies in the Philippines. Ayala Land topped the ICD Corporate Governance ratings in 2010 with a score of 99 percent and was given a Platinum award for garnering Gold awards (with a score of at least 95 percent) for three consecutive years. The average score of the 214 companies in the 2010 survey was 77 percent.

In 2012, ICD decided to fully adopt the ASEAN Corporate Governance Scorecard in preparation for the economic integration by 2015.

This move aims to further enhance local corporate governance standards to ensure that Philippine listed firms remain at par with the rest of the region. After its initial run conducted in 2013, which included 252 publicly-listed companies, Ayala Land registered a score of 79.6 percent, topping the average score of 51 percent across all listed entities and also beating the average rating of the property sector, composed of 38 listed corporations, at 48.4 percent.
G4-16

In 2014, Ayala Land further improved its score to 88.4 percent mainly driven by improvement in corporate governance measures. The Company is determined to continuously improve its corporate governance practices in 2015, with the introduction of key governance initiatives.

In 2015, Ayala Land ranked as one of the Top 3 publicly-listed companies in the country and one of the Top 50 publicly-listed companies in the ASEAN region in corporate governance practices based on the ASEAN Corporate Governance Scorecard or ACGS. G4-43

Performance Appraisal

One of the tools used by the Board to monitor and improve its performance is an annual self-assessment exercise. This is administered in the form of a formal questionnaire that is answered by each member of the Board and where they rate their individual performance and that of the Board as a whole. The results are compiled by the Compliance Officer and submitted back to the Board for discussion and appropriate action through the Corporate Secretary. This self-assessment survey covers four broad areas of Board performance: Fulfillment of the Board's Key Responsibilities, Quality of the Board–Management Relationship, Effectiveness of Board Processes and Meetings, and the Performance of Individual Board Members. The self-assessment survey questions are reviewed regularly and administered every May (after the Annual Stockholders' Meeting).

The Board also conducts its annual assessment of the President and CEO. In 2013, a self-evaluation survey of the various Board committees was likewise introduced, consistent with the format and process implemented for the Board performance review. G4-44

Corporate Objectives

It is our fundamental belief that adherence to strong governance practices is crucial in attaining our corporate goals. In 2009, the Company communicated to the market a five-year plan which aimed to achieve a net income of ₱10 billion and a 15 percent return on equity in five years. With a solid and aggressive expansion program in place, anchored on growth, margin improvement capital efficiency, organization development and brand-building, Ayala Land was able to surpass its bottomline target a full year earlier. On the operations side, the Company is on-track with doubling gross leasable area in shopping centers, tripling office gross leasable area and quadrupling its number of hotel rooms from 2009 levels.

In the last quarter of 2014, the Company announced the new 2020-40 vision with the goal of increasing net income to ₱40B by 2020 and growing it by 20 percent year-on-year on the back of a more balanced contribution between its Property Development and Commercial Leasing portfolio.

Shareholder Value Creation

Ayala Land also seeks to consistently improve its business fundamentals and prospects in order to deliver increasing value to its shareholders' investments in the Company over time. Its strategies, business models and operating plans are all oriented towards the achievement of consistent progress in the operating and financial results and, therefore, the underlying determinants of firm value. Specific targets relating to key metrics such as growth, profitability, return on equity, asset efficiency and total shareholder return are set and incorporated into the management team's Key Result Areas on a corporate, divisional and individual basis. These are approved, measured and tracked by the Board, and form the basis of management promotions, allocation of a performance-based cash bonus, and ESOWN grants. This process ensures optimal alignment of incentives between shareholders and management.

COMPLIANCE OFFICER

Jaime E. Ysmael, who is our Chief Finance Officer and holds the position of Senior Vice President, is the Compliance Officer designated to ensure adherence with corporate governance best practices as well as compliance with all regulations that cover the Company. Michael Anthony L. Garcia, who is our Head for Investor Communications and Compliance Division, is our Deputy Compliance Officer.

G4-38, G4-39, G4-40, G4-42, G4-47, G4-48, G4-49, G4-50

ASIA PACIFIC REAL ESTATE ASSOCIATION

As a full member of the Asia Pacific Real Estate Association (APREA), Ayala Land is committed to promoting and preserving best industry practices in the region. To the extent applicable, most of the recommendations by APREA contained in the second edition of the Best Practices Handbook under Market Disclosure, Accounting and Financial Reporting and Corporate Governance categories that are also required under Philippine laws and conform with global accounting and reporting standards, are being adopted by Ayala Land. Further, with respect to Corporate Governance, the Company has received multiple citations from various award-giving bodies in recognition of its adherence to the highest standards and practices.

G4-16

SELECTED GRI G4 STANDARD DISCLOSURES	SHORT DESCRIPTION	PAGE
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G4-4	Primary brands, products, and services	36-53
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G4-6	Number of countries and names of countries where the organization has significant operations.	3
G4-7	Nature of ownership and legal form.	85, 134-138
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G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	138-141
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	Stakeholder Engagement	
G4-24	List of stakeholder groups engaged by the organization.	80-82
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G4-28	Reporting period (such as fiscal or calendar year) for information provided.	4
G4-29	Date of most recent previous report (if any).	2015
G4-30	Reporting cycle (such as annual, biennial).	Annual
	Governance	
G4-34	Governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	98-102
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G4-36	Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	98-102
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	98-102
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G4-39	Whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	87, 98-102, 112-113, 116
G4-40	Nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	87, 98-102, 112-113, 116
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed.	104
G4-42	Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	58-71, 76-78, 87, 98-102, 112-113, 116
G4-43	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	113-115
G4-44	Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment.	100, 103, 115
G4-45	Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes.	90-99, 106-112
G4-46	Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	90-99
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G4-48	Highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material aspects are covered.	87, 98-102, 112-113, 116
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The complete GRI G4 Standard Disclosures will be included in our Sustainability Report in September 2016.

MANAGEMENT DISCUSSION AND ANALYSIS OF OPERATIONS

FINANCIAL STATEMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS

Review of 2015 operations vs. 2014

Ayala Land, Inc. (ALI or "the Company") generated a net income after tax (attributable to equity holders of ALI) of ₱17.63 billion in 2015, 19 percent higher than the ₱14.80 billion posted in 2014. Consolidated revenues reached ₱107.18 billion, 13 percent higher than the ₱95.20 billion posted in the same period last year. Revenues from Real Estate increased by 13 percent to ₱100.66 billion driven by the steady performance of its Property Development, Commercial Leasing and Services businesses.

The ratio of General and Administrative Expenses (GAE) to revenues improved further to 6.2 percent from 6.5 percent while the Earnings before interest and taxes (EBIT) margin registered higher at 29 percent from 27 percent during the same period last year.

Business Segments

The details of the individual performance of each business segment are discussed as follows:

Property Development. This includes the sale of residential lots and units, office spaces, as well as commercial and industrial Lots. Total revenues from Property Development amounted to ₱67.77 billion in 2015, 10 percent higher than the ₱61.84 billion reported during the same period in 2014.

Revenues from the sale of residential lots and units reached ₱58.39 billion, 12 percent higher than the ₱52.26 billion posted in the same period last year, driven by bookings and project completion across all residential brands.

Ayala Land Premier (ALP) registered revenues of ₱23.40 billion, slightly higher than the ₱22.49 billion posted in the same period in 2014 driven by higher bookings in West Gallery Place in Bonifacio Global City and Riomonte in Nuvali, Laguna and increased project completion of The Courtyards in Vermosa, Cavite and high-end residential building projects such as the Two Roxas Triangle and Garden Tower 2 in Ayala Center Makati, The Suites and East Gallery Place in Bonifacio Global City in Taguig and Park Point Residences in Cebu.

Alveo meanwhile registered revenues of ₱14.36 billion, 31 percent higher than the ₱10.99 billion generated in the same period last year brought about by higher bookings and completion of subdivision projects such as Lumira and Mondia in Nuvali, Santa Rosa Laguna and Montala in Alviera, Porac Pampanga and condominium projects namely Kroma in Makati, Veranda Tower 1 in Arca South, Taguig, Verve Residences 1, Park Triangle Residences and Two Maridien in Bonifacio Global City, Taguig and Solinea Tower 1 and 3 in Cebu.

Avida and Amaia likewise recorded growth, with Avida reaching ₱14.74 billion in revenues, or 12 percent higher compared to same period last year and Amaia registering revenues of ₱3.91 billion, or 8 percent higher compared to same period in 2014. The increased bookings of Avida Settings in Alviera and One Union Place 1 and 2 in Arca South combined with higher project completion of Vita Towers in Vertis North, Verte Tower 1 and The Montane in Bonifacio Global City, contributed to the increase in revenues of Avida while Amaia's major contributors are Steps Nuvali, Steps Altaraza in San Jose Del Monte Bulacan and Scapes General Trias, Cavite.

BellaVita meanwhile grew its revenues to ₱529.80 million, posting more than triple growth from ₱115.60 million last year due to higher bookings from projects in General Trias Cavite, Alaminos Laguna, Tayabas Quezon, Porac Pampanga and Cabanatuan City, Nueva Ecija.

Residential sales for 2015 reached a total of ₱105.34 billion, 4 percent higher year-on-year, equivalent to an average monthly sales take-up of ₱8.8 billion. Residential Gross Profit (GP) margins of horizontal projects improved to 44 percent from 43 percent due to the sale of higher margin projects of Alveo such as Lumira, Mirala and Mondia in Nuvali while gross profit margins of vertical developments also improved to 34 percent from 33 percent.

Revenues from the sale of office spaces reached ₱6.42 billion, posting a 32 percent growth from the ₱4.86 billion registered in the same period in 2014 driven by bookings from Alveo Financial Tower in Makati CBD and The Stiles in Circuit Makati, higher completion of Alveo's projects such as High Street South Corporate Plaza 1 and 2 and Park Triangle Corporate Plaza and higher sales from Avida projects such as Capital House and One Park Drive in Bonifacio Global City.

Gross profit margins of offices for sale buildings are maintained at 38 percent during the same period last year.

Revenues from the sale of commercial and industrial lots reached ₱2.74 billion, 42 percent lower year-on-year from ₱4.68 billion due to higher lot sales in Nuvali and Arca South in 2014. GP margins of Commercial and Industrial lots improved to 50 percent from 45 percent due to sale of higher margin commercial lots in Arca South, Nuvali and Westborough Park.

Commercial Leasing. This includes shopping centers and office leasing as well as hotels and resorts operations. Total revenues from commercial leasing amounted to ₱24.50 billion in 2015, 16 percent higher than the ₱21.21 billion recorded in the same period last year.

Revenues from Shopping Centers reached ₱13.37 billion, 18 percent higher year-on-year from ₱11.36 billion due to the improved performance of Fairview Terraces and UP Town Center and the higher occupancy and average rental rates of existing malls. Shopping Centers EBITDA margin improved to 69 percent from 65 percent. Monthly average lease rates registered 1 percent higher to ₱1,155 per square meter from ₱1,146 per square meter in the same period last year. Same store sales grew 3 percent year on year while same mall rental growth increased by 8 percent year-on-year. Average occupancy rate registered at 94 percent. Total gross leasable area (GLA) of Shopping Centers registered at 1.45 million square meters for full year 2015.

Revenues from Office Leasing reached ₱5.16 billion, 22 percent higher year-on-year from ₱4.23 billion due to the higher occupancy and average rental rates of existing buildings and the positive contribution of new offices. Office Leasing EBITDA margin improved to 90 percent from 87 percent. Monthly average lease rates of offices registered 3 percent higher to ₱698 per square meter from ₱676 per square meter in the same period last year. Average occupancy rate registered at 84 percent due to the completion of leased office spaces for tenant fit-out. Total gross leasable area (GLA) of Office Leasing registered at 715 thousand square meters for 2015.

Revenues from Hotels and Resorts reached ₱5.97 billion, 6 percent higher year-on-year from ₱5.62 billion due to the improved revenue-per-available-room (REVPAR) of Fairmont Hotel and the Raffles Residences in Ayala Center Makati, Marriott in Cebu Business Park, SEDA hotels in Bonifacio Global City, Cagayan de Oro, Davao and Nuvali, El Nido Resorts in Palawan and opening of SEDA hotel in Iloilo. REVPAR of hotels increased by one percent to ₱3,888 per night while REVPAR of resorts increased by 13 percent to ₱7,557 per night. Hotels and Resorts EBITDA margin was at 28 percent. Average occupancy rate of Hotels registered at 73 percent while Resorts registered at 58 percent during the period. Hotels and Resorts currently operates 1,294 hotel rooms from its internationally branded segment; Hotel InterContinental Manila, Cebu City Marriott, Fairmont Hotel and Raffles Residences Makati and Holiday Inn & Suites Makati, 213 island resort rooms from El Nido Resorts in Lagen, Miniloc, Apulit and Pangulasian Islands in the province of Palawan and 817 rooms from its Seda Hotels located in Iloilo, Bonifacio Global City, Taguig, Centrio Cagayan de Oro, Abreeza in Davao and Nuvali in Santa Rosa Laguna. Total rooms under the Hotels and Resorts portfolio registered at 2,324 as of December 31, 2015.

Services. This includes the Company's wholly-owned Construction and Property Management companies; respectively Makati Development Corporation and Ayala Property Management Corporation. Total revenues from the Services business amounted to ₱45.25 billion, 52 percent higher than the ₱29.80 billion reported in the same period in 2014.

Revenues from Construction reached ₱44.07 billion, 53 percent higher year-on-year from ₱28.76 billion due to the increase in order book of projects within the Ayala Land Group. Revenues from Property Management reached ₱1.18 million, 14 percent higher year-on-year from ₱1.03 million due to the increase in managed properties from completed projects. Blended EBITDA margins of the Services businesses improved to 14 percent from 11 percent.

Equity in Net Earnings of Investees, Interest, Fees, Investment and Other Income

Equity in net earnings of associates and JVs registered a loss of ₱140 million in 2015 due to the lower net earnings of Fort Bonifacio Development Corporation attributed to the lower inventory of commercial lots and startup costs from new businesses. Meanwhile, Interest, Investment and Other Income reached ₱6.66 billion, mainly due to higher interest income on accretion and installment sales.

Expenses

Total expenses registered at ₱79.43 billion in 2015, 11 percent higher than the ₱71.34 billion posted in the same period last year mainly driven by Real Estate and Hotels expenses which grew 10 percent to ₱65.34 billion from ₱59.40 billion last year.

General and Administrative Expenses (GAE) grew by 6 percent to ₱6.59 billion from ₱6.20 billion last year as a result of efficient cost management measures. GAE-to-revenue ratio further improved to 6.2 percent from 6.5 percent last year. Interest Expense, Financing and Other Charges meanwhile registered at ₱7.51 billion, 31 percent higher year-on year from ₱5.74 billion, mainly attributed to higher interest expense and a higher average interest rate of 4.71 percent compared to 4.49 percent during the previous year.

Project and Capital Expenditure

Ayala Land spent a total of ₱82.20 billion for project and capital expenditures in 2015. Of the total capital expenditure, 28 percent was spent on land acquisition, 4 percent was spent on the development of its estates, 40 percent was spent on the completion of residential projects and 21 percent was spent on commercial leasing projects with the rest of the amount disbursed for new businesses, services and other investments.

Financial Condition

Ayala Land posted a solid balance sheet position in 2015 which provides adequate capacity to support its growth plans in the coming years.

Cash and Cash Equivalents including short term investments and UITF investments classified as FVPL stood at P19.54 billion, resulting in a current ratio of 1.14:1. Total

	END-DECEMBER 2015	END-DECEMBER 2014
Current Ratio[1]	1.14:1	1.23:1
Debt-to-Equity Ratio[2]	0.87:1	1.02:1
Net Debt-to-Equity Ratio[3]	0.74:1	0.74:1
Profitability Ratios:		
Return on Assets[4]	5.0%	5.0%
Return on Equity[5]	14.7%	14.4%
Asset to Equity Ratio[6]	2.95	3.19
Interest Rate Coverage Ratio[7]	5.5	5.7

Borrowings stood at P130.99 billion as of December 31, 2015 from P124.67 billion as of December 2014, translating to a Debt-to-Equity Ratio of 0.87:1 and a Net Debt-to-Equity Ratio of 0.74:1. Return on Equity was at 14.7 percent as of December 31, 2015.

1 Current assets / current liabilities
2 Total debt/ consolidated stockholders' equity attributable to equity holders of ALI (Total debt includes short-term debt, long-term debt and current portion of long-term debt)
3 Net debt/ consolidated stockholders' equity attributable to equity holders of ALI (Net debt is total debt less cash and cash equivalents, short term investments and financial assets through fvpl)
4 Total Net income / average total assets
5 Net income attributable to equity holders of ALI / average total stockholders' equity attributable to equity holders of ALI
6 Total Assets /Total stockholders' equity
7 EBITDA/Interest expense

REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF DIRECTORS

As Audit Committee members, our roles and responsibilities are defined in the Audit Committee Charter approved by the Board of Directors. We assist the Board of Directors in fulfilling its oversight responsibility to the shareholders relating to:

- the integrity of Ayala Land Inc.'s (the "Company") financial statements and the financial reporting process;
- the appointment, re-appointment, remuneration, qualifications, independence and performance of the independent external auditors and the integrity of the audit process as a whole;
- the effectiveness of the systems of internal control and the risk management process;
- the performance and leadership of the internal audit function;
- the Company's compliance with applicable legal and regulatory requirements; and
- the preparation of a year-end report of the Committee for approval of the Board and to be included in the annual report.

In compliance with the Audit Committee Charter, we confirm that:

- An independent director chairs the Audit Committee. Two out of the three members of the Committee are independent directors;
- We had five meetings during the year with the following attendance rate:

DIRECTOR	NO. OF MEETINGS ATTENDED/HELD	% PRESENT
Jaime C. Laya	5/5	100%
Antonino T. Aquino	5/5	100%
Rizalina G. Mantaring	5/5	100%

In compliance with the Audit Committee Charter, we confirm that:

An independent director chairs the Audit Committee. Two out of the three members of the Committee are independent directors;

- We recommended to the Board of Directors the re-appointment of SGV & Co. as independent external auditor for 2016, based on the review of their performance and qualifications, including consideration of management's recommendation;
- We reviewed and discussed the quarterly consolidated financial statements and the annual consolidated financial statements of Ayala Land, Inc. and subsidiaries, including Management's Discussion and Analysis of Financial Condition and Results of Operations as of and for the year ended December 31, 2015, with the Company's management and SGV & Co.

These activities were performed in the following context:

– That management has the primary responsibility for the financial statements and the reporting process.

– That SGV & Co. is responsible for expressing an opinion on the conformity of the Company's consolidated audited financial statements with Philippine Financial Reporting Standards.

- We reviewed and approved the management representation letter before submission to the Company's independent external auditors;
- We discussed and approved the overall scope and the respective audit plans of the Company's Internal Auditors and SGV & Co. We have also discussed the results of their audits and their assessment of the Company's internal controls and the overall quality of the financial reporting process;
- We also reviewed the reports of the Internal Auditors, ensuring that management is taking appropriate corrective actions in a timely manner, including addressing internal controls and compliance issues. All the activities performed by Internal Audit were conducted in conformance with the International Standards for the Professional Practice of Internal Auditing;
- We reviewed and approved all audit, audit-related, and permitted non-audit services provided by SGV & Co. to Ayala Land, Inc. and the related fees for such services. We also assessed the compatibility of non-audit services with the auditor's roles and responsibilities to ensure that such services will not impair their independence;
- We reviewed and discussed the adequacy of the Company's enterprise-wide risk management process, including the major risk exposures, the related risk mitigation efforts and initiatives, and the status of risk mitigation plans. The review was undertaken in the context that management is primarily responsible for the risk management process.

Based on the reviews and discussions undertaken, and subject to the limitations on our roles and responsibilities referred to above, the Audit Committee recommended to the Board of Directors the inclusion of the Company's consolidated financial statements as of and for the year ended December 31, 2015 in the Company's Annual Report to the Stockholders and for filing with the Securities and Exchange Commission.

February 19, 2016

JAIME C. LAYA
Committee Chair

RIZALINA G. MANTARING
Member

ANTONINO T. AQUINO
Member

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Ayala Land, Inc. and its subsidiaries is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2015 and 2014, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors of the Company reviews and approves the consolidated financial statements and submits the same to the stockholders of the Company.

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has examined the consolidated financial statements of the Company and its subsidiaries in accordance with Philippine Standards on Auditing and in its report to the stockholders of the Company, has expressed its opinion on the fairness of presentation upon completion of such examination.

FERNANDO ZOBEL DE AYALA
Chairman, Board of Directors

BERNARD VINCENT O. DY
President & Chief Executive Officer

JAIME E. YSMAEL
Chief Finance Officer

SUBSCRIBED AND SWORN to before me this FEB 2 6 2016 at Makati City, affiants exhibiting to me their respective Passports, to wit:

Name	Passport No.	Date & Place of Issue
Fernando Zobel de Ayala	EC6148225	Dec 8, 2015 – Manila
Bernard Vincent O. Dy	EB4700081	Feb 14, 2012 – Manila
Jaime E. Ysmael	EB6092044	Aug 6, 2012 – Manila

Doc. No. 432 ;
Page No. 88 ;
Book No. IV ;
Series of 2016.

Notarial DST pursuant to Sec. 188 of the Tax Code affixed on Notary Public's copy.

CHARLENE MAE C. TAPIC-CASTRO
NOTARY PUBLIC
ROLL NO. 58720
MAKATI CITY, PHILS.

CHARLENE MAE C. TAPIC-CASTRO
Notary Public - Makati City
Appt. No. 397 until December 31, 2016
Attorney's Roll No. 58720
PTR No. 5328830MD; 01-06-2016; Makati City
IBP Lifetime Roll No. 010104
MCLE Compliance No. V-0004684; 11-28-2014
3rd Floor, Tower One & Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Ayala Land, Inc.

We have audited the accompanying consolidated financial statements of Ayala Land, Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Ayala Land, Inc. and its subsidiaries as at December 31, 2015 and 2014, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2015 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Jessie D. Cabaluna

Jessie D. Cabaluna
Partner
CPA Certificate No. 36317
SEC Accreditation No. 0069-AR-3 (Group A),
February 14, 2013, valid until April 30, 2016
Tax Identification No. 102-082-365
BIR Accreditation No. 08-001998-10-2015,
March 24, 2015, valid until March 23, 2018
PTR No. 5321616, January 4, 2016, Makati City

February 26, 2016

AYALA LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	December 31	
	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 29)	**₱19,087,390**	₱28,677,282
Short-term investments (Notes 5 and 29)	**164,621**	301,405
Financial assets at fair value through profit or loss (Notes 6 and 29)	**731,677**	6,264,569
Accounts and notes receivable (Notes 7 and 29)	**64,960,745**	58,573,665
Inventories (Note 8)	**59,246,962**	48,179,191
Other current assets (Note 9)	**22,012,200**	23,638,333
Total Current Assets	**166,203,595**	165,634,445
Noncurrent Assets		
Noncurrent accounts and notes receivable (Notes 7 and 29)	**41,256,656**	31,374,498
Available-for-sale financial assets (Notes 10 and 29)	**500,359**	784,371
Land and improvements (Note 11)	**93,302,506**	80,444,542
Investments in associates and joint ventures (Note 12)	**17,521,517**	10,963,182
Investment properties (Note 13)	**80,464,775**	67,897,942
Property and equipment (Note 14)	**24,246,455**	18,824,912
Deferred tax assets - net (Note 23)	**7,911,634**	6,457,372
Other noncurrent assets (Notes 15 and 26)	**10,934,303**	6,563,199
Total Noncurrent Assets	**276,138,205**	223,310,018
	₱442,341,800	₱388,944,463

LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 16 and 29)	**₱121,757,202**	₱106,992,321
Short-term debt (Notes 17 and 29)	**10,486,258**	16,302,312
Income tax payable	**1,283,535**	647,234
Current portion of long-term debt (Notes 17 and 29)	**8,807,652**	5,066,903
Deposits and other current liabilities (Note 18)	**3,798,208**	5,591,948
Total Current Liabilities	**146,132,855**	134,600,718
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 17 and 29)	**111,702,201**	103,296,454
Pension liabilities (Note 26)	**1,502,247**	1,580,228
Deferred tax liabilities - net (Note 23)	**1,782,061**	1,967,129
Deposits and other noncurrent liabilities (Notes 19 and 29)	**31,397,025**	25,504,476
Total Noncurrent Liabilities	**146,383,534**	132,348,287
Total Liabilities	**292,516,389**	266,949,005

	December 31	
	2015	2014
Equity (Note 20)		
Equity attributable to equity holders of Ayala Land, Inc.		
Paid-in capital	**₱61,072,448**	₱44,851,468
Retained earnings	**77,951,761**	66,478,250
Stock options outstanding (Note 28)	**190,747**	185,604
Remeasurement loss on defined benefit plans (Note 26)	**(432,487)**	(572,392)
Net unrealized gain (loss) on available-for-sale financial assets (Note 10)	**(80,800)**	135,815
Equity reserves (Notes 2 and 20)	**(4,970,965)**	(4,138,909)
	133,730,704	106,939,836
Non-controlling interests	**16,094,707**	15,055,622
Total Equity	**149,825,411**	121,995,458
	₱442,341,800	₱388,944,463

See accompanying Notes to Consolidated Financial Statements.

AYALA LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Earnings Per Share Figures)

	Years Ended December 31		
	2015	2014	2013
REVENUE			
Real estate (Notes 21 and 25)	**₱100,660,792**	₱89,027,534	₱76,337,434
Interest and investment income (Notes 6, 7, 24 and 25)	**5,980,031**	4,816,980	3,538,357
Equity in net earnings (losses) of associates and joint ventures (Note 12)	**(140,488)**	646,537	549,741
Other income (Note 22)	**682,605**	705,995	1,097,538
	107,182,940	95,197,046	81,523,070
COSTS AND EXPENSES			
Real estate (Note 22)	**65,335,060**	59,395,613	51,839,186
General and administrative expenses (Notes 22, 26 and 28)	**6,591,955**	6,203,133	5,929,336
Interest and other financing charges (Note 22)	**6,506,261**	5,365,716	4,115,555
Other charges (Note 22)	**998,860**	375,797	678,930
	79,432,136	71,340,259	62,563,007
INCOME BEFORE INCOME TAX	**27,750,804**	23,856,787	18,960,063
PROVISION FOR INCOME TAX (Note 23)			
Current	**8,561,600**	7,010,602	6,654,709
Deferred	**(1,707,683)**	(868,273)	(1,999,339)
	6,853,917	6,142,329	4,655,370
NET INCOME	**₱20,896,887**	₱17,714,458	₱14,304,693
Net income attributable to:			
Equity holders of Ayala Land, Inc. (Note 27)	**₱17,630,275**	₱14,802,642	₱11,741,764
Non-controlling interests	**3,266,612**	2,911,816	2,562,929
	₱20,896,887	₱17,714,458	₱14,304,693
Earnings Per Share (Note 27)			
Net income attributable to equity holders of Ayala Land, Inc.			
Basic	**₱1.20**	₱1.05	₱0.84
Diluted	**1.20**	1.05	0.83

See accompanying Notes to Consolidated Financial Statements.

AYALA LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Years Ended December 31		
	2015	2014	2013
Net income	**₱20,896,887**	₱17,714,458	₱14,304,693
Other comprehensive income (loss)			
Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent years:			
Net unrealized gain (loss) on available-for-sale financial assets (Note 10)	**(164,648)**	118,111	(7,141)
Other comprehensive loss not to be reclassified to profit or loss in subsequent years:			
Actuarial loss on pension liabilities (Note 26)	**199,864**	(70,123)	(390,646)
Tax effect relating to components of other comprehensive loss	**(59,959)**	21,037	117,194
Total other comprehensive income (loss) – net of tax	**(24,743)**	69,025	(280,593)
Total comprehensive income	**₱20,872,144**	₱17,783,483	₱14,024,100
Total comprehensive income attributable to:			
Equity holders of Ayala Land, Inc.	**₱17,601,457**	₱14,869,751	₱11,466,162
Non-controlling interests	**3,270,687**	2,913,732	2,557,938
	₱20,872,144	₱17,783,483	₱14,024,100

See accompanying Notes to Consolidated Financial Statements.

AYALA LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands, Except Par Value and Cash Dividends Per Share Figures)

	Years Ended December 31		
	2015	2014	2013
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF AYALA LAND, INC.			
Common Shares - ₱1.00 par value (Note 20)			
Issued:			
Balance at beginning of year	**₱14,088,208**	₱14,063,902	₱13,729,402
Issuance of shares	**497,860**	24,306	334,500
Balance at end of year	**14,586,068**	14,088,208	14,063,902
Subscribed:			
Balance at beginning of year	**102,281**	109,385	102,159
Additions	**505,142**	17,202	341,726
Issuance of shares	**(497,860)**	(24,306)	(334,500)
Balance at end of year	**109,563**	102,281	109,385
Preferred Shares - ₱0.10 par value (Note 20)			
Balance at beginning of year	**1,306,649**	1,306,649	2,610,109
Retirement of shares	**–**	–	(1,303,460)
Balance at end of year	**1,306,649**	1,306,649	1,306,649
Additional Paid-in Capital			
Balance at beginning of year	**30,200,324**	29,712,336	18,216,407
Additions (Notes 20 and 28)	**16,017,372**	487,988	11,495,929
Balance at end of year	**46,217,696**	30,200,324	29,712,336
Subscriptions Receivable			
Balance at beginning of year	**(845,994)**	(737,229)	(539,477)
Additions	**(363,968)**	(176,671)	(378,950)
Collections	**62,434**	67,906	181,198
Balance at end of year	**(1,147,528)**	(845,994)	(737,229)
Total Paid-in Capital	**61,072,448**	44,851,468	44,455,043
Retained Earnings (Note 20)			
Appropriated for future expansion	**6,000,000**	6,000,000	6,000,000
Unappropriated:			
Balance at beginning of year	**60,478,250**	51,608,700	43,996,249
Cash dividends			
Common share - ₱0.42 per share in 2015, ₱0.41 per share in 2014 and ₱0.29 per share in 2013	**(6,094,726)**	(5,871,054)	(4,067,275)
Preferred share - ₱0.005 per share or 4.64%	**(62,038)**	(62,038)	(62,038)
Net income	**17,630,275**	14,802,642	11,741,764
Balance at end of year	**71,951,761**	60,478,250	51,608,700
	77,951,761	66,478,250	57,608,700
Stock Options Outstanding (Note 28)			
Balance at beginning of year	**185,604**	198,274	213,758
Cost of stock options	**17,262**	11,844	19,688
Stock options exercised	**(12,119)**	(24,514)	(35,172)
Balance at end of year	**190,747**	185,604	198,274

(Forward)

	Years Ended December 31		
	2015	2014	2013
Remeasurement Loss on Defined Benefit Plans			
Balance at beginning of year	**(₱572,392)**	(₱524,678)	(₱253,723)
Net changes during the year	**139,905**	(47,714)	(270,955)
Balance at end of year	**(432,487)**	(572,392)	(524,678)
Net Unrealized Gain (Loss) on Available-for-Sale Financial Assets (Note 10)			
Balance at beginning of year	**135,815**	32,105	36,752
Net changes during the year	**(216,615)**	103,710	(4,647)
Balance at end of year	**(80,800)**	135,815	32,105
Equity Reserves (Notes 2 and 20)			
Balance at beginning of year	**(4,138,909)**	(3,299,669)	8,960
Movement during the year	**(832,056)**	(839,240)	(3,308,629)
Balance at end of year	**(4,970,965)**	(4,138,909)	(3,299,669)
Treasury Shares (Note 20)			
Balance at beginning of year	**–**	–	(2,127,427)
Reissuance	**–**	–	823,967
Retirement	**–**	–	1,303,460
Redemption	**–**	–	–
Balance at end of year	**–**	–	–
NON-CONTROLLING INTERESTS			
Balance at beginning of year	**15,055,622**	13,627,791	13,547,045
Net income	**3,266,612**	2,911,816	2,562,929
Net increase in non-controlling interests	**1,201,856**	525,736	843,646
Dividends paid to non-controlling interests	**(2,775,786)**	(1,342,623)	(1,109,467)
Acquisition of non-controlling interests	**(654,384)**	(650,367)	(2,211,371)
Net gain (loss) on available-for-sale financial assets	**787**	(15,359)	(2,494)
Actuarial loss on pension liabilities	**–**	(1,372)	(2,497)
Balance at end of year	**16,094,707**	15,055,622	13,627,791
	₱149,825,411	₱121,995,458	₱112,097,566
Total Comprehensive Income			
Net income attributable to:			
Equity holders of Ayala Land, Inc.	**₱17,630,275**	₱14,802,642	₱11,741,764
Non-controlling interests	**3,266,612**	2,911,816	2,562,929
	20,896,887	17,714,458	14,304,693
Net gain (loss) on available-for-sale financial assets attributable to (Note 10):			
Equity holders of Ayala Land, Inc.	**(168,723)**	114,823	(4,647)
Non-controlling interests	**4,075**	3,288	(2,494)
	(164,648)	118,111	(7,141)
Actuarial gain (loss) on pension liabilities attributable to:			
Equity holders of Ayala Land, Inc.	**139,905**	(47,714)	(270,955)
Non-controlling interests	**–**	(1,372)	(2,497)
	139,905	(49,086)	(273,452)
	₱20,872,144	₱17,783,483	₱14,024,100

See accompanying Notes to Consolidated Financial Statements.

AYALA LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱27,750,804**	₱23,856,787	₱18,960,063
Adjustments for:			
Depreciation and amortization (Notes 13, 14, 15 and 22)	**5,069,595**	4,990,465	3,898,401
Interest and other financing charges (Note 22)	**6,506,261**	5,365,716	4,115,555
Dividends received from investees (Note 12)	**286,739**	1,019,885	236,431
Cost of share-based payments (Note 28)	**213,587**	196,088	232,659
Unrealized loss (gain) on financial assets at fair value through profit or loss (Note 22)	**(11,996)**	(96,702)	657
Realized gain on financial assets at fair value through profit or loss (Note 22)	**(78,364)**	(164,977)	(2,104)
Gain on sale of property and equipment	**(34,338)**	(1,097)	(589,102)
Equity in net earnings of associates and joint ventures (Note 12)	**140,488**	(646,537)	(549,741)
Interest income	**(5,979,695)**	(4,777,787)	(3,528,766)
Provision for impairment losses (Note 22)	**494,878**	139,627	448,807
Operating income before changes in working capital	**34,357,959**	29,881,468	23,222,860
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Accounts and notes receivable - trade	**(14,949,793)**	(17,165,303)	(7,162,382)
Inventories	**(3,285,156)**	6,718,045	(1,504,321)
Other current assets (Note 9)	**1,743,404**	(4,290,975)	(2,451,910)
Increase (decrease) in:			
Accounts and other payables	**12,074,006**	27,139,642	22,166,391
Deposits and other current liabilities (Note 18)	**(1,821,438)**	452,795	(328,162)
Pension liabilities (Note 26)	**57,378**	383,657	308,364
Net cash generated from operations	**28,176,360**	43,119,329	34,250,840
Interest received	**6,475,543**	4,563,198	3,284,026
Income tax paid	**(7,846,135)**	(7,187,490)	(6,366,620)
Interest paid	**(6,624,035)**	(5,330,270)	(3,929,597)
Net cash provided by operating activities	**20,181,733**	35,164,767	27,238,649
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Sale/redemption of short term investments	**929,311**	–	106,977
Sale/redemption of financial assets at fair value through profit or loss	**28,117,351**	41,234,788	–
Sale of available-for-sale financial assets (Note 10)	**226,632**	30,000	129,513
Disposal of property and equipment (Note 14)	**92,745**	213,744	690,899
Disposal of investment properties (Note 13)	**483,257**	793,047	131,781

(Forward)

	Years Ended December 31		
	2015	2014	2013
Additions to:			
Short-term investments	**(₱792,191)**	(₱284,677)	(₱12,795,536)
Financial assets at fair value through profit or loss	**(22,494,099)**	(33,878,342)	–
Available-for-sale financial assets (Note 10)	**(67,957)**	(330,240)	–
Land and improvements (Note 11)	**(21,061,610)**	(28,358,401)	(30,056,560)
Investments in associates and joint ventures (Note 12)	**(6,985,562)**	(2,017,757)	(1,126,982)
Investment properties (Note 13)	**(14,354,449)**	(13,271,609)	(10,797,538)
Property and equipment (Note 14)	**(6,839,235)**	(3,251,225)	(5,117,877)
Accounts and notes receivable - nontrade (Note 7)	**(1,733,723)**	(12,210,428)	(3,068,467)
Net increase in other noncurrent assets	**(3,926,779)**	(174,133)	(2,528,361)
Acquisition of subsidiary, net of cash acquired	**(481,241)**	–	–
Net cash used in investing activities	**(48,887,550)**	(51,505,233)	(64,432,151)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short and long-term debt (Note 17)	**54,210,245**	33,075,483	58,740,478
Payments of short and long-term debt (Note 17)	**(47,879,804)**	(10,311,699)	(31,616,655)
Increase in deposits and other noncurrent liabilities	**5,707,932**	2,158,242	3,479,954
Capital infusion by non-controlling interests in consolidated subsidiaries	**1,350,824**	820,343	1,005,254
Redemption of non-controlling interests in consolidated subsidiaries	**(147,395)**	(388,439)	(182,359)
Acquisition of non-controlling interest (Note 20)	**(1,486,440)**	(1,411,130)	(5,520,000)
Proceeds from capital stock subscriptions	**16,012,536**	187,666	9,790,114
Proceeds from reissuance of treasury shares	**–**	–	2,425,613
Dividends paid to non-controlling interests	**(2,775,786)**	(1,342,623)	(1,109,467)
Dividends paid to equity holders of Ayala Land, Inc. (Note 20)	**(5,876,187)**	(5,736,233)	(3,975,377)
Net cash provided by financing activities	**19,115,925**	17,051,610	33,037,555
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(9,589,892)**	711,144	(4,155,947)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**28,677,282**	27,966,138	32,122,085
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱19,087,390**	₱28,677,282	₱27,966,138

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information G4-5, G4-7

Ayala Land, Inc. (the Company) is domiciled and was incorporated on June 30, 1988 in the Republic of the Philippines. The Company's parent is Ayala Corporation (AC). AC is a publicly-listed company, 49.01%-owned by Mermac, Inc., 10.18%-owned by Mitsubishi Corporation (MC) and the rest by the public. The Company's registered office and principal place of business is 31st Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City.

The Company and its Subsidiaries (the Group) are incorporated to hold, develop, manage, administer, sell, convey, encumber, purchase, acquire, rent or otherwise deal in and dispose of, for itself or for others, residential including, but not limited to, all kinds of housing projects, commercial, industrial, urban or other kinds of real property; to acquire, purchase, hold, manage, develop and sell subdivision lots, with or without buildings or improvements; to erect, construct, alter, manage, operate, lease, in whole or in part, buildings and tenements of the Group or of other persons; and to engage or act as real estate broker. The Group is also involved in hotels and resorts operations.

The consolidated financial statements of Ayala Land, Inc. and Subsidiaries as of December 31, 2015 and 2014, and for each of the three years in the period ended December 31, 2015 were endorsed for approval by the Audit Committee on February 19, 2016 and were approved and authorized for issue by the Board of Directors (BOD) on February 26, 2016.

2. Summary of Significant Accounting Policies

Basis of Preparation
The consolidated financial statements of the Group have been prepared using the historical cost basis, except for financial assets at fair value through profit or loss (FVPL) and available-for-sale (AFS) financial assets that have been measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), which is also the Company's functional currency and all values are rounded to the nearest thousand (₱000), except when otherwise indicated.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Group as of December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect that return through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:
- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included or excluded in the consolidated financial statements from the date the Group gains control or until the date the Group ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not wholly owned and are presented separately in the consolidated statement of income, consolidated statement of comprehensive income and consolidated statement of changes in equity and within equity in the consolidated statements of financial position, separately from the Company's equity.

Total comprehensive income within a subsidiary is attributed to the non-controlling interests even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interest and the cumulative translation differences recorded in equity.
- Recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

The consolidated financial statements represent the consolidation of the financial statements of the Company and the following domestic and foreign subsidiaries: G4-9, G4-17

	December 31	
	2015*	2014*
Real Estate:		
Alveo Land Corporation (Alveo)	**100%**	100%
Serendra, Inc.	**39**	39
Solinea, Inc. (Solinea)	**65**	65
BGSouth Properties, Inc. (BGS)	**50**	50
Portico Land Corp. (Portico)	**60**	60
Serendra, Inc.	**28**	28
Amorsedia Development Corporation (ADC)	**100**	100
OLC Development Corporation and Subsidiary	**100**	100
HLC Development Corporation	**100**	100
Allysonia International Ltd.	**100**	100
Avida Land Corporation (Avida)	**100**	100
Buklod Bahayan Realty and Development Corp.	**100**	100
Avida Sales Corp. and Subsidiaries	**100**	100
Amicassa Process Solutions, Inc.	**100**	100
Avencosouth Corp. (Avencosouth)	**70**	70
BGNorth Properties, Inc. (BGN)	**50**	50
Amaia Land Co. (Amaia)	**100**	100
Amaia Southern Properties, Inc. (ASPI)	**65**	65
Ayala Land International Sales, Inc. (ALISI)	**100**	100
Ayala Land International Marketing, Inc. (AIMI)	**100**	100
Ayala Land International (Singapore) Pte. Ltd	**100**	100
Ayala Land International Marketing (Hong Kong) Ltd	**100**	100
Ayala Land International Marketing, SRL	**100**	100
Ayala Land International Marketing, London	**100**	100
Ayala Land Sales, Inc.	**100**	100
Southportal Properties, Inc. (Southportal)	**65**	65
Buendia Landholdings, Inc.	**100**	100
Crans Montana Holdings, Inc.	**100**	100
Crimson Field Enterprises, Inc.	**100**	100
Ecoholdings Company, Inc. (ECI)	**100**	100
NorthBeacon Commercial Corporation (NBCC)	**100**	100
Red Creek Properties, Inc.	**100**	100
Regent Time International, Limited (Regent Time) (British Virgin Islands)	**100**	100
Asterion Technopod Incorporated (ATI)	**100**	100
Westview Commercial Ventures Corp. (formerly Crestview E-Office Corporation) (Westview)	**100**	100

	December 31	
	2015*	2014*
North Ventures Commercial Corp. (formerly Fairview Prime Commercial Corp.)	**100%**	100%
Hillsford Property Corporation (HPC)	**100**	100
Primavera Towncentre, Inc. (PTI)	**100**	100
Summerhill E-Office Corporation (Summerhill)	**100**	100
Sunnyfield E-Office Corporation (Sunnyfield)	**100**	100
Subic Bay Town Centre, Inc.	**100**	100
Regent Wise Investments Limited (Regent Wise) (Hongkong Company)	**100**	100
AyalaLand Real Estate Investments, Inc.	**100**	100
AyalaLand Advisory Broadway, Inc.	**100**	100
AyalaLand Development (Canada), Inc.	**100**	100
AyalaLand OpenAsia Holdings PTE, Ltd.	**100**	100
Blue Horizons Holdings PTE, Limited.	**100**	100
AyalaLand Commercial REIT, Inc. (ALCRI)	**100**	100
Arvo Commercial Corporation (Arvo)	**100**	100
BellaVita Land Corporation (BellaVita)	**100**	100
Nuevo Centro, Inc. (Nuevo Centro)	**100**	100
Cavite Commercial Town Center, Inc.	**100**	100
AyalaLand Offices, Inc. (ALO) (formerly ALI Property Partners Corp. (APPCo)) (Note 24)	**100**	100
One Dela Rosa Property Development, Inc.	**100**	100
First Gateway Real Estate Corp.	**100**	100
Glensworth Development, Inc. (Glensworth)	**100**	100
UP North Property Holdings, Inc.	**100**	100
ALO Prime Realty Corporation	**100**	–
Laguna Technopark, Inc. (LTI)	**75**	75
Ecozone Power Management, Inc.	**75**	75
Aurora Properties Incorporated	**80**	78
Soltea Commercial Corp.	**16**	16
Vesta Property Holdings, Inc.	**70**	70
Station Square East Commercial Corporation (SSECC)	**69**	69
Next Urban Alliance Development Corp.	**100**	–
Accendo Commercial Corp. (Accendo)	**67**	67
Avencosouth Corp.	**20**	20
Aviana Development Corporation	**7**	7
Aviana Development Corporation	**50**	50
Cagayan de Oro Gateway Corp. (CDOGC)	**70**	70
Ceci Realty, Inc. (Ceci)	**60**	60
Soltea Commercial Corp.	**12**	12
Soltea Commercial Corp.	**60**	60
CMPI Holdings, Inc.	**60**	60
CMPI Land, Inc.	**36**	36
ALI-CII Development Corporation (ALI-CII)	**50**	50
Roxas Land Corporation (RLC)	**50**	50
Adauge Commercial Corporation (Adauge)	**60**	72
Southgateway Development Corp. (SDC)	**100**	100
Ayalaland MetroNorth, Inc. (AMNI)	**100**	100
Verde Golf Development Corporation	**100**	100
North Triangle Depot Commercial Corporation (NTDCC)	**73**	64
BGWest Properties, Inc. (BGW)	**50**	50
Lagdigan Land Corp. (Lagdigan)	**60**	60
Central Block Developers, Inc. (CBDI)	**35**	–
Cebu Holdings, Inc. (CHI)	**56**	50
Cebu Property Ventures Development Corp (CPVDC) and Subsidiary	**43**	38
Cebu Leisure Company, Inc.	**56**	50
CBP Theatre Management, Inc.	**56**	50
Taft Punta Engaño Property, Inc. (TPEPI)	**31**	28
Cebu Insular Hotel Company, Inc. (CIHCI)	**21**	19
Solinea, Inc.	**20**	18

	December 31	
	2015*	2014*
Amaia Southern Properties, Inc. (ASPI)	**20%**	18%
Southportal Properties, Inc. (Southportal)	**20**	18
Central Block Developers, Inc. (CBDI)**	**32**	–
Cebu Property Ventures Development Corp (CPVDC) and Subsidiary	**8**	8
Alabang Commercial Corporation (ACC)	**50**	50
South Innovative Theater Management (SITMI)	**50**	50
ALI Commercial Center, Inc.	**100**	100
Ayala Land Malls, Inc. (formerly Solerte, Inc.)	**100**	100
Ayalaland Malls Vismin, Inc.	**100**	–
Ayalaland Malls NorthEast, Inc.	**100**	–
Construction:		
Makati Development Corporation (MDC)	**100**	100
MDC Subic, Inc.	**100**	100
MDC Build Plus, Inc.	**100**	100
MDC Conqrete, Inc. (MCI)	**100**	100
MDC Equipment Solutions, Inc. (MESI)	**100**	100
Hotels:		
Ayala Hotels, Inc. (AHI)	**50**	50
AyalaLand Hotels and Resorts Corporation (AHRC) and Subsidiaries	**100**	100
ALI Makati Hotel & Residences, Inc. (formerly KHI-ALI Manila, Inc.) (Note 24)	**80**	80
ALI Makati Hotel Property, Inc. (formerly KHI Manila Property, Inc.) (Note 24)	**80**	80
Regent Horizons Conservation Company, Inc. and Subsidiary (formerly Asian Conservation Company Limited and Subsidiary)	**100**	100
Enjay Hotels, Inc. (Enjay)	**100**	100
Greenhaven Property Venture, Inc. (GPVI)	**100**	100
Cebu Insular Hotel Company, Inc. (CIHCI)	**63**	63
Bonifacio Hotel Ventures, Inc.	**100**	100
Southcrest Hotel Ventures, Inc.	**67**	67
Northgate Hotel Ventures, Inc.	**70**	70
North Triangle Hotel Ventures, Inc.	**100**	100
Ecosouth Hotel Ventures, Inc.	**100**	100
Sentera Hotel Ventures, Inc.	**100**	100
Econorth Resorts Ventures, Inc.	**100**	100
ALI Triangle Hotel Ventures, Inc.	**100**	100
Circuit Makati Hotel Ventures, Inc.	**100**	100
Capitol Centre Hotel Ventures, Inc.	**100**	100
Arca South Hotel Ventures, Inc.	**100**	100
Sicogon Town Hotel, Inc.	**100**	–
ALI Makati Hotels & Residences, Inc. (formerly KHI-ALI Manila, Inc.) (Note 24)	**20**	20
ALI Makati Hotel Property, Inc. (formerly KHI Manila Property, Inc.) (Note 24)	**20**	20
Ten Knots Phils., Inc. (TKPI) (Note 24)	**60**	60
Bacuit Bay Development Corporation	**60**	60
Lio Resort Ventures, Inc.	**60**	–
North Liberty Resort Ventures, Inc.	**60**	–
Paragua Eco-Resort Ventures, Inc.	**60**	–
Ten Knots Development Corp. (TKDC) (Note 24)	**60**	60
Chirica Resorts Corp.	**60**	60
Kingfisher Capital Resources Corp.	**60**	60
Pangulasian Island Resort Corporation	**60**	–
Property Management:		
Ayala Property Management Corporation (APMC)	**100**	100
Prime Support Services, Inc.	**100**	–
Ayala Theatres Management, Inc. and Subsidiaries	**100**	100
DirectPower Services, Inc. (DirectPower)	**100**	100
Philippine Integrated Energy Solutions, Inc. (PhilEnergy)	**100**	100

	December 31	
	2015*	2014*
Entertainment:		
Five Star Cinema, Inc.	**100%**	100%
Leisure and Allied Industries Philippines, Inc. (LAIP)	**50**	50
Others:		
ALInet.com, Inc. (ALInet)	**100**	100
First Longfield Investments Limited (First Longfield) (Hongkong Company)	**100**	100
Green Horizons Holdings Limited	**100**	100
Aprisa Business Process Solutions, Inc. (Aprisa)	**100**	100
AyalaLand Club Management, Inc.	**100**	100
ALI Capital Corp. (formerly Varejo Corp.)	**100**	100
Sicogon Island Tourism Estate, Corp.	**100**	–
Integrated Eco-resort Inc.	**100**	–
Island Transvoyager, Inc.	**100**	–
Arca South Integrated Terminal, Inc.	**100**	–
Whiteknight Holdings, Inc. (WHI)	**100**	100
Ayalaland Medical Facilities Leasing Inc.	**100**	–

*represents the Group's percentages of effective ownership
**includes CPVDC interest in CBDI

AC owns the other 50% of AHI. The Company exercises control over AHI. Likewise, the Company, through its 50% effective ownership and by virtue of a management contract or shareholders' agreement, exercises control over the operations and management of RLC, ALI-CII, ADC and LAIP. Accordingly, the accounts of AHI, RLC, ALI-CII, ADC and LAIP are consolidated to the accounts of the Company (see Note 3).

The following were the changes in the group structure during 2015: G4-13

On December 1, 2015, ALI Capital Corp. (formerly Varejo Corp.), a wholly owned subsidiary of Ayala Land, Inc., acquired 100% interest in Island Transvoyager, Inc, (ITI) following the purchase of all outstanding shares from existing shareholders, in the amount of ₱15.0 million (see Note 24). ITI was incorporated on October 2, 2002 with the primary purpose of carrying on the general business of a common carrier and/or private carrier. It was granted the Air Carrier Operating Certificate by the Air Transportation Office to enable it to operate as a scheduled domestic air transportation service provider. ITI is the only airline commercially flying from Manila to Lio in El Nido, Palawan. On November 26, 2015, ITI launched "AirSwift" as its new brand and introduced its new Cebu-El Nido-Cebu route. As of December 31, 2015, it currently operates a fleet of two (2) ATR 42-500 that can seat a maximum of 50 passengers each, and operates 3x-4x daily flights to El Nido. It is also expected to be a key player in the industry as it flies to more tourism destinations not serviced by the bigger commercial airlines (see Note 24).

On August 19, 2015, the Company purchased additional 20 million common shares of CHI through BPI Securities amounting to ₱110.27 million. This brought the Company's ownership from 49.80% to 50.84% of total outstanding capital stock of CHI.

Subsequently, on November 6 and 13, 2015, the Company bought 41,024,400 and 32,772,600, respectively, additional common shares of CHI amounting to ₱209.79 million and ₱167.14 million, respectively, which increased the Company's ownership from 50.84% to 53.08% of total outstanding capital stock of CHI.

Then, on December 7, 2015, the Company bought additional CHI shares consisting of 32,071,000 common shares amounting to ₱163.56 million which brought the Company's stake to 56.36% of total outstanding capital stock of CHI.

Arca South Integrated Terminal, Inc. is a wholly owned subsidiary of ALI which was incorporated on November 27, 2015. It is organized to finance, design, construct and manage the South Transport System Terminal Project located in Bicutan (formerly FTI). It is a project to be rolled out by the Department of Transportation and Communications which involves the development of mass transportation intermodal terminal at the southern outskirts of Metropolitan Manila to provide effective interconnection between transport modes and services.

Paragua Eco-Resort Ventures, Inc. is a wholly owned subsidiary of TKPI. The Company was incorporated on October 27, 2015 and was primarily organized to own, use, improve, develop, subdivide, sell, lease & hold for investment or otherwise real estate of all kinds.

North Liberty Resort Ventures, Inc. is a wholly owned subsidiary of TKPI. The Company was incorporated on October 27, 2015 and was primarily organized to own, use, improve, develop, subdivide, sell, lease & hold for investment or otherwise real estate of all kinds.

Lio Resort Ventures, Inc. is a wholly owned subsidiary of TKPI. The Company was incorporated on October 27, 2015 and was primarily organized to own, use, improve, develop, subdivide, sell, lease & hold for investment or otherwise real estate of all kinds.

Ayalaland Malls NorthEast, Inc. was registered on October 15, 2015. The Company is a wholly owned subsidiary of ALMI with primary purpose of conducting general contracting services and other support service, including performance of technical support services to North East Manila malls.

Ayalaland Malls VisMin, Inc. was registered on October 15, 2015. The Company is a wholly owned subsidiary of ALMI with primary purpose of conducting general contracting services and other support service, including performance of technical support services to VisMin malls.

Prime Support Services, Inc. is a wholly owned subsidiary of APMC and was incorporated on October 14, 2015. It is a company that provides technical and administrative services but not limited to the maintenance and the improvement of the physical aspects of the administered properties.

Pangulasian Island Resort Corporation is a wholly owned subsidiary of TKPI. The Company was incorporated on September 18, 2015 and was primarily organized to plan, develop, construct, own and operate sports, vacation, recreation and resort facilities and other related business activities.

Central Block Developers, Inc (CBDI) is a subsidiary of the Company with pro-rata ownership of the Group's Cebu Companies, CPVDC and CHI. The project of CBDI is called Central Bloc and is located at the core of Cebu IT Park. The development includes two BPO towers, an Ayala branded hotel, and a 5-storey mall. On July 28, 2015, CBDI was registered in Securities and Exchange Commission (SEC) and has not yet started commercial operations. CBDI was organized to develop, sell, invest, own, acquire, lease, hold, mortgage, administer, or otherwise deal with commercial, residential, industrial, or agricultural lands, buildings, structures or apertures, or in any other profitable business enterprise, venture or establishment, including to own, hold in ownership, manage deal and engage in the general business of a hotel, apartment hotel, inn, resort, restaurant, café, bar, entertainment and other allied businesses and to the limit and extent permitted by law, alone or jointly with other persons, natural or artificial.

Sicogon Town Hotel, Inc., a wholly owned subsidiary of AHRC, was registered on September 29, 2015 with primary purpose of engaging in the general business in hotel in Sicogon Island, Iloilo.

In July 2015, the Company acquired 258,155 shares of API from Coromandel Inc. amounting to ₱58.2 million. The transaction brought the Company's ownership from 77.78% to 79.72% of the total outstanding capital stock of API (Note 20).

Integrated Eco-Resort, Inc. was incorporated with SEC on May 27, 2015. It is a wholly-owned subsidiary of ALI Capital Corp. and was incorporated to engage in land and real estate business development particularly the Caliraya Lake project.

Next Urban Alliance Development Corp. is a wholly owned subsidiary of ALI and was incorporated on May 4, 2015. Its purpose is to develop, invest, own or acquire commercial, residential or agricultural lands.

Ayalaland Medical Facilities Leasing, Inc. is a wholly owned subsidiary of Ayala Land, Inc. It was incorporated with SEC on April 13, 2015 to engage primarily in developing and lease of Built-to-suit structure for ALI's hospital operations and retail.

In April 2015, the Company made proportionate acquisition of Soltea shares amounting to ₱544.5 million which consists of 54,449,999 common shares and 490,050,000 preferred shares. Similarly, an infusion amounting to ₱181.35 million was made by Ceci to Soltea consisting of 18,135,000 common shares and 163,215,000 preferred shares. Moreover, additional shares of Soltea comprising of 18,165,000 common shares and 163,485,000 preferred shares was bought by API for a total value of ₱181.6 million.

On March 11, 2015, the Company acquired from Aegis Philippines, Inc. a 3,621 sqm land located along Inez Villa Street, Cebu IT Park, Brgy. Apas, Cebu City, where building owned by APRC is situated, for ₱152.08 million. On April 8, 2015, the Company purchased all of the 8,200,000 common shares of Equinox Technoparks Ltd, Inc. in Aegis PeopleSupport Realty Corporation for a total consideration of ₱513.68 million (see Note 24). On April 14, 2015, the BOD of Aegis PeopleSupport Realty Corporation approved the change of its corporate name to ALO Prime Realty Corporation (APRC). APRC which is a PEZA-registered entity, owns the Aegis building along Villa Street, Cebu IT Park, Lahug, Cebu City. The building is a certified LEED-Gold Office with a gross leasable area of 18,092 square meters and is largely occupied by Teleperformance under a long-term lease.

On February 6, 2015, the Company purchased the remaining interest of Anglo Philippine Holdings Corporation (Anglo) in North Triangle Depot Commercial Corporation (NTDCC) consisting of 382,072 common shares and 1,605,169 preferred shares amounting to ₱523.0 million. The transaction brought the Company's ownership from 63.82% to 70.36% of the total outstanding capital stock of NTDCC which owns and operates the Trinoma commercial centre in North Triangle, Quezon City.

Subsequently, the group purchased the combined remaining interest of Allante Realty and Development Corporation (Allante) and DBH, Inc. (DBH) in NTDCC consisting of 167,548 common shares and 703,904 preferred shares amounting to ₱229.0 million which brought the Company's ownership in NTDCC from 70.36% to 73.24% of the total outstanding capital stock of NTDCC. This acquisition is aligned with the Company's thrust of expanding its leasing business.

Sicogon Island Tourism Estate Corp. is a wholly owned subsidiary of ALI Capital Corp. and which was incorporated with SEC on July 8, 2015. The company was organized to engage in land and real estate business development in Sicogon Island, Iloilo.

On January 23, 2015, the Company purchased additional shares in Adauge consisting of 15,000,000 common shares and 135,000,000 preferred shares for a total value of ₱150 million which brought the Group's ownership to 77.6%. Subsequently, in 2015, Adauge issued 226,336,443 shares comprised of 22,633,644 common shares and 203,702,799 preferred shares to Kapideco Holdings, Inc., Socoped Development Corporation and Dasa Realty Corporation for a total value of ₱226.3 million. This resulted to the Group's 60% ownership in the total outstanding capital stock of Adauge.

<u>The following were the changes in the group structure during 2014:</u>

On December 29, 2014, Soltea increased its authorized capital stock and included Aurora Properties, Inc. as additional owner. The new ownership structure will be ALI 60%, Ceci 20%, and Aurora 20%.

On December 10, 2014, the Group purchased its proportionate share in Anglo Philippine Holdings Corporation's 15.79% interest in NTDCC for ₱738.3 million which consists of 539,249 common shares and 2,265,507 preferred shares. Subsequently, on December 22, 2014, the Group purchased the shares of Allante Realty and Development Corporation and DBH Incorporated in NTDCC for ₱211.2 million each comprises of 154,287 common shares and 648,196 preferred shares for each company. This increased the Group's ownership in NTDCC from 49.29% to 63.82% of the total outstanding capital stock of NTDCC (see Note 24).

Southportal Properties, Inc. (Southportal) was incorporated on December 1, 2014. It is 65%-owned by the Company and the remaining 35% is held by CHI. The primary purpose of Southportal is to develop, sell and manage the operations for ALP Towers in Cebu.

On July 31, 2014, the Company acquired equity interest in Ceci composed of 460,483 Class B common shares for ₱13.96 million which increased the Company's ownership from 60% to 60.40% (see Note 20).

On July 18, 2014, the Board of Directors (BOD) and the stockholders of APPCo approved the change of its corporate name to AyalaLand Offices, Inc. On October 17, 2014, the amended Articles of Incorporation was executed and subsequently approved by Securities and Exchange Commission on November 18, 2014.

Circuit Makati Hotel Ventures, Inc. was registered on October 20, 2014. It is a wholly owned subsidiary of AHRC with primary purpose of developing and managing the hotel operations in Circuit Makati.

Capitol Centre Hotel Ventures, Inc. was registered on October 20, 2014. It is a wholly owned subsidiary of AHRC with the purpose of developing and managing the hotel activities of SEDA Bacolod.

Arca South Hotel Ventures, Inc. was registered on October 17, 2014. It is a wholly owned subsidiary of AHRC with main purpose of developing and managing the hotel operations of Arca South project in Taguig.

Sentera Hotel Ventures, Inc. was registered on June 19, 2014. It is a wholly owned subsidiary of AHRC with the purpose of managing the hotel operation of SEDA Iloilo.

ALI Commercial Center, Inc. is a wholly owned subsidiary and was incorporated on October 13, 2014. ALI Commercial Center, Inc. will manage the operations of Glorietta and Greenbelt malls.

Econorth Resorts Ventures, Inc. is a wholly owned subsidiary of AHRC with the primary purpose of engaging in real estate and hospitality activities in Seda Lio, Palawan. It was registered on October 8, 2014.

On August 18, 2014, Antoman Realty Corporation invested an additional interest in Adauge consisting of 10,419,813 common shares and 93,778,320 preferred shares amounting to ₱104.2 million which decreased Ayala Land Inc.'s ownership from 86.67% to 72.15% of the total capital stock of Adauge.

ALISI bought its ownership interests over Ayala Land International Marketing, SRL in Italy and Ayala Land International Marketing, Inc. in London from Avida Sales Corporation on April 9, 2014 and December 10, 2014, respectively. ALISI continues to widen the range of exposure of all ALI residential brands by its marketing partners.

On July 31, 2014, the Board of Directors and stockholders of Fairview Prime Commercial Corp. approved the amendment of the Company's Articles of Incorporation to change its name to North Ventures Commercial Corp. The Amendment was subsequently approved by the SEC on December 3, 2014.

On May 29, 2014, the Board of Directors of Asian Conservation Company, Inc. approved the change of Company's name to Regent Horizons Conservation Company, Inc. The change was approved by the SEC on September 12, 2014.

Lagdigan Land Corp. (Lagdigan) is a 60:40 joint venture between the Company and AC. It was incorporated on March 17, 2014 and its main purpose is to develop Laguindingan's 500-hectare property owned by AC. The vision is to develop it as a mixed-use area that will be the primary growth area in Misamis Oriental.

The Group acquired Mitsubishi Corporation's (MC) 40% equity stake in PhilEnergy which effectively made PhilEnergy a wholly owned subsidiary of the Group. The transaction which was executed on March 13, 2014 through a Share Purchase Agreement involving 2,957,200 shares held by MC in PhilEnergy amounted to a total investment cost of ₱322.3 million (see Note 24).

ALI Triangle Hotel Ventures, Inc. was registered on March 4, 2014. It is a wholly owned subsidiary of AHRC with the primary purpose of managing the activities of the new Mandarin Hotel.

<u>Adoption of New and Amended Accounting Standards and Interpretations</u>
The accounting policies adopted in the preparation of the Group's consolidated financial statements are consistent with those of the previous financial year except for the adoption of the following new and amended PFRS which became effective January 1, 2015.

The nature and impact of each new standard and amendment are described below:

PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions (Amendments)*
PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after July 1, 2014.

This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements to PFRSs (2010-2012 cycle)
These improvements are effective from July 1, 2014 and the Group has applied these amendments for the first time in these consolidated financial statements. Unless otherwise stated, these amendments have no impact on the Group's consolidated financial statements. They include:

PFRS 2, *Share-based Payment – Definition of Vesting Condition*
This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

PFRS 3, *Business Combinations – Accounting for Contingent Consideration in a Business Combination*
The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, Financial Instruments: Recognition and Measurement (or PFRS 9, Financial Instruments, if early adopted).

PFRS 8, *Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

PAS 16, *Property, Plant and Equipment,* and PAS 38, *Intangible Assets – Revaluation Method – Proportionate Restatement of Accumulated Depreciation and Amortization*
The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. The adoption of this amendment did not have any impact in the Group's consolidated financial statements as the Group's property, plant and equipment and intangible assets are not carried at revalued amounts.

PAS 24, *Related Party Disclosures – Key Management Personnel*
The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual Improvements to PFRSs (2011-2013 cycle)
These improvements are effective from July 1, 2014 and the Group has applied these amendments for the first time in these consolidated financial statements. Unless otherwise stated, these amendments have no impact on the Group's consolidated financial statements. They include:

PFRS 3, *Business Combinations – Scope Exceptions for Joint Arrangements*
The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:

- Joint arrangements, not just joint ventures, are outside the scope of PFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

PFRS 13, *Fair Value Measurement – Portfolio Exception*
The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39 (or PFRS 9, if early adopted).

PAS 40, *Investment Property*
The description of ancillary services in PAS 40 differentiates between the investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

<u>Standards and interpretations issued but not yet effective</u>

The Group will adopt the following amended standards and interpretations when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRS and Philippine Interpretations to have a significant impact on the unaudited condensed consolidated financial statements.

Effective 2016

PFRS 10, *Consolidated Financial Statements, and PAS 28, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception (Amendments)*
These amendments clarify that the exemption in PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity that measures all of its subsidiaries at fair value and that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity parent is consolidated. The amendments also allow an investor (that is not an investment entity and has an investment entity associate or joint venture), when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments are effective for annual periods beginning on or after January 1, 2016. These amendments are not applicable to the Group since none of the entities within the Group is an investment entity nor does the Group have investment entity associates or joint venture.

PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements (Amendments)*
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests (Amendments)*
The amendments to PFRS 11 require a joint operator that is accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes business (as defined by PFRS 3), to apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.

PAS 1, *Presentation of Financial Statements – Disclosure Initiative (Amendments)*
The amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in PFRS. They clarify the following:

- That entities shall not reduce the understandability of their financial statements by either obscuring material information with immaterial information; or aggregating material items that have different natures or functions
- That specific line items in the statement of income and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Early application is permitted and entities do not need to disclose that fact as the amendments are considered to be clarifications that do not affect an entity's accounting policies or accounting estimates. The Group is currently assessing the impact of these amendments on its consolidated financial statements.

PFRS 14, *Regulatory Deferral Accounts*
PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of income and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Group is an existing PFRS preparer, this standard would not apply.

PAS 16, *Property, Plant and Equipment, and PAS 41, Agriculture - Bearer Plants*
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead,

PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

PAS 16, *Property, Plant and Equipment, and PAS 38, Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization (Amendments)*
The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

Annual Improvements to PFRSs (2012-2014 cycle)
The *Annual Improvements to PFRSs* (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Group. They include:

PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

PFRS 7 - *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

PAS 19, *Employee Benefits - Regional Market Issue Regarding Discount Rate*
This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

PAS 34, *Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report'*
The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective 2018

PFRS 9, *Financial Instruments*
In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments. The new standard (renamed as PFRS 9) reflects all phases of the financial instruments project and replaces PAS 39, Financial Instruments: Recognition and Measurement, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Early application of previous versions of PFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before

February 1, 2015. The Group did not early adopt PFRS 9. The Group is currently assessing the impact of adopting this standard.

Deferred Effectivity

Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11 or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The Securities and Exchange Commission and the Financial Reporting Standards Council have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. The Group is currently assessing the impact of adopting this standard.

PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The FRSC decided to postpone the original effective date of January 1, 2016 until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The following new standard issued by the IASB has not yet been adopted by the FRSC:

International Financial Reporting Standard (IFRS) 15, *Revenue from Contracts with Customers*
IFRS 15 was issued in May 2014 by the International Accounting Standards Board (IASB) and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

IFRS 16, *Leases*
On January 13, 2016, the IASB issued its new standard, IFRS 16, Leases, which replaces International Accounting Standards (IAS) 17, the current leases standard, and the related Interpretations.

Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with IAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under IAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

The new standard is effective for annual periods beginning on or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15, Revenue from Contracts with Customers. When adopting IFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs. The Group is currently assessing the impact of PFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by corporate finance after discussion with and approval by the Company's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, corporate finance analyses the movements in the values of assets which are required to be re-measured or re-assessed as per the Group's accounting policies.

The Group, in conjunction with the external valuers, also compares each of the changes in the fair value of each asset with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of placement and that are subject to an insignificant risk of change in value.

Financial Instruments

Date of recognition

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial recognition of financial instruments

All financial assets and financial liabilities are initially recognized at fair value. Except for financial assets and financial liabilities at FVPL, the initial measurement of financial instruments includes transaction costs. The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS financial assets and loans and receivables. The Group classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired or liabilities incurred and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

"Day 1" difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the consolidated statement of income under "Interest and investment income" and "Interest and other financing charges" accounts unless it qualifies for recognition as some other type of asset or liability. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

Financial assets and financial liabilities at FVPL
Financial assets and financial liabilities at FVPL include financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as at FVPL.

Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling and repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract. Fair value gains or losses on investments held for trading, net of interest income accrued on these assets, are recognized in the consolidated statement of income under "Other income" or "Other charges".

Financial assets may be designated at initial recognition as FVPL if any of the following criteria are met:
- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative that would need to be separately recorded.

As of December 31, 2015 and 2014, the Group holds its investment in Unit Investment Trust Fund (UITF) BPI Short-term and Money Market funds and investment in ARCH Capital Asian Partners L.P. (ARCH Capital Fund) as held for trading and classified these as financial assets at FVPL. Management takes the view that these are held for trading and such portfolios are managed by professional managers.

HTM investments
HTM investments are quoted nonderivative financial assets with fixed or determinable payments and fixed maturities for which management has the positive intention and ability to hold to maturity. Where the Group sells other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified as AFS financial assets. After initial measurement, these investments are measured at amortized cost using the effective interest method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral parts of the effective interest rate.

The amortization is included in "Interest and investment income" in the consolidated statement of income. Gains and losses are recognized in the consolidated statement of income under "Other income" or "Other charges" when the HTM investments are derecognized and impaired, as well as through the amortization process.

As of December 31, 2015 and 2014, the Group has no HTM investments.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL. This accounting policy relates to the consolidated statement of financial position captions "Short-term investments" and "Accounts and notes receivable" except for "Advances to contractors and suppliers" and "Advances to other companies".

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral parts of the effective interest rate. The amortization is included in the "Interest and investment income" in the consolidated statements of income. The losses arising from impairment of such loans and receivables are recognized in the consolidated statement of income under the "Other charges" account.

Loans and receivables are included in current assets if maturity is within 12 months from the reporting date, otherwise these are classified as noncurrent assets.

AFS financial assets
AFS financial assets are those which are designated as such or do not qualify to be classified or designated as at FVPL, HTM, or loans and receivables.

Financial assets may be designated at initial recognition as AFS if they are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.

After initial measurement, AFS financial assets are measured at fair value. The unrealized gains and losses arising from the fair valuation of AFS financial assets are excluded from reported earnings and are reported as "Net unrealized gain on available-for-sale financial assets" in the equity section of the consolidated statement of financial position.

When the security is disposed of, the cumulative gain or loss previously recognized in equity is recognized in the consolidated statement of income under "Other income" account or "Other charges" account. Where the Group holds more than one investment in the same security, these are deemed to be disposed on a weighted average basis. The losses arising from impairment of such investments are recognized in the consolidated statement of income under the "Other charges" account.

When the fair value of the AFS financial assets cannot be measured reliably because of lack of reliable estimation of future cash flows and discount rates necessary to calculate the fair value of computed equity instruments, these investments are carried at cost less allowance for impairment losses. AFS financial assets are classified as noncurrent assets unless the intention is to dispose such assets within 12 months from reporting date.

Other financial liabilities
Issued financial instruments or their components, which are not designated as at FVPL are classified as other financial liabilities where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are integral parts of the effective interest rate. Any effects of restatement of foreign currency-denominated liabilities are recognized in the consolidated statement of income.

This accounting policy applies primarily to the Group's "Accounts and other payables" (other than "Taxes payable" which is covered by other accounting standard), "Short-term and long-term debts," and other obligations that meet the above definition.

Deposits and Retentions Payable
Deposits and retentions payable are measured initially at fair value. After initial recognition, deposits and retentions payable are subsequently measured at amortized cost using the effective interest method.

For deposits, the difference between the cash received and its fair value is deferred and amortized using the straight-line method under the "Real estate revenue" account in the consolidated statement of income.

Derecognition of Financial Assets and Liabilities
Financial asset
A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:
a. the rights to receive cash flows from the asset have expired;
b. the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
c. the Group has transferred its right to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risks and rewards of the asset but has transferred the control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor has transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liability
A financial liability is derecognized when the obligation under the liability has expired, or is discharged or has cancelled. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Impairment of Financial Assets
The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables
For loans and receivables carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognized, are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to the consolidated statement of income under "Other charges" account.

Interest income continues to be recognized based on the original effective interest rate of the asset. Receivable, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics such as customer type, payment history, past-due status and term.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any difference between loss estimates and actual loss experience.

Financial asset carried at cost
If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

AFS financial assets
For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

In the case of equity investments classified as AFS financial assets, this would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of income - is removed from equity and recognized in the consolidated statement of income in the “Other charges” account. Impairment losses on equity investments are not reversed through the consolidated statement of income. Increases in fair value after impairment are recognized directly in equity through the consolidated statement of comprehensive income.

In the case of debt instruments classified as AFS financial assets, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount future cash flows for the purpose of measuring impairment loss and is recorded as part of “Interest and investment income” account in the consolidated statement of income. If, in subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of income, the impairment loss is reversed through the consolidated statement of income.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position, if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Inventories
Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes:
- Land cost
- Land improvement cost
- Amounts paid to contractors for construction and development
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale.

The cost of inventory recognized in the consolidated statement of income on disposal is determined with reference to the specific costs incurred on the property and costs allocated to saleable area based on relative size.

Club shares are stated at the lower of cost and NRV. The cost of club shares sold is determined on the basis mainly of the actual development cost incurred plus the estimated development cost to complete the project based on the estimates as determined by the in-house engineers, adjusted with the actual costs incurred as the development progresses, including borrowing costs during the development stage. NRV is the estimated selling price less estimated cost to sell.

Prepaid Expenses
Prepaid expenses are carried at cost less the amortized portion. These typically comprise prepayments for commissions, marketing fees, advertising and promotions, taxes and licenses, rentals and insurance.

Input Value-Added Tax (VAT)
Input VAT arises from the purchase of goods and services. These are applied against output VAT. The remaining balance is recoverable in future periods.

Deposits in Escrow
Deposits in escrow pertain to the proceeds from the sale of the Group’s projects that have only been granted temporary License to Sell (LTS) as of reporting date. These proceeds are deposited in a local bank and earn interest at prevailing bank deposit rates. “Deposits in escrow” account is not presented as part of cash but rather as part of other current assets. It is restricted as to use but is subject for release upon the grant of permanent LTS.

Materials, Parts and Supplies
Materials, parts and supplies are valued at the lower of cost or NRV. Cost is determined using the moving average method. NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

An allowance for inventory losses is provided for slow-moving, obsolete and defective materials, parts and supplies based on management's physical inspection and evaluation. When inventories are sold, the cost and related allowance is removed from the account and the difference is charged against operations.

Land and Improvements
Land and improvements consist of properties for future development and are carried at the lower of cost or NRV. NRV is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs necessary to make the sale. Cost includes those costs incurred for development and improvement of the properties.

Investments in Associates and Joint Ventures
Investments in associates and joint ventures (investee companies) are accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a joint venture is a joint arrangement that involves the establishment of a separate entity in which each venturer has an interest.

An investment is accounted for using the equity method from the day it becomes an associate or joint venture. On acquisition of investment, the excess of the cost of investment over the investor's share in the net fair value of the investee's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill and included in the carrying amount of the investment and not amortized. Any excess of the investor's share of the net fair value of the investee's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment, and is instead included as income in the determination of the share in the earnings of the investees.

Under the equity method, the investments in the investee companies are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the investee companies, less any impairment in values. The consolidated statement of income reflects the share of the results of the operations of the investee companies. The Group's share of post-acquisition movements in the investee's equity reserves is recognized directly in equity. Profits and losses resulting from transactions between the Group and the investee companies are eliminated to the extent of the interest in the investee companies and for unrealized losses to the extent that there is no evidence of impairment of the asset transferred. Dividends received are treated as a reduction of the carrying value of the investment.

The Group discontinues applying the equity method when their investments in investee companies are reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the investee companies. When the investee companies subsequently report net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

The reporting dates of the investee companies and the Group are identical and the investee companies' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of income.

Interest in Joint Operation
Makati Development Corporation (MDC), a subsidiary of the Company, has an interest in joint arrangement, whereby the parties have a contractual arrangement that establishes joint control. MDC recognizes its share of jointly held assets, liabilities, income and expenses of the joint operation with similar items, line by line, in its financial statements.

The financial statements of the joint operation are prepared for the same reporting period as the Group. Adjustments are made where necessary to bring the accounting policies in line with those of the Company.

Investment Properties
Investment properties comprise completed property and property under construction or re-development that are held to earn rentals or capital appreciation or both and that are not occupied by the companies in the Group.

The Group uses the cost model in measuring investment properties since this represents the historical value of the properties subsequent to initial recognition. Investment properties, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in residual value. Land is carried at cost less any impairment in value.

Expenditures incurred after the investment property has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred.

Constructions-in-progress are carried at cost (including borrowing cost) and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete, and the property is ready for occupation.

Depreciation of investment properties are computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives and the depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

The estimated useful lives of investment properties follow:

	Years
Land improvements	8-40
Buildings	20-40

Investment properties are derecognized when either they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the consolidated statement of income in the year of retirement or disposal.

A transfer is made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. A transfer is made from investment property when and only when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. A transfer between investment property, owner-occupied property and inventory does not change the carrying amount of the property transferred nor does it change the cost of that property for measurement or disclosure purposes.

<u>Property and Equipment</u>
Property and equipment, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value. The initial cost of property and equipment comprises its construction cost or purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including borrowing costs.

Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged against current operations as incurred.

Depreciation and amortization of property and equipment commences once the property and equipment are available for use and are computed on a straight-line basis over the estimated useful lives of the property and equipment as follows:

	Years
Buildings and improvements	20-40
Machinery and construction equipment	5
Furniture, fixtures and equipment	3-10
Transportation equipment	3-5
Hotel property and equipment	20-50

The assets' residual values, estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the amounts, periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Intangible Assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the consolidated statement of income in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortized using the straight-line method over the useful economic life of 20 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income in the expense category consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

As of December 31, 2015 and 2014 intangible asset pertaining to leasehold right is included under “Other noncurrent assets”.

Business Combinations and Goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree at fair value of the acquiree’s identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the consolidated statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Combinations of entities under common control
Business combinations of entities under common control are accounted for using the pooling of interests method. The pooling of interests method is generally considered to involve the following:

- The assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination. The only adjustments that are made are those adjustments to harmonize accounting policies.

- No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the equity acquired is reflected within equity.
- The consolidated statement of income reflects the results of the combining entities for the full year, irrespective of when the combination took place.
- Comparatives are presented as if the entities had always been combined.

The effects of intercompany transactions on current assets, current liabilities, revenues, and cost of sales for the current period presented and on retained earnings at the beginning of the current period presented are eliminated to the extent possible.

Impairment of Nonfinancial Assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If any such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. If such is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

The following criteria are also applied in assessing impairment of specific assets:

Investments in associates and joint ventures
After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the investee companies. The Group determines at each reporting date whether there is any objective evidence that the investment in associates or joint ventures is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the fair value and the carrying value of the investee company and recognizes the difference in the consolidated statement of income.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Pension Cost
Pension cost is actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur. Pension cost includes a) service costs comprising current service costs, past-service costs b) gains and losses on curtailments and non-routine settlements, and c) net interest cost on benefit obligation.

Remeasurements, comprising of actuarial gains or losses, the effect of the asset ceiling, excluding net interest cost and the return on plan assets (excluding net interest), are recognized immediately in the statement of financial position with a corresponding debit or credit to OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by using risk-free interest rates of long-term government bonds that have terms to maturity approximating the terms of the related pension liabilities or applying a single weighted average discount rate that reflects the estimated timing and amount of benefit payments.

Share-based Payments
The Group has equity-settled, share-based compensation plans with its employees.

PFRS 2 Options
For options granted after November 7, 2002 that have not vested on or before January 1, 2005, the cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined using the Black-Scholes model, further details of which are given in Note 28.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instrument that will ultimately vest. The income or expense for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Pre-PFRS 2 Options
For options granted before November 7, 2002 that has vested before January 1, 2005, the intrinsic value of stock options determined as of grant date is recognized as expense over the vesting period.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (see Note 27).

Employee Stock Ownership Plan
The Company has an employee stock ownership plan (ESOWN) which allows the grantees to purchase the Company's shares at a discounted price. The Company recognizes stock compensation expense over the holding period. The Company treats its ESOWN plan as option exercisable within a given period. These are accounted for similar to the PFRS 2 options. Dividends paid on the awards that have vested are deducted from equity and those paid on awards that are unvested are charged to profit or loss. For the unsubscribed shares where the employees still have the option to subscribe in the future, these are accounted for as options.

Equity
When the shares are sold at a premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Subscriptions receivable pertains to the uncollected portion of the subscribed shares.

Retained earnings represent accumulated earnings of the Group less dividends declared.

Equity reserves pertain to gains or losses resulting from increase or decrease in ownership without loss of control.

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

<u>Revenue and Cost Recognition</u>
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

For real estate sales, the Group assesses whether it is probable that the economic benefits will flow to the Group when the sales prices are collectible. Collectibility of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectibility is also assessed by considering factors such as the credit standing of the buyer, age and location of the property.

Revenue from sales of completed real estate projects is accounted for using the full accrual method. In accordance with Philippine Interpretations Committee (PIC) Q&A 2006-01, the percentage-of-completion method is used to recognize income from sales of projects where the Group has material obligations under the sales contract to complete the project after the property is sold, the equitable interest has been transferred to the buyer, construction is beyond preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the building foundation are finished), and the costs incurred or to be incurred can be measured reliably. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the proportion of cost incurred to date to the estimated total costs.

Any excess of collections over the recognized receivables are included in the "Deposits and other current liabilities" account in the liabilities section of the consolidated statement of financial position.

If any of the criteria under the full accrual or percentage-of-completion method is not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers are presented under the "Deposits and other current liabilities" account in the liabilities section of the consolidated statement of financial position.

Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of residential and commercial lots and units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works, as determined by the Company's in-house technical staff.

Revenue from construction contracts included in the "Real estate" account in the consolidated statement of income is recognized using the percentage-of-completion method, measured principally on the proportion that contract costs incurred for work performed to date compared to the estimated total contract cost and the value of the unfixed goods and materials delivered to the site.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

Rental income under noncancellable and cancellable leases on investment properties is recognized in the consolidated statement of income on a straight-line basis over the lease term and the terms of the lease, respectively, or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract.

Marketing fees, management fees from administration and property management are recognized when services are rendered.

Rooms revenue from hotel and resort operations is recognized when the services are rendered.

Revenue from banquets and other special events are recognized when the events take place.

Interest income is recognized as it accrues using the effective interest method.

Dividend income is recognized when the Group's right to receive the payment is established.

Commissions

Commissions paid to sales or marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Accordingly, when the percentage of completion method is used, commissions are likewise charged to expense in the period the related revenue is recognized. Commission expense is included in the "Real estate costs and expenses" account in the consolidated statement of income.

Expenses

Direct operating expenses and general and administrative expenses are recognized as they are incurred.

Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets (included in "Investment properties" and "Property and equipment" accounts in the consolidated statement of financial position). All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

(a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
(c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or
(d) There is substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c), or (d) and at the date of renewal or extension period for scenario (b).

Group as lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Fixed lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis while the variable rent is recognized as an expense based on terms of the lease contract.

Group as lessor

Leases where the Group does not transfer substantially all the risk and benefits of ownership of the assets are classified as operating leases. Lease payments received are recognized as an income in the consolidated statement of income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Current Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the end of the reporting period.

Deferred Tax
Deferred tax is provided, using the liability method, on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and NOLCO can be utilized.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic associates and interests in joint ventures.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Movements in the deferred income tax assets and liabilities arising from changes in tax rates are charged against or credited to income for the period.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Foreign Currency Transactions
Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded using the exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rate prevailing at the reporting date. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the year.

Investments in foreign associates are translated to Philippine Peso using the closing exchange rate prevailing at reporting date. The Group's share in the results of operations of the foreign investee is translated using the exchange rate at the dates of the transactions or, where practicable, the rate that approximates the exchange rates at the dates of the transactions, such as the average rate for the period. Any resulting exchange difference is recognized as a separate component of equity.

Earnings Per Share (EPS)
Basic EPS is computed by dividing net income for the year attributable to common equity holders of the Company by the weighted average number of common shares issued and outstanding during the year adjusted for any subsequent stock dividends declared. Diluted EPS is computed by dividing net income for the year attributable to common equity holders of the Company by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential common shares that would have an antidilutive effect on earnings per share.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 30 of the consolidated financial statements.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events after the Reporting Period
Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the consolidated financial statements when material.

3. Significant Accounting Judgments and Estimates

The preparation of the accompanying consolidated financial statements in conformity with PFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Operating lease commitments - Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all significant risks and rewards of ownership of the properties as the Group considered, among others, the length of the lease term as compared with the estimated life of the assets.

A number of the Group's operating lease contracts are accounted for as noncancellable operating leases and the rest are cancellable. In determining whether a lease contract is cancellable or not, the Group considers among others, the significance of the penalty, including the economic consequence to the lessee.

Operating lease commitments - Group as lessee

The Group has entered into lease contracts with various parties to develop commercial or retail properties. The Group has determined that all significant risks and rewards of ownership of these properties are retained by the lessor.

Assignment agreement – Group as assignee

The Group, through its majority owned subsidiary, NTDCC entered into an assignment agreement with MRTDC wherein the latter has assigned its development rights to the Company in exchange for the Company's assumption of Development Rights Payment (DRP) obligation beginning January 1, 2006. The DRP obligation is payable annually for 42 years from the date of assumption, renewable upon expiration. As of December 31, 2015 and 2014, the DRP obligation amounted to ₱812.77 million and ₱740.92 million, respectively (see Notes 16 and 19).

Under PAS 17, *Leases*, the DRP obligation is recognized under the straight-line method. Total DRP obligation paid amounted to ₱210.45 million and ₱204.44 million in 2015 and 2014, respectively. Total rent expense recognized in the statements of comprehensive income under the "Real estate revenue" account included in direct operating expenses amounted to ₱280.03 million and ₱277.79 million in 2015 and 2014, respectively.

Classification of a property

The Group determines whether a property is classified as investment property or inventory as follows:

- Investment property comprises land and buildings (principally offices, commercial and retail properties) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation
- Inventory comprises property that is held for sale in the ordinary course of business. Principally, this is a residential or industrial property that the Group develops and intends to sell before or on completion of construction.

Distinction between investment properties and owner-occupied properties

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately at the reporting date, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Distinction between real estate inventories and land and improvements
The Group determines whether a property will be classified as real estate inventories or land and improvements. In making this judgment, the Group considers whether the property will be sold in the normal operating cycle (real estate inventories) or whether it will be retained as part of the Group's strategic landbanking activities for development or sale in the medium or long-term (land and improvements).

Classification of club shares
Being a real estate developer, the Group determines how these shares shall be accounted for. In determining whether these shares shall be accounted for as either inventories or financial instruments, the Group considers its role in the development of the club and its intent for holding these shares.
The Group classifies such shares as inventories when the Group acts as the developer and its intent is to sell a developed property together with the club share.

Property acquisitions and business combinations
The Group acquires subsidiaries that own real estate properties. At the time of acquisition, the Group considers whether the acquisition represents the acquisition of a business. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made with regard to the extent to which significant processes are acquired and, in particular, the extent of ancillary services provided by the Group (e.g., maintenance, cleaning, security, bookkeeping, hotel services, etc.). The significance of any process is judged with reference to the guidance in PAS 40 on ancillary services.

When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized.

Consolidation of entities in which the Group holds only 50% or less than majority of voting rights
The Group considers that it controls the following entities even though it owns 50% or less than majority of the voting rights.

CHI
The Group owns 49.80% of the equity shares until December 31, 2014. The Group is the single largest shareholder of CHI and the remaining shares are held by the public. On the basis of the absolute size of its holding and the relative size of the other shareholdings, the Group concluded that it has a sufficiently dominant voting interest to meet the power criterion. In 2015, the Group increased its ownership from 49.80% to 56.36%.

NTDCC
Until December 31, 2013, the Group owns 49.29% of the equity shares of NTDCC. The Group is the single largest shareholder of NTDCC with a 73.24% and 63.82% equity interest as of December 31, 2015 and 2014, respectively. The remaining 26.76% of the equity shares in NTDCC as of December 31, 2015 are held by two other shareholders. All the other shareholders need to act collectively for control. There is no history of other shareholders voting jointly.

ACC
For ACC, the Group holds 50% of the voting rights, and is also the single largest shareholder and the remaining 50% of the equity shares are held by several shareholders. The second largest stockholder of ACC holds 8.3% share while the other shareholders' equity interest ranges from 2.1% to 8.3%. In addition, the Group has an existing management services agreement which gives the Group the exclusive control and decision over the relevant activities of ACC.

BG Entities (BGWest, BGSouth and BGNorth)
For the BG entities, wherein the Group and the other shareholder each own 50% of the voting rights, the Group controls the investee through exercise of its exclusive project development and marketing agreement as well as the ability to decide on the financing, operating and strategic policies of the investees. This enabled the Group to conclude that it has control.

Significant influence on investees even if the Group holds less than 20% of voting rights
The Group considers that it has significant influence over investees when it has board representation which allows them to participate in the financial and operating policy decisions but is not control or joint control of those policies (see Note 12).

Classification of joint arrangements

Investments in Joint Ventures
The Group's investments in joint ventures are structured in separate incorporated entities. Even though the Group holds various percentages of ownership interests on these arrangements, their respective joint arrangement agreements requires unanimous consent from all parties to the agreement for the relevant activities identified. In addition, the Group considers the

number of its board seats in the incorporated entity. Further, the Group and the parties to the agreement only have rights to the net assets of the joint venture through the terms of the contractual arrangements.

Investment in Joint Operations
The Group considers whether or not the legal form of the separate entity confers separation between the parties and the separate vehicle. Further, the Group considers whether the terms of their arrangement entitles them to the rights over the specific assets and obligations for the specific liabilities.

Collectibility of the sales price
In determining whether the sales prices are collectible, the Group considers that the initial and continuing investments by the buyer of about 10% would demonstrate the buyer's commitment to pay.

Impairment of AFS equity investments
The Group treats AFS equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is 'significant' or 'prolonged' requires judgment. The Group treats 'significant' generally as 20% or more and 'prolonged' as greater than 6 months for quoted equity securities. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities (see Note 10).

Contingencies
The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense of these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material effect on the Group's consolidated financial statements (see Note 34).

<u>Management's Use of Estimates</u>
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue and cost recognition
The Group's revenue recognition and cost policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Group's revenue from real estate and construction contracts recognized based on the percentage of completion are measured principally on the basis of the estimated completion of a physical proportion of the contract work. See Notes 21 and 22 for the related balances.

Estimating allowance for impairment losses
The Group maintains allowance for impairment losses based on the result of the individual and collective assessment under PAS 39. Under the individual assessment, the Group is required to obtain the present value of estimated cash flows using the receivable's original effective interest rate. Impairment loss is determined as the difference between the receivables' carrying balance and the computed present value. Factors considered in individual assessment are payment history, past due status and term. The collective assessment would require the Group to classify its receivables based on the credit risk characteristics (customer type, payment history, past-due status and term) of the customers. Impairment loss is then determined based on historical loss experience of the receivables grouped per credit risk profile. The methodology and assumptions used for the individual and collective assessments are based on management's judgment and estimate. Therefore, the amount and timing of recorded expenses for any period would differ depending on the judgments and estimates made for the year. See Note 7 for the related balances.

Evaluation of net realizable value of real estate inventories
The Group adjusts the cost of its real estate inventories to net realizable value based on its assessment of the recoverability of the inventories. NRV for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in the light of recent market transactions. NRV in respect of real estate inventories under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less estimated costs to sell. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. See Note 8 for the related balances.

Evaluation of asset impairment
The Group reviews its other current assets, land and improvements, investments in associates and joint ventures, investment properties, property and equipment and other noncurrent assets for impairment of value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence

or physical damage of an asset, plans in the real estate projects, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

As described in the accounting policy, the Group estimates the recoverable amount as the higher of the fair value less cost to sell and value in use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect other current assets, land and improvements, investments in associates and joint ventures, investment properties, property and equipment, and other noncurrent assets. See Notes 9, 11, 12, 13, 14 and 15 for the related balances.

Estimating useful lives of investment properties, property, plant and equipment, and intangible assets
The Group estimates the useful lives of its investment properties, property and equipment and intangible assets with finite useful lives based on the period over which these assets are expected to be available for use. The estimated useful lives of investment properties, property and equipment and intangible assets are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could materially be affected by changes in estimates brought about by changes in factors mentioned above. A reduction in the estimated useful lives would increase depreciation and amortization expense and decrease noncurrent assets. See Notes 13, 14 and 15 for the related balances.

Determining the fair value of investment properties
The Group discloses the fair values of its investment properties in accordance with PAS 40. The Group engaged independent valuation specialist to assess fair value as at December 31, 2015 and 2014. The Group's investment properties consist of land and building pertaining to land properties, retail (malls) and office properties. These were valued by reference to market-based evidence using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Deferred tax assets
The Group reviews the carrying amounts of deferred taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of deferred tax assets to be utilized. The Group looks at its projected performance in assessing the sufficiency of future taxable income. Also, the Group does not recognize certain deferred taxes on deductible temporary differences where it is not probable as to the tax benefits in the future. See Note 23 for the related balances.

Share-based payments
The expected life of the options is based on the expected exercise behavior of the stock option holders and is not necessarily indicative of the exercise patterns that may occur. The volatility is based on the average historical price volatility which may be different from the expected volatility of the shares of stock of the Group. See Note 28 for the related balances.

Estimating pension liabilities and other retirement benefits
The determination of the Group's obligation and cost for pension and other retirement benefits is dependent on selection of certain assumptions used by actuaries in calculating such amounts. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Significant assumptions are disclosed in Note 26 and include among others, discount rate and salary increase rate.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on 1994 Group Annuity Mortality Table and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates.

While the Group believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions could materially affect retirement obligations. See Note 26 for the related balances.

Fair value of financial instruments
When the fair values of financial assets and financial liabilities recorded or disclosed in the consolidated statement of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility and correlation. Certain financial assets and liabilities were initially recorded at their fair values by using the discounted cash flow methodology. See Note 29 for the related balances.

4. Cash and Cash Equivalents

This account consists of:

	2015	2014
	(In Thousands)	
Cash on hand	**₱55,769**	₱31,459
Cash in banks	**9,364,159**	11,345,825
Cash equivalents	**9,667,462**	17,299,998
	₱19,087,390	₱28,677,282

Cash in banks earns interest at the respective bank deposit rates. Cash equivalents are short-term, highly liquid investments that are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term rates.

The annual interest rates of the cash equivalents follows:

	2015	2014
Philippine Peso	**0.6% to 2.3%**	0.2% to 3.9%
US Dollar	**0.2% to 2.0%**	0.5% to 2.0%

5. Short-term Investments

Short-term investments consist of money market placements made for varying periods of more than three (3) months and up to one (1) year and earn interest at the respective short-term investment rates.

The range of annual interest rates of the short-term investments follows:

	2015	2014
Philippine Peso	**–**	1.4%
US Dollar	**2.1%**	2.0%

6. Financial Assets at FVPL

This account consists of:

	2015	2014
	(In Thousands)	
Investment in Unit Investment Trust Fund (UITF)	**₱288,229**	₱5,607,838
Investment in ARCH Capital Fund (Note 12)	**443,448**	656,731
	₱731,677	₱6,264,569

The Group invested in the BPI Short Term Fund (STF) in July 2013 and BPI Money Market Fund (MMF) in April 2015 (the Funds). The Funds, which are structured as a money market UITF, aims to generate liquidity and stable income by investing in a diversified portfolio of primarily short-term fixed income instruments. The Funds have no minimum holding period. As of December 31, 2015 and 2014, the total Net Asset Value (NAV) of the Funds under BPI STF aggregated to ₱51,986.0 million and ₱54,207.2 million with duration of 66 days and 19 days, respectively. While the total Net Asset Value (NAV) of the Funds under BPI MMF as of December 31, 2015 aggregated to ₱4,133.3 million. The fair value of the Group's total investment in the Fund amounted to ₱288.2 million and ₱5,607.8 million as of December 31, 2015 and 2014, respectively. During the year, the Group redeemed majority of its UITF investments as part of its strategy to manage cash.

Investment in ARCH Capital Fund pertains to monetary interest in a fund in which the management takes the view that these are held for trading and it is a portfolio of identified property funds invested and managed by professional managers.

The following table provides the fair value hierarchy of the Group's financial assets at FVPL which are measured at fair value as of December 31, 2015:

2015

	Date of Valuation	Total	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Investment in Unit Investment Trust Fund (UITF)	**December 31, 2015**	**₱288,229**	**₱–**	**₱288,229**	**₱–**
Investment in ARCH Capital Fund	**September 30, 2015**	**443,448**	**–**	**–**	**443,448**

2014

	Date of Valuation	Total	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Investment in Unit Investment Trust Fund (UITF)	December 31, 2014	₱5,607,838	₱–	₱5,607,838	₱–
Investment in ARCH Capital Fund	September 30, 2014	656,731	–	–	656,731

The fair value of the investment in UITF is determined by using the valuation techniques. These valuation techniques maximize the use of observable market data where it is available such as quoted market prices or dealer quotes for similar instruments.

The fair value of the investment in ARCH Capital Fund is determined using the discounted cash flow (DCF) method. Under the DCF method in fund fair valuation, it is estimated using assumptions regarding the benefits and liabilities of ownership over the underlying asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream, associated with the underlying asset. The exit yield is normally separately determined and differs from the discount rate. Significant inputs considered were rental, growth and discount rates. The higher the rental and growth rates, the higher the fair value. The higher the discount rates, the lower the fair value.

Reconciliation of fair value measurement of Investment in Arch Fund is shown below:

	2015	2014
	(In Thousands)	
Balance at beginning of year	**₱656,731**	₱608,843
Redemptions	**(280,852)**	(380,557)
Additions	**32,264**	317,325
Unrealized gains included under "Interest and investment income"	**35,305**	111,120
Balance at end of year	**₱443,448**	₱656,731

7. Accounts and Notes Receivable

This account consists of:

	2015	2014
	(In Thousands)	
Trade:		
Residential and office development	**₱65,833,104**	₱51,368,845
Construction contracts	**2,635,587**	2,181,689
Shopping centers	**2,124,332**	1,963,423
Corporate business	**1,113,385**	1,829,497
Management fees	**116,649**	139,122
Others	**1,242,658**	415,567
Advances to other companies	**15,514,459**	18,079,838

(Forward)

	2015	2014
Advances to contractors and suppliers	**₱13,277,594**	₱9,629,745
Accrued receivables	**3,162,248**	2,543,092
Receivables from related parties (Note 25)	**1,012,585**	1,515,295
Investment in bonds classified as loans and receivables	**258,000**	450,000
Receivables from employees	**711,608**	431,916
	107,002,209	90,548,029
Less allowance for impairment losses	**784,808**	599,866
	106,217,401	89,948,163
Less noncurrent portion	**41,256,656**	31,374,498
	₱64,960,745	₱58,573,665

The classes of trade receivables of the Group are as follows:

- Residential and office development - pertain to receivables from the sale of high-end, upper middle-income and affordable residential lots and units; economic and socialized housing units and sale of commercial lots; sale of office units; and leisure community developments
- Construction contracts - pertain to receivables from third party construction projects
- Shopping centers - pertain to lease receivables from retail spaces
- Corporate business - pertain to lease receivables from office and factory buildings; and receivables from the sale of office buildings and industrial lots
- Management fees - pertain to receivables from facilities management services
- Others - pertain to receivables from hotel operations and other support services

Sales contract receivables, included under residential development, are collectible in monthly installments over a period of one (1) to ten (10) years and with annual interest rates ranging from 3% to 16% computed on the diminishing balance of the principal. Titles to real estate properties are transferred to the buyers only once full payment has been made.

Receivables from shopping centers, construction contracts and management fees are due within 30 days upon billing.

Corporate business receivables are collectible on a monthly or quarterly basis depending on the terms of the lease contracts.

Advances to other companies includes advances made to joint venture partners that have been made in consideration of project costs and purchases of land that are still subject to completion. The Group does not intend that these advances will be repaid, but will instead be recorded as part of the project costs upon development or as part of consideration for purchases of land. The documentation for these advances provides that these will be payable over a fixed term or on demand in order to allow for repayment of the advances when closing does not occur.

In 2015, Advances to other companies also includes Receivables from MRT Development Corporation (MRTDC) shareholders which pertains to interest-bearing advances to MRTDC equivalent to the Pre-2006 Development Rights Payment (DRP) Payables and the Residual Depot DRP which is due more than one year, in relation to the funding and repayment agreement. As of December 31, 2015 and 2014, Receivables from MRTDC shareholders amounted to ₱522.6 million and nil, respectively. As of December 31, 2015 and 2014, Receivable from MRTDC amounted to nil and ₱871.7 million, respectively.

On December 17, 2014, the Company, MRTDC and MRTDC shareholders executed a “funding and repayment agreement” wherein the latter agrees to repay the Company, for the account of MRTDC, its respective pro rata share in the Total Depot DRP Advances (the Pre-2006 DRP Payables and the Residual Depot DRP, including 15% interest rate accrued on such DRP payables).

Commencing on January 1, 2015, the MRTDC Shareholders (except Fil Estate Properties, Inc. and Metro Global Holdings Corporation who are also MRTDC Shareholders as of date) shall effect the repayment of their respective pro rata share in the Total Depot DRP Payables, through a set-off against their respective share in the commercial center royalties to be received from the Group.

Set off shall be effective as of the beginning of every calendar month, commencing January 30, 2015 and shall result in the settlement of the portion of the Total DRP Payables to the extent of the amount of the commercial center royalties then the balance will fall due to the relevant MRTDC Shareholders.

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

Accrued receivables and receivables from related parties are due and demandable. Receivables from employees pertain to housing, car, salary and other loans granted to the Group's employees which are collectible through salary deduction, are interest-bearing and payable on various maturity dates.

Investment in bonds classified as loans and receivables pertain to the Group's investments in various notes and bonds as follows:

- ₱100.0 million investment in 5.875% unsecured subordinated notes of Land Bank of the Philippines due 2022, callable in 2017. In December 2015, LBP issued an irrevocable early redemption notice wherein all of the outstanding notes will be redeemed at issue price on January 27, 2016. As of December 31, 2015, the Company's investment in the notes amounted to ₱58.0 million since the Company sold a portion of the notes at face value soon after the LBP early redemption notice.
- ₱200.0 million investment in 5.75% unsecured subordinated notes of Development Bank of the Philippines due 2022, callable in 2017.
- ₱500 million investment in 5.75% collateralized bonds of First Metro Investment Corp. (FMIC) due 2019, callable in 2017. The Company sold ₱350.0 million worth of bonds at carrying value with net gain of ₱6.9 million in 2014 and the remaining balance of ₱150.0 million at a net gain of ₱4.5 million in 2015. As of December 31, 2015, the Company has no outstanding investment in FMIC bonds.

Receivables amounting to ₱784.8 million and ₱599.9 million as of December 31, 2015 and 2014, respectively, were impaired and fully provided for. Movements in the allowance for impairment losses follow:

2015

	Trade							
	Residential and office Development	**Shopping Centers**	**Construction Contracts**	**Corporate business**	**Management Fees**	**Others**	**Advances to Other Companies**	**Total**
				(In Thousands)				
Balance at beginning of year	**₱23,110**	**₱299,652**	**₱45,297**	**₱–**	**₱3,012**	**₱59,266**	**₱169,529**	**₱599,866**
Provisions during the period (Note 22)	**–**	**121,560**	**–**	**33,004**	**–**	**25,381**	**7,683**	**187,628**
Translation adjustment	**–**	**–**	**–**	**–**	**–**	**1,447**	**–**	**1,447**
Reversal (Note 22)	**–**	**–**	**–**	**11,884**	**–**	**(356)**	**–**	**11,528**
Accounts written off	**–**	**(11,982)**	**–**	**–**	**–**	**(2,719)**	**(960)**	**(15,661)**
Balance at end of year	**₱23,110**	**₱409,230**	**₱45,297**	**₱44,888**	**₱3,012**	**₱83,019**	**₱176,252**	**₱784,808**
Individually impaired	**₱9,555**	**₱ 217,217**	**₱45,297**	**₱44,888**	**₱2,614**	**₱53,890**	**₱175,924**	**₱549,385**
Collectively impaired	**13,555**	**192,013**	**–**	**–**	**398**	**29,129**	**328**	**235,423**
Total	**₱23,110**	**₱409,230**	**₱45,297**	**₱44,888**	**₱3,012**	**₱83,019**	**₱176,252**	**₱784,808**
Gross amounts of receivables individually determined to be impaired	**₱9,555**	**₱217,217**	**₱45,297**	**₱44,888**	**₱2,614**	**₱53,890**	**₱175,924**	**₱549,385**

2014

	Trade							
	Residential and Office Development	Shopping Centers	Construction Contracts	Corporate business	Management Fees	Others	Advances to Other Companies	Total
				(In Thousands)				
Balance at beginning of year	₱23,110	₱214,238	₱26,546	₱2,383	₱2,658	₱57,741	₱168,260	₱494,936
Provisions during the period (Note 22)	–	116,199	18,751	–	354	1,470	2,853	139,627
Translation adjustment	–	(27)	–	–	–	55	–	28
Reversal (Note 22)	–	–	–	–	–	–	–	–
Accounts written off	–	(30,758)	–	(2,383)	–	–	(1,584)	(34,725)
Balance at end of year	₱23,110	₱299,652	₱45,297	₱–	₱3,012	₱59,266	₱169,529	₱599,866
Individually impaired	₱9,555	₱171,903	₱45,297	₱–	₱2,614	₱48,380	₱169,202	₱446,951
Collectively impaired	13,555	127,749	–	–	398	10,886	327	152,915
Total	₱23,110	₱299,652	₱45,297	₱–	₱3,012	₱59,266	₱169,529	₱599,866
Gross amounts of receivables individually determined to be impaired	₱9,555	₱171,903	₱45,297	₱–	₱2,614	₱48,380	₱169,202	₱446,951

As of December 31, 2015 and 2014, nominal amounts of trade receivables from residential and office development, advances to other companies and receivables from employees totaling ₱86,920.2 million and ₱74,642.9 million, respectively, were recorded initially at fair value. The fair values of the receivables were obtained by discounting future cash flows using the applicable rates of similar types of instruments.

Movements in the unamortized discount of the Group's receivables as of December 31, 2015 and 2014 follow:

	2015	2014
	(In Thousands)	
Balance at beginning of year	**₱4,762,256**	₱4,950,398
Additions during the year	**3,890,725**	2,213,622
Accretion for the year (Note 22)	**(3,791,990)**	(2,401,764)
Balance at end of year	**₱4,860,991**	₱4,762,256

In 2015 and 2014, the Group entered into agreements with BPI Family Savings Bank for the assignment of interest-bearing employee receivables amounting to ₱71.5 million and ₱105.4 million, respectively. The transactions were without recourse and did not result to any gain or loss.

8. Inventories

This account consists of:

	2015	2014
	(In Thousands)	
Real estate:		
Residential and commercial lots:		
At cost	**₱23,652,367**	₱25,805,906
At NRV	**936,183**	936,183
	24,588,550	26,742,089
Residential and commercial units - at cost	**30,883,793**	18,765,608
Offices	**2,145,973**	1,022,810
Club shares - at cost	**1,628,646**	1,648,684
	₱59,246,962	₱48,179,191

A summary of the movement in inventories is set out below:

2015

	Residential and commercial lots	Residential and commercial Units	Offices	Club shares	Total
			(In Thousands)		
Opening balances at January 1	**₱26,742,089**	**₱18,765,608**	**₱1,022,810**	**₱1,648,684**	**₱48,179,191**
Land acquired during the year	**815,568**	**57,927**	**–**	**–**	**873,495**
Land cost transferred from land and improvements (Notes 11 and 35)	**1,978,739**	**4,761,054**	**1,100,000**	**–**	**7,839,793**
Construction/development costs incurred	**7,773,816**	**26,515,912**	**2,738,862**	**–**	**37,028,590**
Borrowing costs capitalized	**–**	**(178,589)**	**–**	**–**	**(178,589)**
Disposals (recognized as cost of real estate sales) (Note 22)	**(12,576,574)**	**(18,792,950)**	**(2,715,699)**	**(20,038)**	**(34,105,261)**
Transfers (Note 35)	**(52,007)**	**–**	**–**	**–**	**(52,007)**
Other adjustments/ reclassifications	**(93,081)**	**(245,169)**	**–**	**–**	**(338,250)**
	₱24,588,550	**₱30,883,793**	**₱2,145,973**	**₱1,628,646**	**₱59,246,962**

2014

	Residential and commercial lots	Residential and commercial Units	Offices	Club shares	Total
			(In Thousands)		
Opening balances at January 1	₱17,349,871	₱24,192,669	₱343,631	₱1,686,074	₱43,572,245
Land acquired during the year	7,223,855	1,165,867	–	–	8,389,722
Land cost transferred from land and improvements (Notes 11 and 35)	5,584,924	5,051,655	–	–	10,636,579
Construction/development costs incurred	4,915,883	10,982,161	1,250,864	–	17,148,908
Borrowing costs capitalized	–	–	–	–	–
Disposals (recognized as cost of real estate sales) (Note 22)	(8,689,613)	(22,877,545)	(571,685)	(37,390)	(32,176,233)
Transfers (Note 35)	301,247	387,164	–	–	688,411
Other adjustments/ reclassifications	55,922	(136,363)	–	–	(80,441)
	₱26,742,089	₱18,765,608	₱1,022,810	₱1,648,684	₱48,179,191

The cost of the inventories carried at NRV amounted to ₱2,606.6 million and ₱2,524.0 million as of December 31, 2015 and 2014, respectively. The Group recorded provision for impairment amounting to ₱82.6 million and nil in 2015 and 2014, respectively (see Note 22).

9. Other Current Assets

This account consists of:

	2015	2014
	(In Thousands)	
Prepaid expenses	**₱8,679,932**	₱10,086,621
Value-added input tax - net	**5,643,543**	5,926,976
Creditable withholding taxes	**3,253,690**	1,502,802
Deposits in escrow	**2,096,089**	5,321,900
Materials, parts and supplies - at cost	**1,753,891**	458,562
Others	**585,055**	341,472
	₱22,012,200	₱23,638,333

Prepaid expenses mainly include prepayments for commissions, marketing fees, advertising and promotions, taxes and licenses, rentals and insurance.

Value-added input tax is applied against value-added output tax. The remaining balance is recoverable in future periods. As of December 31, 2015 and 2014, value-added input tax is carried net of allowance amounting to ₱204.9 million.

Creditable withholding taxes are applied against income tax payable. In 2014, ₱40.6 million impairment loss in the consolidated statement of income under “Provision for impairment losses” account has been recognized against creditable withholding tax.

Deposits in escrow pertain to the proceeds from the sale of the Group’s projects that have only been granted temporary LTS as of reporting date.

10. **Available-for-Sale Financial Assets**

This account consists of investments in:

	2015	2014
	(In Thousands)	
Shares of stock:		
Unquoted	**₱350,765**	₱261,115
Quoted	**226,319**	384,153
	577,084	645,268
Net unrealized gain (loss)	**(76,725)**	139,103
	₱500,359	₱784,371

Investments in unquoted shares of stock include unlisted shares of public utility companies which the Group will continue to carry as part of the infrastructure that it provides to its real estate projects. These are carried at cost less impairment, if any.

In 2015, the Group recorded provision for impairment losses on investments in unquoted shares amounting to ₱28.1 million which was included under "Other charges" in the consolidated statements of income (see Note 22).

Movements in the net unrealized gain on AFS financial assets follow:

	2015	2014
	(In Thousands)	
Balance at beginning of year	**₱139,103**	₱50,752
Fair value changes during the year	**(164,648)**	118,111
Fair value loss transferred to profit or loss	**(51,180)**	(29,760)
Balance at end of year	**(₱76,725)**	₱139,103

As of December 31, 2015 and 2014, unrealized gain on AFS attributable to non-controlling interests amounted to ₱4.1 million and ₱3.3 million, respectively.

The following table provides the fair value hierarchy of the Group's available-for-sale financial assets which are measured at fair value as of December 31, 2015 and 2014:

2015

			Fair value measurement using		
	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Shares of stock:					
Quoted					
Retail	**December 31, 2015**	**₱92,334**	₱92,334	₱–	₱–
Tourism and leisure	**December 31, 2015**	**57,260**	57,260	–	–
Unquoted					
Tourism and leisure	**Various**	**317,557**	–	–	317,557
Utilities and energy	**Various**	**21,058**	–	–	21,058
Real estate	**Various**	**11,888**	–	–	11,888
Telecommunication	**Various**	**262**	–	–	262
		₱500,359	₱149,594	₱–	₱350,765

2014

	Date of Valuation	Total	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Shares of stock:					
Quoted					
Retail	December 31, 2014	₱475,680	₱475,680	₱–	₱–
Tourism and leisure	December 31, 2014	47,576	47,576	–	–
Unquoted					
Tourism and leisure	Various	215,785	–	–	215,785
Utilities and energy	Various	33,180	–	–	33,180
Real estate	Various	11,888	–	–	11,888
Telecommunication	Various	262	–	–	262
		₱784,371	₱523,256	₱–	₱261,115

11. Land and Improvements

The rollforward analysis of this account follows:

	2015	2014
	(In Thousands)	
Cost		
Balance at beginning of year	**₱80,954,667**	₱63,232,845
Additions	**21,061,610**	28,358,401
Transfers (Notes 8, 13 and 35)	**(7,898,343)**	(10,636,579)
Donation (Note 22)	**(108,735)**	–
Balance at end of year	**94,009,199**	80,954,667
Allowance for impairment losses		
Balance at beginning and end of year	**510,125**	510,125
Provision during the year (Note 22)	**196,568**	–
Balance at end of year	**706,693**	510,125
	₱93,302,506	₱80,444,542

On November 6, 2015, the Company executed the Deed of Absolute Sale (DOAS) for the acquisition of 95,620 sqm property located along Barangay Talipapa, Novaliches, Quezon City amounting to ₱1.09 billion purchase price (net of capital gains tax). The acquisition is in pursuant to the Terms of Reference (TOR) as of March 4, 2015 between the Company and the SEC-appointed Liquidator of Rubberworld Philippines, Inc.

On October 12, 2015, the Company donated 60,000 sqm of real properties to De La Salle Santiago Zobel School which is located in Cavite and with carrying amount of ₱108.74 million.

In July 2015, Avida entered into a contract with AC for the purchase of land in San Antonio, Makati City with the purchase price amounted to ₱644.1 million, inclusive of VAT. Payments were made in two tranches, with the first one in July 2015 amounting to ₱471.6 million (inclusive of VAT and CWT) and the balance of ₱172.5 million in October 2015.

On June 30, 2015, the Group, through SM-ALI Group consortium, participated and won the bidding for Lot No. 8-B-1, containing an area of 263,384 sq. m., which is a portion of Cebu City-owned lot located at the South Road Properties, Cebu City covered by Transfer Certificate of Title No. 107-2011000963. SM and ALI shouldered the total consideration amounting to ₱10.01 billion by 56.99% and 43.01% proportion, respectively. SM-ALI Group consortium is a consortium among SM Prime Holdings, Inc. (SM), ALI and Cebu Holdings, Inc.. The SM-ALI Group will co-develop the property pursuant to a joint master plan.

On November 26, 2014, Alveo acquired a 6,986 sq. m. property located along Valero St., Salcedo Village, Makati City for ₱1.6 billion.

On September 15, 2014, Alveo acquired on installment a 2,400 sq. m. property located along Ayala Avenue, Makati for ₱1.2 billion.

In 2012, the Group won the public bidding at an amount of ₱24,313.0 million for the purchase of the 74-hectare FTI property in Taguig City. The bid was conducted in accordance with the Asset Specific Bidding Rules dated July 4, 2012 and in accordance with the provisions of Executive Order No. 323.

In October 2012, the Company entered into a Purchase Agreement wherein FTI (the Seller) agrees to sell, convey, assign and transfer and deliver to the Company, all of the Seller's rights and interests in the FTI property. The property is designed to be a mixed-use development.

On August 27, 2009, the Company and the National Housing Authority (NHA) signed a Joint Venture Agreement to develop the 29.1-hectare North Triangle Property in Quezon City as a priming project of the government and the private sector. The joint venture represents the conclusion of a public bidding process conducted by the NHA which began on October 3, 2008.

The Company's proposal, which has been approved and declared by the NHA as compliant with the Terms of Reference of the public bidding and the National Economic Development Authority (NEDA) Joint Venture Guidelines, features the development of a new Central Business District (CBD) in Quezon City. The CBD will be developed as the Philippines' first transit-oriented, mixed-use central business district that will be a new nexus of commercial activity. The proposal also aims to benefit the NHA in achieving its mandate of providing housing for informal settlers and transforming a non-performing asset into a model for urban renewal. The development is expected to generate jobs and revenue both for the local and national governments.

The Company's vision for the property is consistent with the mandate of the Urban Triangle Development (TriDev) Commission to rationalize and speed up the development of the East and North Triangles of Quezon City into well-planned, integrated and environmentally balanced, mixed-use communities. The joint venture also conforms with the NHA's vision of a private sector-led and managed model for the development of the property, similar to the development experience in Fort Bonifacio.

The total project cost is estimated at ₱22.0 billion, inclusive of future development costs and the current value of the property, which the Company and the NHA will contribute as their respective equity share in the joint venture. The development of Phase 1 commenced in the second quarter of 2012.

The Group recorded provision for impairment amounting to ₱196.6 million and nil in 2015 and 2014, respectively.

12. Investments in Associates and Joint Ventures

This account consists of:

	2015	2014
	(In Thousands)	
Acquisition cost	**₱13,624,178**	₱6,638,616
Accumulated equity in net earnings:		
Balance at beginning of year	**4,324,566**	4,697,914
Equity in net earnings during the year	**(140,488)**	646,537
Dividends received during the year	**(286,739)**	(1,019,885)
Balance at end of year	**3,897,339**	4,324,566
	₱17,521,517	₱10,963,182

Details of the Group's investments in associates and joint ventures and the related percentages of ownership are shown below:

	Percentages of Ownership		Carrying Amounts	
	2015	2014	**2015**	2014
			(In Thousands)	
Joint ventures:				
Emerging City Holdings, Inc. (ECHI)	**50%**	50%	**₱4,110,969**	₱4,112,702
Berkshires Holdings, Inc. (BHI)	**50**	50	**1,813,402**	1,815,344
Cebu District Property Enterprise, Inc. (CDPEI)	**42**	42	**1,490,511**	1,492,009
Alveo-Federal Land Communities, Inc.	**50**	–	**572,132**	–
SIAL Specialty Retailers, Inc. (SIAL Specialty)	**50**	50	**417,409**	332,316
SIAL CVS Retailers, Inc. (SIAL CVS)	**50**	50	**263,629**	152,511
AyaGold Retailers, Inc. (AyaGold)	**50**	50	**115,813**	43,949
			8,783,865	7,948,831
Associates:				
Modular Construction Technology Bhd (MCT)	**33**	–	**6,067,560**	–
Bonifacio Land Corp. (BLC)	**10**	10	**1,353,477**	1,355,882
Rize-Ayalaland (Kingsway) GP, Inc. (Rize-Ayalaland)	**49**	49	**546,324**	696,757
Tianjin Eco-City Ayala Land Development Co., Ltd. (Tianjin Eco-City)	**40**	40	**347,909**	483,981
Mercado General Hospital, Inc. (MGHI)	**33**	33	**373,238**	422,392
Lagoon Development Corporation	**30**	30	**48,144**	54,339
Others	**Various**	Various	**1,000**	1,000
			8,737,652	3,014,351
			₱17,521,517	₱10,963,182

As of December 31, 2015 and 2014, the Group had total commitments relating to the Group's interests in the joint ventures amounting to ₱341.0 million and ₱975.1 million, respectively.

The Company considers a subsidiary as a subsidiary with material NCI, an associate and a joint venture with material interest if its net assets exceed 5% of its total consolidated net assets of the Group as of reporting period. There are no significant restrictions on the Company's ability to use assets and settle liabilities of the Group.

<u>Financial Information of the associate with material interest</u>

MCT

On April 6, 2015, the Group, through its wholly-owned subsidiary, RWIL, has acquired 9.16% of the shares of Modular Construction Technology (MCT) Bhd. (formerly Malaysian company GW Plastics Holdings Bhd.), through a private placement for a total amount of US$43 million or ₱1.9 billion. MCT Bhd., first established in 1999 as a construction company, is a property development company specializing in mixed-use projects that include retail, office, hotel, and mid- to affordable residential. The company is able to deliver projects at lower costs by adhering to a modular construction technique and by being an integrated builder with an in-house design team, inhouse trading company, direct execution of specialist works and its own pre-cast and ready-mixed concrete plants.

In May 2015, the Group entered into call option agreements with the two founders and majority shareholders of MCT, Barry Goh Ming Choon and Tong Seech Wi, that will give the Group the opportunity to increase its shareholdings in MCT up to a maximum of 32.95%. Then, on October 15, 2015, the Group exercised its option to acquire additional shares of Malaysian development and construction company, MCT, Bhd. (MCT) for a total cost of US$92 million to bring its total shareholding from 9.16% to 32.95%. The increase in stake will provide the Company with the opportunity to establish a stronger foothold in the Real Estate sector in Malaysia. RWIL received dividends from MCT on October 19, 2015 which amounted to US$0.58 million or ₱26.6 million.

Set out below is the summarized financial information for MCT (in Thousands):

	2015
Current assets	**₱8,398,560**
Noncurrent assets	**6,377,760**
Current liabilities	**4,389,660**
Noncurrent liabilities	**2,125,296**
Equity	**₱8,261,364**
Proportion of Group's ownership	**33%**
Carrying amount of the investment	**₱6,067,560**
Dividends received	**₱26,645**

Net assets attributable to the equity holders of MCT amounted to ₱18,221.0 million as of December 31, 2015.

	2015
Revenue	**₱12,561,240**
Cost and expenses	**(11,496,631)**
Net income (continuing operations)	**1,064,609**
Group's share in net income for the year	**181,505**
Total comprehensive income	**1,064,609**
Group's share in total comprehensive income for the year	**181,505**

BLC

The Group has a 10% interest in BLC, which is involved in the purchase, subscription or otherwise disposal of real and personal properties. BLC is a private company incorporated on October 20, 1994 and there is no quoted market price available for its shares. Its registered office and principal place of business is Taguig, Philippines.

Set out below is the summarized financial information for BLC:

	2015	2014
	(In Thousands)	
Current assets	**₱15,083,884**	₱24,747,739
Noncurrent assets	**30,376,970**	20,183,121
Current liabilities	**3,629,028**	4,785,573
Noncurrent liabilities	**7,887,621**	4,903,468
Equity	**₱33,944,205**	₱35,241,819
Proportion of Group's ownership	**10%**	10%
Carrying amount of the investment	**₱1,353,477**	₱1,355,882
Dividends received	**₱55,475**	₱232,403

Net assets attributable to the equity holders of BLC amounted to ₱16,986.6 million and ₱18,221.0 million as of December 31, 2015 and 2014, respectively.

	2015	2014
	(In Thousands)	
Revenue	**₱3,640,368**	₱9,186,619
Cost and expenses	**(2,294,133)**	(5,819,431)
Net income (continuing operations)	**1,346,235**	3,367,188
Group's share in net income for the year	**134,624**	336,719
Total comprehensive income	**1,346,235**	3,367,188
Group's share in total comprehensive income for the year	**134,624**	336,719

Aggregate financial information on associates with immaterial interest (Rize-Ayalaland, Tianjin Eco-City, LDC, MGHI and others) is as follows:

	2015	2014
	(In Thousands)	
Carrying amount	**₱1,384,895**	₱1,658,469
Share in loss from continuing operations	**(131,567)**	(51,571)
Share in total comprehensive loss	**(131,567)**	(51,571)

Aggregate financial information on joint ventures with immaterial interest (ECHI, BHI,CDPEI, Alveo-Federal, SIAL CVS, SIAL Specialty and AyaGold) is as follows:

	2015	2014
	(In Thousands)	
Carrying amount	**₱8,783,865**	₱7,948,831
Share in income (loss) from continuing operations	**(62,090)**	504,384
Share in total comprehensive income (loss)	**(62,090)**	504,384

The following are the significant transactions affecting the Group's investments in associates and joint ventures:

Investments in ECHI, BHI and BLC
The Company's 5.32% direct investment in BLC and 4.78% through Regent Time are accounted for using the equity method because the Company has significant influence over BLC.

On April 17, 2003, the following transactions were consummated pursuant to the terms and conditions of the Assignment Agreement (Agreement), dated February 8, 2003, among the Company, Evergreen Holdings, Inc. (EHI), Greenfield Development Corporation and Larouge, B.V. (Larouge), as amended, and the Agreement, dated November 23, 2002, among the Company, EHI and Neo Oracle Holdings, Inc. [formerly Metro Pacific Corporation (MPC)] as amended:

(a) The assignment to the Company and EHI of the rights and obligations of Larouge under the loan agreement between Larouge and MPC, pursuant to which, Larouge extended MPC a loan in the principal amount of US$90.0 million, together with all the rights, title and interests of Larouge in the pledge constituted on 50.38% of the outstanding shares in BLC. The consideration paid by the Company and EHI for such assignment was approximately US$90 million, subject in part to foreign exchange adjustment.
(b) The assignment to the Company and EHI, acting in this instance through the joint venture corporation, Columbus Holdings, Inc. (Columbus), of the controlling interest in BLC representing 50.38% of BLC's outstanding capital stock. This assignment was effected by MPC under a dacion en pago arrangement, and included an assignment of payables of BLC in the principal amount of ₱655.0 million together with its underlying security in the form of shares in Fort Bonifacio Development Corporation (FBDC) representing 5.55% of its outstanding capital stock.

The Agreement, as amended, also provides for the constitution of a pledge over 5% of BLC's unencumbered shares as security for contingent liabilities and breach of representation and warranties. The pledge lien over the 5% BLC shares shall continue to subsist until the third anniversary of the closing date.

The Company and EHI jointly hold the 50.38% equity interest in BLC through ECHI and BHI. The Company and EHI assigned the notes receivable from MPC to ECHI and BHI, which acquired the shares of stock of Columbus. Columbus directly owns the 50.38% interest in BLC. BLC owns 55% interest in FBDC, the primary developer of certain areas in Fort Bonifacio Global City for residential, commercial and business development. Columbus accounted for the acquisition of the 50.38% interest in BLC using the purchase method.

Subsequent to this, the Company and EHI acquired additional shares of BLC through a combination of direct acquisition and through its associates at varying dates:

On July 31, 2008, the Group acquired, through the Company, Regent Time and Columbus, additional 4,360,178 shares of BLC from FBDC amounting to ₱689.0 million, equivalent to 7.66% ownership in BLC. In January and October 2009, a total of 2,295,207 BLC shares were acquired from Development Bank of the Philippines and MPC, pertaining to the pledged shares, through Columbus amounting to ₱362.6 million. This resulted in an increase in the Group's effective interest in BLC to 45.05% as of December 31, 2009.

In 2011, BLC redeemed its 3,485,050 preferred shares with an aggregate redemption price of ₱500.0 million.

Investment in ARCH Capital Fund
In 2006, the Company and AC entered into a Shareholders' Agreement with ARCH Capital and Great ARCH Co. Limited, wherein the Company and AC committed to invest a total of US$75.0 million in a private equity fund that will explore property markets in Asia, excluding Japan and the Philippines. On the same year, an Amendment and Adherence Agreement was entered into by the same parties, together with Fine State Group Limited (Fine State) and Green Horizons Holdings Limited (Green Horizons), a wholly owned subsidiary of First Longfield, transferring the interests of AC and the Company in ARCH Capital into Fine State and Green Horizons, respectively. Fine State and First Longfield are 100%-owned Hong Kong subsidiaries of AC and the Company, respectively.

The Company (through Green Horizons) and AC (through Fine State) both have interests in the fund management company, ARCH Capital, which is tasked to raise third party capital and pursue investments for the Fund. The Company (through Green Horizon) and AC (through Fine State) owned interest of 7.58% and 15.15%, respectively in ARCH Capital.

In 2007, the private equity fund, called ARCH Capital Asian Partners, L.P. (Fund) was established. As at December 31, 2007, the Fund achieved its final closing, resulting in a total investor commitment of US$330.0 million. As a result, portion of the funds disbursed by the Company and AC and invested into the Fund have been returned in 2007, reducing the Company's overall capital invested to ₱214.5 million as of December 31, 2007. In 2009, 2010 and 2011, the Fund made a capital call where the Company's share amounted to $2.1 million, and $9.1 million and $2.2 million, respectively.

On March 7, 2011, the Company, AC and TRG completed an exchange of ownership interests in Arch Capital and ARCH Capital Asian Partners G.P. (a Cayman Islands company), with proceeds and carrying value of the investments as of the date of exchange amounting to US$3.8 million and US$0.4 million, respectively, resulted to a gain of US$2.9 million, net of transaction costs, lodged in "Interest and investment income" account. The exchange in ownership interest resulted in TRG acquiring the Company's 17% stake and AC's 33% interest. The completed exchange of ownership interests did not change the activities, management, focus, and shareholder structure of the ARCH Fund, with the Company retaining its current 8% interest in the fund.

In 2012, the Company's investment over the Fund was reclassified from associate to FVPL. The Company lost significant influence over the Fund since its investments pertain to monetary interest and no longer equity interest.

As of December 31, 2015 and 2014, the Company's remaining capital commitment with the Fund both amounted to nil.

Investment in AMHRI
In December 2007, the Company entered into a joint venture with Kingdom Hotel Investments, Inc. (KHI) to develop a 7,377-square meter property along Makati Avenue corner Arnaiz Avenue (formerly Pasay Road) into a luxury hotel complex comprised of a 300-room Fairmont Hotel, a 30-suite Raffles Hotel and 189 Raffles branded private residences.

The 7,377-square meter property developed was conveyed by the Company to AMHRI in exchange for 37,250 common shares, 38,250 redeemable preferred shares A and 16,758 preferred shares.

In 2012, the Group obtained control over AMHRI and AMHPI through step acquisition as discussed in Note 24.

Investment in Alveo-Federal Land Communities, Inc.
Alveo Land Corp. signed a JVA with Federal Land, Inc. last April 29, 2015 for equal ownership over AFLCI. The JV is for the development of project Lexus located in Laguna near Nuvali.

Investment in SIAL Specialty
SIAL Specialty was incorporated on September 27, 2012 as a joint venture between Varejo and Store Specialist, Inc. (SSI). Varejo is a wholly owned subsidiary of the Company. SSI is one of the largest specialty retail companies in the Philippines with the exclusive distribution rights to a variety of brands from around the world.

The partnership, which combines the Company's expertise in developing mixed-use developments and SSI's proven track record in retail, is aimed at pursuing retail solutions to address the growing and changing lifestyle needs of the market.

SIAL Specialty was organized primarily for the investment and operation of mid-market department stores and to pursue other investment opportunities in the Philippine retail sector.

Investment in SIAL CVS
SIAL CVS is an equally-owned joint venture between Varejo, the Company's wholly owned subsidiary and SII, SSI's wholly owned subsidiary.

SIAL CVS shall be the vehicle for the investment in the operation of convenience stores in the Philippines. SIAL CVS capitalizes on the Company's expertise in mixed-use developments and SSI's experience in the Philippine retail market. The Parties agreed to incorporate a special purpose vehicle that shall form a partnership with FamilyMart Co. Ltd. and Itochu Corporation for the operation of FamilyMart convenience stores in the Philippines.

Investment in AyaGold Retailers, Inc.
AyaGold Retailers, Inc., a joint venture between Entenso Equities Incorporated (EEI, a wholly owned subsidiary of Puregold Price Club, Inc.) and Varejo Corp. (a wholly owned subsidiary of the Company and the holding company for its retail-related initiatives), was incorporated in October 2, 2013. It is organized primarily to finance, build and operate mid-market

supermarkets for some of Company's new integrated and mixed-use developments. The mid-market supermarkets will be carried under a new brand to be jointly developed by both Varejo and EEI. The partnership with EEI will enable the Company to support its mixed-use developments and, at the same time, grow its recurring income portfolio.

Investment in MGHI
In July 2013, the Company entered into an agreement with the Mercado Family to acquire Whiteknight Holdings, Inc. (WHI), a 33% equity stockholder of MGHI. Its acquisition of WHI will allow the Company to build a strategic partnership with the Mercado Group and support MGHI's future growth. This partnership also enhances the potential of Ayala Land's development of mixed-use communities by offering the critical component of medical services to complement the residential, shopping centers, office and hotel developments therein.

Investment in Rize-Ayalaland
Rize-Ayalaland (Kingsway) GP, Inc. was incorporated on January 25, 2013 under the laws of British Columbia, Canada. The Company's effective ownership is 49% through its Vancouver-based subsidiary, AyalaLand Real Estate Investments, Inc.

Investment in Cebu District Property Enterprise, Inc.
Cebu District Property Enterprise, Inc. (CDPEI) was incorporated on February 20, 2014 and is a 50:50 joint venture between the Company and Aboitiz Land, Inc. CDPEI's main purpose is to create a mixed-use commercial and residential district with the 15.4 hectare property in Subangdaku, Mandaue. On April 11, 2014, ALI's 50% equity was further broken down to 35% ALI, 10% CHI and 5% CPVDC.

In addition to PFRS 12 disclosure requirements, the financial information on the Company's significant subsidiary with material NCI follows:

CHI and Subsidiaries
CHI, a publicly-listed company, was incorporated in the Republic of the Philippines. It is engaged in real estate development, sale of subdivided land, residential and office condominium units, sports club shares, and lease of commercial spaces. The registered office address of the Parent Company is at 7th Floor, Cebu Holdings Center, Cebu Business Park, Cebu City, Philippines.

	2015	2014
	(In Thousands, except for %)	
Proportion of equity interests held by non-controlling interests	**43.6%**	50.2%
Accumulated balances of material non-controlling interests	**₱3,084,157**	₱3,209,242
Net income allocated to material non-controlling interest	**479,125**	317,382
Comprehensive income allocated to material non-controlling interest	**463,129**	312,063

The summarized financial information of CHI is provided below. This information is based on amounts before inter-company eliminations.

	2015	2014
	(In Thousands)	
Statement of financial position		
Current assets	**₱5,256,342**	₱5,873,476
Noncurrent assets	**14,476,845**	10,514,732
Current liabilities	**(5,517,894)**	(3,577,942)
Noncurrent liabilities	**(7,303,187)**	(6,586,380)
Total equity	**6,912,106**	6,223,886
Attributable to:		
Equity holders of CHI	**6,065,271**	5,468,388
Non-controlling interests	**846,835**	755,498
Dividends paid to non-controlling interests	**26,794**	26,794

	For the years ended December 31	
	2015	2014
	(In Thousands)	
Statement of comprehensive income		
Revenue	**₱3,740,259**	₱2,293,579
Cost and expenses	**(2,466,269)**	(1,562,669)
Income before income tax	**1,273,990**	730,910
Provision for income tax	**(328,652)**	(165,056)
Income from operations	**945,338**	565,854
Other comprehensive loss	**2,241**	(6,598)
Total comprehensive income	**947,579**	559,256
Attributable to:		
Equity holders of CHI	**829,448**	524,279
Non-controlling interests	**118,131**	34,977
Statement of cash flows		
Operating activities	**625,407**	1,362,600
Investing activities	**(2,655,348)**	(1,303,370)
Financing activities	**(749,763)**	2,070,834
Net increase (decrease) in cash and cash equivalents	**(₱2,779,704)**	₱2,130,064

The fair value of the investment in CHI amounted to ₱5,605.3 million and ₱4,934.2 million as of December 31, 2015 and 2014, respectively.

13. Investment Properties

The rollforward analysis of this account follows:

2015

	Land	Buildings	Construction in Progress	Total
		(In Thousands)		
Cost				
Balance at beginning of year	**₱8,951,515**	**₱71,142,177**	**₱5,936,777**	**₱86,030,469**
Additions	**2,795,057**	**5,333,981**	**6,264,639**	**14,393,677**
Acquisitions through business combinations (Note 24)	**–**	**1,584,929**	**–**	**1,584,929**
Disposals	**(566)**	**(745,835)**	**–**	**(746,401)**
Transfers (Note 35)	**26,003**	**2,504,512**	**(2,347,014)**	**183,501**
Balance at end of year	**11,772,009**	**79,819,764**	**9,854,402**	**101,446,175**
Accumulated Depreciation				
Balance at beginning of year	**–**	**18,132,527**	**–**	**18,132,527**
Depreciation	**–**	**3,071,420**	**–**	**3,071,420**
Disposals	**–**	**(263,143)**	**–**	**(263,143)**
Transfers	**–**	**40,596**	**–**	**40,596**
Balance at end of year	**–**	**20,981,400**	**–**	**20,981,400**
Net Book Value	**₱11,772,009**	**₱58,838,364**	**₱9,854,402**	**₱80,464,775**

2014

	Land	Buildings	Construction in Progress	Total
		(In Thousands)		
Cost				
Balance at beginning of year	₱8,164,164	₱61,994,661	₱4,118,137	₱74,276,962
Additions	1,672,466	4,225,907	7,470,659	13,369,032
Disposals	(4,921)	(302,656)	(512,272)	(819,849)
Transfers (Note 35)	(880,194)	5,224,265	(5,139,747)	(795,676)
Balance at end of year	8,951,515	71,142,177	5,936,777	86,030,469
Accumulated Depreciation				
Balance at beginning of year	–	15,093,598	–	15,093,598
Depreciation	–	3,056,398	–	3,056,398
Disposals	–	(26,805)	–	(26,805)
Transfers	–	9,336	–	9,336
Balance at end of year	–	18,132,527	–	18,132,527
Net Book Value	₱8,951,515	₱53,009,650	₱5,936,777	₱67,897,942

Certain parcels of land are leased to several individuals and corporations. Some of the lease contracts provide, among others, that within a certain period from the expiration of the contracts, the lessee will have to demolish and remove any and all improvements (such as buildings) introduced or built within the leased properties. Otherwise, the lessor will cause the demolition and removal thereof and charge the cost to the lessee unless the lessor occupies and appropriates the same for its use and benefit.

The aggregate fair value of the Group's investment properties amounted to ₱249,100.0 million and ₱248,276.5 million as of December 31, 2015 and 2014, respectively.

The fair values of the investment properties were determined by independent professionally qualified appraisers.

The following table provides the fair value hierarchy of the Group's investment properties as of December 31, 2015 and 2014:

2015

			Fair value measurement using		
	Date of Valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
			(In Thousands)		
Land properties	**Various**	**₱171,619,875**	**₱–**	**₱–**	**₱171,619,875**
Retail properties	**Various**	**49,200,907**	**–**	**–**	**49,200,907**
Office properties	**Various**	**27,921,658**	**–**	**–**	**27,921,658**
Hospital properties	**Various**	**357,545**	**–**	**–**	**357,545**

2014

			Fair value measurement using		
	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Land properties	Various	₱154,726,108	₱–	₱–	₱154,726,108
Retail properties	Various	67,313,332	–	–	67,313,332
Office properties	Various	25,879,520	–	–	25,879,520
Hospital properties	Various	357,545	–	–	357,545

The values of the land and buildings were arrived at using the Market Data Approach and Cost Approach, respectively. In Market Data Approach, the value of the land is based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the establishment of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property. In the Cost Approach, the value of the buildings is determined by the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation based on physical wear and tear, and obsolescence plus an estimate of developers' profit margin.

For Market Data Approach, the higher the price per sqm., the higher the fair value. For Cost Approach, whose unobservable inputs include estimated costs to complete and estimated profit margin and hold and develop property to completion, the higher these costs and required profit margin, the lower the fair value.

Interest capitalized amounted to ₱39.2 million, ₱76.1 million and ₱113.5 million in 2015, 2014 and 2013, respectively. The capitalization rates are 4.75-5.32%, 5.49% and 0.5%-8.2% in 2015, 2014 and 2013, respectively (see Note 17).

Consolidated rental income from investment properties amounted to ₱18,928.0 million, ₱16,380.0 million and ₱13,217.0 million in 2015, 2014 and 2013, respectively (see Note 21). Consolidated direct operating expenses arising from the investment properties in 2015, 2014 and 2013 amounted to ₱5,237.8 million, ₱4,076.0 million and ₱3,345.2 million, respectively (see Note 22).

Depreciation and amortization expense pertaining to investment properties amounted to ₱3,071.4 million, ₱3,056.4 million and ₱2,472.1 million in 2015, 2014 and 2013, respectively (see Note 22).

14. Property and Equipment

The rollforward analysis of this account follows:

2015

	Land, Buildings and Improvements	Machinery and Construction Equipment	Furniture, Fixtures and Equipment	Transportation Equipment	Hotel Property and Equipment	Total
			(In Thousands)			
Cost						
January 1	**₱2,782,611**	**₱7,392,451**	**₱2,883,171**	**₱1,175,445**	**₱14,514,264**	**₱28,747,942**
Additions	**2,124,789**	**2,720,405**	**1,035,103**	**204,325**	**754,615**	**6,839,237**
Acquisitions through business combination	**–**	**–**	**–**	**721,411**	**–**	**721,411**
Disposals/Write-offs	**(67,314)**	**(75,961)**	**(95,595)**	**(149,625)**	**(2,045)**	**(390,540)**
Transfers (Note 35)	**162,331**	**(209,404)**	**(83,389)**	**–**	**667**	**(129,795)**
December 31	**5,002,417**	**9,827,491**	**3,739,290**	**1,951,556**	**15,267,501**	**35,788,255**
Accumulated Depreciation and Amortization						
January 1	**1,146,147**	**2,818,436**	**2,224,454**	**578,830**	**3,155,163**	**9,923,030**
Depreciation and amortization (Note 22)	**349,221**	**689,847**	**363,619**	**123,899**	**464,914**	**1,991,500**
Disposals	**(61,247)**	**(65,686)**	**(69,684)**	**(134,716)**	**(801)**	**(332,134)**
Transfers	**–**	**–**	**(40,596)**	**–**	**–**	**(40,596)**
December 31	**1,434,121**	**3,442,597**	**2,477,793**	**568,013**	**3,619,276**	**11,541,800**
Net Book Value	**₱3,568,296**	**₱6,384,894**	**₱1,261,497**	**₱1,383,543**	**₱11,648,225**	**₱24,246,455**

2014

	Land, Buildings and Improvements	Machinery and Construction Equipment	Furniture, Fixtures and Equipment	Transportation Equipment	Hotel Property and Equipment	Total
			(In Thousands)			
Cost						
January 1	₱2,373,129	₱6,430,117	₱2,893,176	₱1,168,420	₱13,695,917	₱26,560,759
Additions	420,372	1,435,177	254,786	162,644	994,919	3,267,898
Disposals/Write-offs	(148,998)	(755,578)	(217,034)	(92,309)	–	(1,213,919)
Transfers (Note 35)	138,108	282,735	(47,757)	(63,310)	(176,572)	133,204
December 31	2,782,611	7,392,451	2,883,171	1,175,445	14,514,264	28,747,942
Accumulated Depreciation and Amortization						
January 1	961,393	2,521,306	2,184,060	590,010	2,749,520	9,006,289
Depreciation and amortization (Note 22)	356,978	674,533	277,249	113,228	505,404	1,927,392
Disposals	(172,156)	(375,925)	(229,065)	(124,408)	(99,716)	(1,001,270)
Transfers	(68)	(1,478)	(7,790)	–	(45)	(9,381)
December 31	1,146,147	2,818,436	2,224,454	578,830	3,155,163	9,923,030
Net Book Value	₱1,636,464	₱4,574,015	₱658,717	₱596,615	₱11,359,101	₱18,824,912

The consolidated depreciation and amortization of property and equipment (included under various consolidated statements of income accounts) amounted to ₱1,991.5 million, ₱1,927.4 million and ₱1,419.7 million in 2015, 2014 and 2013, respectively. In 2015 and 2014, interest capitalized amounted to nil and ₱16.7 million, respectively (see Note 17).

15. Other Noncurrent Assets

Other noncurrent assets totaling ₱10,934.3 million and ₱6,563.2 million as of December 31, 2015 and 2014, respectively consist of deferred charges, deposits, pension assets (see Note 26) and other assets.

Deferred charges consist of prepayments for expenses that is amortized for more than one year.

As of December 31, 2015 and 2014, this account also includes leasehold right of a subsidiary amounting to ₱93.5 million and ₱100.1 million, respectively. This pertains to the right to use an island property expiring on December 31, 2029. The cost amounted to ₱127.4 million and accumulated amortization as of December 31, 2015 and 2014 amounted to ₱33.9 million and ₱27.2 million, respectively. Amortization expense (included under "Hotels and resorts operations") amounted to ₱6.7 million in each period (see Note 22).

In 2015, this account includes consideration for the development rights of a subsidiary by way of advance rental payments to Global Estate Resorts, Inc. (GERI). The cost amounted to ₱294.36 million as of December 31, 2015. This is noninterest bearing and amortized over the lease term.

16. Accounts and Other Payables

This account consists of:

	2015	2014
	(In Thousands)	
Accounts payable	**₱72,996,316**	₱59,209,686
Accrued project costs	**16,655,458**	17,480,704
Taxes payable	**10,724,843**	11,544,726
Liability for purchased land	**5,875,204**	3,069,452
Accrued salaries and employee benefits	**2,796,416**	2,215,428
Accrued repairs and maintenance	**2,779,655**	1,485,352
Accrued professional and management fees	**2,535,687**	2,311,215
Accrued utilities	**2,115,225**	1,960,472
Interest payable	**1,511,793**	1,512,878
Accrued rentals	**1,204,094**	1,232,152
Accrued advertising and promotions	**900,046**	2,217,058
Payable to related parties (Note 25)	**662,862**	1,895,085
Dividends payable	**348,087**	67,509
DRP obligation	**261,590**	257,774
Retentions payable	**28,763**	139,312
Other accrued expenses	**361,163**	393,518
	₱121,757,202	₱106,992,321

Accounts payable and accrued expenses are noninterest-bearing and are normally settled on 30- to 60-day terms, except for accrued project costs.

Liability for purchased land pertains to the portion of unpaid unsubdivided land acquired payable during the year.

DRP obligation pertains to the current portion of the liability arising from the assignment agreement between the Group and MRTDC of the latters' development rights (see Note 34). In consideration of the lease, the Group will be charged an annual rent related to the original DRP obligation on the MRTDC and 5% of the rental income from the Group's commercial center business. Of the 5% variable amount due, the 2.42% shall be directly paid by the to the minority shareholders of Monumento Rail Transit Corporation, the 28.47% shall be paid directly to Metro Global Holdings Corporation and the remaining 69.11% shall be applied against receivables (see Note 7).

Other accrued expenses consist mainly of accruals for light and power, marketing costs, film share, professional fees, postal and communication, supplies, transportation and travel, security, insurance and representation.

17. Short-term and Long-term Debts

The short-term debt of ₱10,486.3 million and ₱16,302.3 million as of December 31, 2015 and 2014, respectively, represents unsecured peso-denominated bank loans and dollar-denominated bank loans. In compliance with BSP ruling on directors, officers, stockholders and related interests, certain short-term debt with a carrying value of ₱1,669.0 milliion as of December 31, 2015 are secured by a real estate mortgage dated September 2, 2014 covering certain properties of the Company.

Dollar-denominated short-term loans amounted to ₱1,053.0 million and ₱1,661.5 million in 2015 and 2014, respectively.

Interest rates for these dollar-denominated short-term loans are as follows:

	2015	2014
Philippine Peso	**2.1% to 3.1%**	2.0% to 3.0%
US Dollar	**1.1% to 1.3%**	1.1% to 1.2%

Long-term debt consists of:

	2015	2014
	(In Thousands)	
Company:		
Bonds:		
Due 2015	**₱–**	₱986,710
Due 2016	**2,182,850**	1,982,700
Due 2019	**9,350,000**	9,350,000
Due 2020	**4,000,000**	4,000,000
Due 2022	**12,650,000**	5,650,000
Due 2024	**15,000,000**	15,000,000
Due 2025	**8,000,000**	8,000,000
Due 2033	**2,000,000**	2,000,000
Fixed rate corporate notes (FXCNs)	**14,328,400**	14,429,200
Php - denominated long term loan	**15,442,250**	–
US Dollar - denominated long term loan	**1,882,400**	2,360,545
	85,835,900	64,759,155
Subsidiaries:		
Bank loans - Philippine Peso	**28,603,105**	34,314,451
Bank loans - US Dollar	**1,508,861**	4,724,017
Fixed rate corporate notes	**5,000,000**	5,000,000
	35,111,966	44,038,468
	120,947,866	108,797,623
Less unamortized transaction costs	**438,013**	434,266
	120,509,853	108,363,357
Less current portion	**8,807,652**	5,066,903
	₱111,702,201	₱103,296,454

Company

Philippine Peso Homestarter Bond due 2015

In October 2012, the Company issued 1,000.0 million bond due 2015 with fixed rate equivalent to 5.00% p.a. The Credit Rating and Investors Services Philippines, Inc. (CRISP) assigned a AAA issuer rating on the Company indicating that it has the smallest degree of investment risk for the bond. AAA is the highest credit rating possible on CRISP's rating scale for issuers. CRISP also assigned a stable credit outlook for Company's issuer rating as CRISP continues to believe that the Company's strong financial performance will continue and roll out of its new development projects will sustain its leadership position. In 2015, ₱767.0 million was paid and the remaining ₱219.7 million is due for settlement in January 7, 2016.

Philippine Peso Homestarter Bond due 2016

In May 2013, the Company issued the second tranche of the bonds registered with the Securities and Exchange Commission in 2012, at an aggregate principal amount of ₱2,000.0 million. The bonds have a term of three (3) years from the issue date, and will bear interest on its principal amount at a fixed rate of 4.00% p.a. Interest will not be compounded and shall be payable on maturity date or on the date of effectivity of an Early Downpayment Application, as may be applicable, less the amount of any applicable withholding taxes. The outstanding bond as of December 31, 2015 amounted to ₱1,963.18 million.

Philippine Peso 7-Year and 10-year Bonds due 2019 and 2022
In April 2012, the Company issued a total of ₱15,000.0 million bonds, broken down into a ₱9,350.0 million bond due 2019 at a fixed rate equivalent to 5.625% p.a. and a ₱5,650.0 million bond due 2022 at a fixed rate equivalent to 6.000% p.a. The Philippine Rating Services Corporation ("PhilRatings") assigned a PRS AAA rating on the bonds indicating that it has the smallest degree of investment risk. Interest payments are protected by a large or by an exceptionally stable margin and principal is assured. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues. PRS AAA is the highest credit rating possible on PhilRatings' rating scales for long-term issuances.

Philippine Peso 7-Year and 20-year Bonds due 2020 and 2033
In October 2013, the Company issued a total of ₱6,000.0 million bonds, broken down into a ₱4,000.0 million bond due 2020 at a fixed rate equivalent to 4.625% p.a. and a ₱2,000.0 million bond due 2033 at a fixed rate equivalent to 6.000% p.a. CRISP assigned a "AAA" rating on the bonds indicating that it has a minimal credit risk owing to the Company's capacity to repay its debt obligations. AAA is the highest rating assigned by CRISP.

Philippine Peso 10-year and 6-month Bonds due 2024
In July 2013, the company issued a total of ₱15,000.0 million bonds due 2024 at a fixed rate equivalent to 5.0% p.a. Credit Rating and Investors Services Philippines, Inc. (CRISP) assigned a "AAA" on the bonds indicating that it has a minimal credit risk owing to the Company's capacity to repay its debt obligations. AAA is the highest rating assigned by CRISP.

Philippine Peso 8.0 Billion Fixed Rate Bonds due 2025
In April 2014, the Company issued a total of ₱8,000.0 million bonds due 2025 at a fixed rate equivalent to 5.625% p.a. The Bonds have been rated PRS Aaa by PhilRatings, indicating that obligor's capacity to meet its financial commitment on the obligation is extremely strong.

Philippine Peso 7.0 Billion Fixed Rate Bonds due 2022
In April 2015, the Company issued a total of ₱7,000.0 million bonds due 2022 at a fixed rate equivalent to 4.5% p.a. The Bonds have been rated PRS Aaa by PhilRatings, indicating that obligor's capacity to meet its financial commitment on the obligation is extremely strong.

Philippine Peso 7-year FRCN due 2016
In October 2009, the Company executed a ₱1,000.0 million committed FRCN facility with a local bank, of which an initial ₱10.0 million was drawn on October 12, 2009. The balance of ₱990.0 million was subsequently drawn on November 18, 2011. The FRCN bears a floating interest rate based on the 3-month PDST-R1 plus a spread of 0.96%, repriceable quarterly. The FRCNs will mature on October 12, 2016, the seventh anniversary of the initial drawdown date.

Philippine Peso 5-, 7- and 10-year FXCNs due 2011, 2013 and 2016
In September 2006, the Company issued ₱3,000.0 million FXCNs consisting of 5-, 7- and 10-year notes issued to various financial institutions and will mature on various dates up to 2016. The FXCNs bear fixed interest rates ranging from 7.25% to 7.75% p.a. depending on the term of the notes. In January 2011, simultaneous to a new corporate note offering, the Company undertook a liability management exercise by offering to prepay holders of the corporate notes issued in 2006 while inviting the same institutions to participate in the new issuance. A number of investors holding up to ₱875.0 million of notes maturing in 2013 and 2016 accepted the offer to be prepaid. On September 23, 2011, the 5-year and one (1) day FXCNs amounting to ₱1,830.0 million matured and were fully repaid by the Company. Subsequently in September 2013, the balance of the 7-year FXCNs amounting to ₱195.0 million matured and was fully repaid by the Company. As of December 31, 2015 and 2014, outstanding balance both amounted to ₱100.0 million.

Philippine Peso 5-, 7- and 10-year FXCN due 2014, 2016 and 2019
In January 2009, the Company issued an aggregate ₱2,380.0 million in 5-, 7- and 10-year notes to various financial institutions and retail investors. The notes will mature on various dates up to 2019. The FXCNs bear fixed interest rates ranging from 7.76% to 8.90%. ₱220.0 million and ₱830.0 million notes due in 2014 and 2016, respectively were prepaid on January 28, 2013.

Philippine Peso 5-, 10-, 15-Year FXCN due on 2016, 2021 and 2026
In January 2011, the Company issued ₱10,000.0 billion FXCNs to various financial institutions and retail investors. The notes will mature on various dates up to 2026. The FXCNs bear fixed interest rates ranging from 5.62% to 7.50% p.a. depending on the term of the notes. The Company prepaid ₱1.95 billion of notes due in 2016 on January 19, 2013. In 2014, the Company paid ₱50.8 million for the matured portion of the loan.

Philippine Peso 10-year Note due 2022
In December 2012, the Company executed a ₱5,000.0 million committed Corporate Note facility with a local bank, of which an initial ₱3,500.0 million was drawn in 2012. The balance of ₱1,500.0 million was subsequently drawn in January 2013. Notes currently bear a fixed interest rate of 4.50%. The Corporate Notes will mature on the third month succeeding the tenth anniversary of the initial drawdown date.

US Dollar-denominated Long-term Loan
In October 2012, the Company executed and had fully withdrawn a US$58.5 million long-term facility. The loan bears a floating interest rate based on a credit spread over the three-month US Dollar London Interbank Offered Rate (LIBOR), repriceable quarterly. The loan will mature on the third month succeeding the tenth anniversary of the initial drawdown date. In January 2014 and October 2015, the Company made partial prepayments on the loan in the amount of US$5.75 million and US$12.785 million, respectively.

Peso-denominated Long-term Loans
In August to September 2015, the Company assumed an aggregate of ₱15,442.3 million various long-term facilities of some Subsidiaries from various banks. The loans bear fixed interest rates ranging from 4.5% to 4.725% p.a. and terms ranging from 4.4 years to 10.5 years.

Subsidiaries
The subsidiaries' loans will mature on various dates up to 2023. Peso-denominated loans bear various floating interest rates at 60 bps to 80 bps spread over the benchmark 91-day PDST-R1/R2 or and fixed interest rates ranging from 3.56% to 5.75% p.a. Certain loans which are subject to floating interest rates are subject to floor floating interest rates equivalent to 95% or par of the Overnight Reverse Repurchase Agreement Rate of the Bangko Sentral ng Pilipinas (BSP Overnight Rate) or at the BSP Overnight Rate plus a spread of 20 bps to 75 bps p.a.. Dollar-denominated loans bear floating interest rates at a credit spread over the benchmark three-month US Dollar LIBOR, repriceable quarterly. In compliance with BSP ruling on directors, officers, stockholders and related interests, certain credit facilities with a total carrying value of ₱11,912.4 million and ₱14,499.6 million as of December 31, 2015 and 2014, respectively, are secured by a real estate mortgage dated September 2, 2014 covering certain properties of the Company.

Philippine Peso 5.0 Billion Fixed Rate Bonds due 2021
In June 2014, Cebu Holdings, Inc. a total of ₱5,000.0 million bonds due 2021 at a fixed rate equivalent to 5.32% p.a. The Bonds have been rated PRS Aaa by PhilRatings, indicating that obligor's capacity to meet its financial commitment on the obligation is extremely strong.

The loan agreements contain some or all of the following restrictions: material changes in nature of business; maintenance of debt-to-equity ratio; payment of dividends and additional loans maturing beyond a year which will result in a violation of the required debt-to-equity ratios; merger or consolidation where the Company/subsidiary is not the surviving corporation; guarantees or advances; encumbrance for borrowed money; and sale of substantially all assets. These restrictions and requirements were complied with by the Group as of December 31, 2015 and 2014.

Interest capitalized amounted to ₱116.7 million and ₱142.2 million in 2015 and 2014, respectively. The capitalization rates are 4.75-5.32% in 2015 and 4.36-5.49% in 2014.

Transaction costs capitalized amounted to ₱65.0 million and ₱138.1 million in 2015 and 2014, respectively. Amortization amounted to ₱61.3 million and ₱63.8 million in 2015 and 2014, respectively and included under "Interest and other financing charges" (see Note 22).

18. Deposits and Other Current Liabilities

Deposits and other current liabilities which amounted to ₱3,798.2 million and ₱5,591.9 million as of December 31, 2015 and 2014, respectively, consists of residential customers' deposit which are collections that have not reached the 10% threshold to qualify for revenue recognition, deferred credits, tenants' deposit and other deposit, and construction bond which will be applied against the rent and service due.

19. **Deposits and Other Noncurrent Liabilities**

Deposits and other noncurrent liabilities consist of:

	2015	2014
	(In Thousands)	
Deposits	**₱17,239,184**	₱16,267,649
Estimated liability on property development	**8,272,014**	3,999,529
Retentions payable	**5,122,306**	3,952,568
DRP obligation	**551,182**	483,144
Liability for purchased land	**110,475**	203,329
Other liabilities	**101,864**	598,257
	₱31,397,025	₱25,504,476

Deposits are initially recorded at fair value, which was obtained by discounting its future cash flows using the applicable rates of similar types of instruments.

Estimated liability for property development are estimates for additional project cost to be incurred for project development.

Retentions payable pertains to the amount withheld by the Group on contractors' billings to be released after the guarantee period, usually one year after the completion of the project. The retention serves as a security from the contractor should there be defects in the project.

DRP obligation pertains to the liability arising from the assignment agreement between NTDCC and MRTDC of the latters' development rights (see Note 34). In consideration of the lease, the Company will be charged an annual rent related to the original DRP obligation on the MRTDC and 5% of the rental income from the Company's commercial center business.

Liability for purchased land pertains to unpaid portion of unsubdivided land acquired.

Other liabilities is composed of subscription payable, trade payables, accrued payable and interest and other nontrade payables.

20. **Equity**

The details of the number of shares follow:

	2015		2014	
	Preferred	**Common**	Preferred	Common
		(In Thousands)		
Authorized	**15,000,000**	**20,000,000**	15,000,000	20,000,000
Issued	**13,066,495**	**14,586,068**	13,066,495	14,088,208
Subscribed	**–**	**109,563**	–	102,281
Outstanding	**13,066,495**	**14,695,631**	13,066,495	14,190,489

Preferred Shares

The Company's preferred shares prior to 2012 were subscribed and issued through a stock rights offer with the following features: (a) non-voting; (b) dividend rate of 4.64% p.a., payable annually, noncumulative; (c) nonparticipating; (d) convertible at the option of the holder at a ratio of one (1) preferred share to one (1) common share commencing on the 10th year from issue date at an exercise price equivalent to the higher of (i) the 30-day average closing price or (ii) closing price of common shares immediately preceding the exercise date, less the par value of the preferred shares; (e) no pre-emptive rights; (f) non-redeemable; (g) non-listed; and, (h) preferred in liquidation to the extent of par value.

The dividends for preferred shares are declared upon the sole discretion of the Company's BOD.

On February 20, 2012, the BOD approved the following restructuring exercise in order to comply with the regulatory requirement on Filipino-ownership following the Supreme Court's ruling that nonvoting shares do not count as equity when computing for a company's Filipino-ownership level:

a. Redemption and retirement of the 13.0 billion outstanding preferred shares.

b. Reclassification of the 1.97 billion unissued preferred shares to voting preferred shares through an amendment of Article Seventh of the Articles of Incorporation.
c. Increase in authorized capital stock by ₱1.3 billion creating new voting preferred shares and a stock rights offer of 13.0 billion voting preferred shares from the increase in the authorized capital stock.

On April 18, 2012, the stockholders ratified the BOD resolution on the capital restructuring. The voting preferred shares shall have the following features, rights, and privileges (a) voting; (b) dividend rate of 4.74786% per annum, equivalent to 90% of the 10-year PDST R2 (repriced every ten (10) years from issue date), payable annually, non-cumulative; (c) convertible at the option of the holder at a ratio of one (1) voting preferred share to one (1) common share commencing on the 10th year from issue date at an exercise price equivalent to the higher of (i) the 30-day average closing price or (ii) closing price of common shares immediately preceding the exercise date, less the par value of the preferred shares; (d) no pre-emptive rights; (e) redeemable at par at the sole option of the corporation; (f) non-listed; and, (g) preferred in liquidation to the extent of par value.

The SEC approved on January 31, 2013 the following:

a. The decrease in authorized capital stock by ₱1,303.5 million, the aggregate par value of the 13,034.6 million preferred shares which have been redeemed and retired, from ₱22,803.5 million to ₱21,500.0 million, and
b. The amendments to Articles of Incorporation reflecting the decrease in capital stock.

Common Shares
On April 7, 2014, the stockholders resolved to approve the amendment of the Seventh Article of the Articles of Incorporation exempting from pre-emptive rights (1) the issuance of 1 billion common shares for properties or assets needed for the business of the Company or for cash to acquire properties or assets needed for the business of the Company or in payment of a debt contracted prior to the issuance of such shares, and (2) the issuance of common shares covered by the Company's Stock Option Plans for members of the management committees of the Company's subsidiaries or affiliates.

Likewise, the stockholders resolved to approve the amendment of the Stock Option Plan of the Company to include the members of the Management Committees of the Company's subsidiaries and affiliates as eligible grantees of stock options.

The rollforward analysis of the outstanding number of common shares follows:

	2015	2014
	(In Thousands)	
At beginning of year	**14,190,489**	14,173,287
Additional subscriptions	**505,142**	17,202
At end of year	**14,695,631**	14,190,489

No transfer of stock or interest which will reduce the ownership of Filipino citizens to less than the required percentage of the capital stock as provided by existing laws shall be allowed or permitted to be recorded in the books of the Company.

On April 13, 2013, the stockholders resolved to approve the amendment of the Seventh Article of the Company's Articles of Incorporation for the purpose of excluding or exempting treasury shares from the pre-emptive rights of stockholders.

On January 9, 2015, the Executive Committee of the Company approved a top-up placement of 484,848,500 common shares of the Company at a price of ₱33.00 per share. The placement was conducted via an accelerated bookbuilt offering structured as a top-up placement, whereby AC sold 484,848,500 listed common shares of stock to qualified third party buyers and subscribe to the same number of new shares from the Company. The Company completed the placement on Janaury 12, 2015, raising an aggregate of ₱16.0 billion in paid-up capital. The price was at 3.9% discount on the 5-day volume-weighted average price of ALI shares. Transaction cost charged to additional paid-in capital amounted to ₱194.0 million.

On March 6, 2013, the Company's Board resolved to approve the placement made by AC of its existing 320,000,000 listed common shares of the Company to certain qualified third party buyers or investors at ₱30.50 per share. The Company completed the top-up placement, raising an aggregate of ₱12.2 billion in paid up capital. The price was at 3.6% discount on the 5-day volume-weighted average price of ALI shares. Transaction cost charged to additional paid-in capital amounted to ₱162.4 million.

On July 10, 2012, the Company's executive committee approved the placement of 680 million listed common shares of stock with par value of ₱1.00 per share, at a price of ₱20 per share, and the issuance of equal number of new shares of the Company, at the same price of ₱20 per share, with AC as the seller of the placement tranche and subscriber of the subscription tranche. The Company completed the top-up placement, raising an aggregate of ₱13.6 billion in paid up capital.

The price was at 4.988% discount to the closing price. Transaction cost charged to additional paid-in capital amounted to ₱200.0 million.

On February 12, 2008, the BOD approved the allotment and subsequent issuance of up to 1 billion common shares of stock with an aggregate par value of ₱1,000.0 million for the purpose of exchanging such shares for properties or assets and/or to raise funds to acquire properties or assets needed for the business of the Company via issuance of equity or equity-linked instruments, the price and the terms and conditions of which shall be determined by the BOD based on prevailing market conditions or on agreements negotiated.

On April 2, 2008, the Company's stockholders approved the allotment and subsequent issuance of the shares for the above-mentioned purposes and for the further amendment of the Amended Articles of Incorporation of the Company to exclude the issuance of shares from the pre-emptive rights of the stockholders pursuant to Section 39 of the Philippine Corporation Code.

On July 5, 1991, the Company launched its initial public offering where a total of 400 million common shares were offered at an offering price of ₱26 per share. The registration statement was approved on July 20, 1992. The company has 9,525 and 9,927 existing shareholders as of December 31, 2015 and 2014, respectively.

Treasury Shares
The amendment of the Articles of Incorporation on April 17, 2013 allowed the re-selling of the 79,528,299 listed common shares as part of the top-up placement transaction completed in July 2013. Treasury common shares were sold at ₱30.5 per share resulting to additional paid-in capital of ₱1,601.6 million.

On July 16, 2012, the Company redeemed the 13.0 billion outstanding non-voting preferred shares through payment of the redemption price of ₱0.10 per share. As of December 31, 2012, the redeemed preferred shares were treated as treasury shares and were subsequently retired upon approval of the Company's SEC application for the decrease in authorized capital stock on January 31, 2013.

On August 12, 2008, the BOD approved a share buyback program. It is part of the Company's balance sheet management program and aims to (i) improve the Company's balance sheet structure and capital efficiency and (ii) enhance shareholder value through the repurchase of shares whenever the stock is trading at a price discount perceived by the Company as not reflective of its fair corporate value.

In 2008, the Company repurchased a total of 79,528,228 of its common shares through open market purchases using the trading facilities of the Philippine Stock Exchange for a total purchase price of ₱823.9 million in relation to its share buyback program.

Retained Earnings
The BOD approved the declaration and payment from unappropriated retained earnings of cash dividends of ₱0.42, ₱0.41 and ₱0.29 per share in 2015, 2014 and 2013, respectively, to all issued and outstanding shares.

On February 20, 2015, the BOD approved the declaration and payment from unappropriated retained earnings of cash dividends of ₱0.2075 per share. The cash dividend is payable on March 20, 2015 to stockholders of common shares as of record date.

On August 17, 2015, the BOD approved the declaration and payment from unappropriated retained earnings of cash dividends of ₱0.2075 per share. The cash dividend is payable on September 16, 2015 to stockholders of common shares as of record date.

Total dividends for common shares declared during the year amounted to ₱6.1 billion.

On February 20, 2015, the BOD approved the declaration and payment from unappropriated retained earnings of cash dividends at the dividend rate of 4.75% per year or ₱0.0047 per share to all issued and outstanding preferred shares payable on June 29, 2015 to stockholders of preferred shares as of record date. Total dividends for common shares declared during the year amounted to ₱62.0 million.

Retained earnings of ₱6.0 billion are appropriated for future expansion. The amount represents a continuing appropriation for land banking activities and planned building construction projects. Each year, the Company incurs capital expenditures for property development which include among others land banking and building construction projects. The appropriation is being fully utilized to cover part of the annual expenditure requirement of the Company. In 2016, it is expected that the capital expenditure requirement will exceed the ₱6.0 billion appropriation, hence the Company will provide future appropriation as the need arises.

The Company has earmarked additional funds for expansion projects in the residential, shopping centers, office and hotel business segments, as well as various infrastructure projects for the Company's mixed-use developments.

The following are among the major capital expenditures of the Company which were approved by the BOD:

a) Ayala Triangle Garden 2 with product offering for a Triple A HQ Office Building, a 5-Star Hotel and 3-level Retail Podium with gardens and civic spaces which was approved by the Board on May 29, 2015. The project was launched in June 2015 and expected to be completed in 2020.

b) Ayala Center Redevelopment which will offer intermodal transport facility, a 5-storey regional mall, 2 BPO towers, a SEDA hotel and a 300-units residential for lease was approved by the Board on November 27, 2015. The project was launch in January 2016 and expected to be completed in 2021.

Retained earnings also include undistributed net earnings amounting to ₱38,170.5 million and ₱31,419.4 million as of December 31, 2015 and 2014, respectively, representing accumulated equity in the net earnings of subsidiaries, associates and joint ventures. These are not available for dividend distribution unless declared by subsidiaries and other investees.

In accordance with SEC Memorandum Circular No. 11 issued in December 2008, the Company's retained earnings available for dividend declaration as of December 31, 2015 and 2014 amounted to ₱32.8 billion and ₱27.4 billion, respectively.

Equity Reserves
In 2015, the Company purchased additional shares from non-controlling interests of CHI, NTDCC, API (see Note 2). The transactions were accounted as an equity transaction since there was no change in control. Following is the schedule of the movement in equity reserves recorded within the equity:

	Consideration paid	Carrying value of Non-controlling interests	Difference recognized within Equity
		(In Thousands)	
6.66% in CHI	₱649,927	₱434,074	₱215,853
9.42% in NTDCC	778,356	174,770	603,586
1.94% in API	58,157	45,540	12,617
	₱1,486,440	₱654,384	₱832,056

In 2014, the Company acquired additional shares from non-controlling interests of Philenergy (40%), NTDCC (14.53%) and Ceci (0.40%) and were accounted as an equity transaction since there was no change in control (see Note 2).

In 2013, the Company acquired additional 32% interest in APPCo and additional 40% interests in TKDC and TKPI increasing its ownership interest to 100% (see Note 24). On March 25, 2013, the Company increased its equity interest in API to 77.8% from 70.0% with the acquisition of a portion of the shares of Coromandel, Inc. (see Note 2).

Capital Management
The primary objective of the Group's capital management policy is to ensure that debt and equity capital are mobilized efficiently to support business objectives and maximize shareholder value. The Group establishes the appropriate capital structure for each business line that properly reflects its premier credit rating and allows it the financial flexibility, while providing it sufficient cushion to absorb cyclical industry risks.

The Group considers debt as a stable source of funding. The Group lengthened the maturity profile of its debt portfolio and makes it a point to spread out its debt maturities by not having a significant percentage of its total debt maturing in a single year.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. It monitors capital using leverage ratios on both a gross debt and net debt basis. As of December 31, 2015 and 2014, the Group had the following ratios:

	2015	2014
Debt to equity	**87.4%**	102.3%
Net debt to equity	**74.4%**	73.8%

Debt consists of short-term and long-term debts. Net debt includes short-term and long-term debt less cash and cash equivalents, short-term investments and financial assets at FVPL (net of Investment in ARCH Capital Fund). Equity, which the Group considers as capital, pertains to the total equity. The Group excludes the "unrealized gain on AFS financial assets" attributable to the equity holders of the Company in computing the debt to equity ratio.

The Group is subject to externally imposed capital requirements due to loan covenants (see Note 17). No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2015 and 2014.

Financial risk assessment
The Group's financial condition and operating results would not be materially affected by the current changes in interest, currency, credit, liquidity and market conditions.

Exposure to changes in interest rates is reduced by a debt portfolio mix of both fixed and floating interest rates. The Group's ratio of fixed to floating rate debt stood at 84:16 and 74:26 as of December 31, 2015 and 2014, respectively. As a result, any adverse movement in interest rates is mitigated.

Exposure to foreign currency holdings is at US$39.1 million and US$24.3 million as of December 31, 2015 and 2014, respectively.

Credit risks continue to be managed through defined credit policies and continuing monitoring of exposure to credit risks. The Group's base of counterparties remains diverse. As such, it is not exposed to large concentration of credit risk.

Liquidity risk is addressed with long term funding already locked in, while funds are placed on cash equivalents, short term investment and financial assets at FVPL.

21. Real Estate Revenue

This account consists of:

	2015	2014	2013
		(In Thousands)	
Land and residential unit sales	**₱66,855,027**	₱58,951,882	₱50,573,524
Leasing (Note 13)	**18,927,973**	16,380,025	13,754,732
Hotels and resorts	**6,108,430**	5,575,822	4,260,709
Construction	**7,271,035**	5,015,949	4,377,951
Management and marketing fees	**1,498,327**	3,103,856	3,370,518
	₱100,660,792	₱89,027,534	₱76,337,434

In 2013, leasing includes revenue from retail sale of electricity to various locators in the Group's industrial estate which amounted to ₱537.7 million.

22. Other Income and Costs and Expenses

Other income consists of:

	2015	2014	2013
		(In Thousands)	
Marketing and management fees	**₱481,177**	₱619,599	₱333,464
Others - net (Note 25)	**201,428**	86,396	764,074
	₱682,605	₱705,995	₱1,097,538

Other income mainly consists of gain on sale of waterworks and sewerage facilities (see Note 25). Also included is the gain on sale of equipment and other properties amounting to ₱34.33 million, ₱1.10 million and ₱589.10 million in 2015, 2014 and 2013, respectively. It also includes the financial impact of net foreign exchange transactions amounting to ₱191.00 million loss, ₱31.8 million loss and ₱369.1 million loss in 2015, 2014 and 2013, respectively. It also includes reversal of impairment losses amounting to ₱11.6, nil and ₱1.3 million in 2015, 2014 and 2013, respectively (see Note 7).

Real estate costs and expenses consist of:

	2015	2014	2013
		(In Thousands)	
Cost of real estate sales (Note 8)	**₱41,658,262**	₱37,006,245	₱29,649,634
Depreciation and amortization	**4,109,023**	4,019,302	3,180,835
Marketing and management fees	**3,804,804**	3,393,053	2,601,995
Hotels and resorts operations	**3,896,289**	3,705,636	3,195,851
Materials and overhead	**1,945,071**	1,569,860	852,987
Rental	**1,511,182**	1,152,902	1,593,726
Manpower costs	**1,078,310**	887,113	1,791,747
Direct operating expenses:			
Taxes and licenses	**2,183,142**	1,732,634	1,435,457
Light and water	**1,709,891**	1,537,749	2,955,303
Repairs and maintenance	**929,482**	882,413	758,653
Commission	**761,387**	503,294	105,974
Professional fees	**624,122**	1,694,840	1,265,546
Insurance	**199,282**	137,221	114,467
Transportation and travel	**133,613**	77,164	110,368
Entertainment, amusement and recreation	**80,576**	119,582	17,870
Others	**710,624**	976,605	2,208,773
	₱65,335,060	₱59,395,613	₱51,839,186

General and administrative expenses consist of:

	2015	2014	2013
		(In Thousands)	
Manpower costs (Notes 26 and 28)	**₱3,865,244**	₱3,500,362	₱3,631,365
Taxes and licenses	**500,384**	468,740	325,581
Depreciation and amortization	**425,964**	467,925	304,350
Professional fees	**250,524**	481,099	284,698
Utilities	**193,590**	271,010	194,418
Training and seminars	**185,227**	45,899	38,687
Repairs and maintenance	**166,129**	155,778	116,877
Rent	**132,861**	134,202	123,509
Donations and contribution (Note 32)	**126,016**	26,989	316,650
Transport and travel	**105,841**	122,600	122,382
Advertising	**75,075**	87,505	77,079
Insurance	**74,176**	100,793	74,183
Supplies	**63,440**	49,739	39,767
Security and janitorial	**46,430**	109,154	47,317
Dues and fees	**40,400**	39,894	25,525
Entertainment, amusement and recreation	**39,326**	30,252	25,336
Others	**301,328**	111,192	181,612
	₱6,591,955	₱6,203,133	₱5,929,336

Manpower costs included in the consolidated statements of income follows:

	2015	2014	2013
		(In Thousands)	
Real estate costs and expenses			
Cost of real estate	**₱1,013,310**	₱869,304	₱1,791,747
Hotels and resorts operations	**65,000**	17,809	382,232
General and administrative expenses	**3,865,244**	3,500,362	3,631,365
	₱4,943,554	₱4,387,475	₱5,805,344

Depreciation and amortization expense included in the consolidated statements of income follows:

	2015	2014	2013
		(In Thousands)	
Real estate costs and expenses:			
Cost of real estate	**₱4,109,023**	₱4,019,302	₱3,180,835
Hotels and resorts operations	**534,608**	503,238	413,216
General and administrative expenses	**425,964**	467,925	304,350
	₱5,069,595	₱4,990,465	₱3,898,401

Interest and other financing charges consist of:

	2015	2014	2013
		(In Thousands)	
Interest expense on:			
Long-term debt	**₱5,272,074**	₱4,620,725	₱2,919,498
Short-term debt	**959,644**	574,398	815,954
Other financing charges	**274,543**	170,593	380,103
	₱6,506,261	₱5,365,716	₱4,115,555

Other charges consist of:

	2015	2014	2013
		(In Thousands)	
Provision for impairment losses on:			
Land and Improvement (Note 11)	**₱196,568**	₱–	₱–
Receivables (Note 7)	**187,628**	139,627	172,678
Inventories (Note 8)	**82,634**	–	–
AFS financial asset (Note 10)	**28,048**	–	–
Other current assets (Note 9)	**–**	–	276,129
Provisions, write-offs and other charges	**503,982**	236,170	230,123
	₱998,860	₱375,797	₱678,930

23. **Income Tax**

Net deferred tax assets:

	2015	2014
	(In Thousands)	
Deferred tax assets on:		
Difference between tax and book basis of accounting for real estate transactions	**₱5,334,046**	₱4,054,553
Accrued expenses	**1,447,361**	1,198,640
Allowance for probable losses	**1,192,218**	1,051,452
Retirement benefits	**358,923**	316,745
Unrealized foreign exchange losses	**63,012**	47,028
Advanced rentals	**4,620**	130,745
Outstanding share-based payments	**–**	62,794
Others	**52,133**	155,716
	8,452,313	7,017,673
Deferred tax liabilities on:		
Capitalized interest and other expenses	**(532,862)**	(557,149)
Unrealized foreign exchange gain	**–**	(2,305)
Others	**(7,817)**	(847)
	(540,679)	(560,301)
	₱7,911,634	₱6,457,372

Net deferred tax liabilities:

	2015	2014
	(In Thousands)	
Deferred tax assets on:		
Difference between tax and book basis of accounting for real estate transactions	**₱298,848**	₱131,721
NOLCO	**189,630**	42,006
Allowance for probable losses	**89,213**	71,020
Unrealized foreign exchange loss	**27,662**	21,230
Retirement benefits	**26,106**	38,937
Advanced rentals	**8,849**	4,640
Others	**21,569**	27,184
	661,877	336,738
Deferred tax liabilities on:		
Difference between tax and book basis of accounting for real estate transactions	**(1,423,376)**	(1,258,928)
Fair value adjustment arising from business combination	**(839,096)**	(839,096)
Prepaid expenses	**(120,321)**	(134,665)
Capitalized interest and other expenses	**(64,450)**	(63,801)
Unrealized foreign exchange gain	**4,494**	(4,141)
Others	**(1,189)**	(3,236)
	(2,443,938)	(2,303,867)
	(₱1,782,061)	(₱1,967,129)

Certain subsidiaries of the Company have NOLCO amounting to ₱930.6 million and ₱410.0 million as of December 31, 2015 and 2014, respectively and MCIT amounting to ₱1.9 million and ₱2.6 million as of December 31, 2015 and 2014, respectively. Deferred tax assets are recognized only to the extent that taxable income will be available against which the deferred tax assets can be used. As of December 31, 2015, total unrecognized NOLCO and MCIT amounted to ₱295.4 million and ₱0.4 million, respectively. The subsidiaries will recognize a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

The carryover NOLCO and MCIT that can be claimed as deduction from future taxable income or used as deductions against income tax liabilities are as follows:

NOLCO:

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
		(In Thousands)		
2012	₱52,219	₱52,219	₱–	2015
2013	104,137	1,093	103,044	2016
2014	238,738	19	238,719	2017
2015	609,013	20,189	588,824	2018
	₱1,004,107	₱73,520	₱930,587	

MCIT:

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
		(In Thousands)		
2012	₱–	₱–	₱–	2015
2013	537	444	93	2016
2014	1,429	1,306	123	2017
2015	1,835	141	1,694	2018
	₱3,801	₱1,891	₱1,910	

Reconciliation between the statutory and the effective income tax rates follows:

	2015	2014	2013
Statutory income tax rate	**30.00%**	30.00%	30.00%
Tax effect of:			
Interest income subject to final tax, income under tax holiday and other nontaxable income (Note 31)	**(2.32)**	(1.53)	(1.22)
Equity in net earnings of associates and joint ventures	**(1.98)**	(1.32)	(1.55)
Interest income and capital gains taxed at lower rates	**(0.41)**	(1.14)	(1.06)
Others – net	**(0.59)**	(0.26)	(1.62)
Effective income tax rate	**24.70%**	25.75%	24.55%

Board of Investments (BOI) Incentives

Ecosouth Hotel Ventures, Inc

On April 1, 2014, the Board of Investment issued in favor of Ecosouth Hotel Ventures, Inc. (EHVI) a Certificate of Registration as a New Operator of Tourist Accommodation Facility on a non-pioneer status for its project in Seda Nuvali, Laguna. Under the terms of the registration and subject to certain requirements, EHVI is entitled to income tax holiday for a period of four (4) years from June 2014 or actual start of commercial operations, whichever is earlier.

Sentera Hotel Ventures, Inc.

On September 11, 2015, the Board of Investment issued in favor of Sentera Hotel Venures, Inc. a Certificate of Registration as a New Operator of Tourist Accommodation Facility/ Tourist Inn on a non-pioneer status for its project in Seda Atria Hotel, Iloilo City. Under the terms of the registration and subject to certain requirements, Sentera Hotel Ventures, Inc. is entitled to income tax holiday for a period of four (4) years from December 2015 or actual start of commercial operations, whichever is earlier.

BellaVita

The Board of Investments issued Certificates of Registration as a New Developer of Low -Cost Mass Housing Project on a Non-Pioneer Status under the Omnibus Investments Code of 1987 for the Company's projects in Porac, Pampanga and San Pablo, Laguna on May 15, 2015 and September 17, 2015, respectively. Pursuant thereto, the projects have been granted an income tax holiday for a maximum period of four (4) years from the date of registration.

On March 5, 2013, the BOI issued in favor of BellaVita, a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for BellaVita – Alaminos located at Brgy. San Andres, Alaminos, Laguna. The project has been granted an income tax holiday for a period of four (4) years commencing from March 2013.

On August 30, 2012, the BOI issued in favor of BellaVita, Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for BellaVita – General Trias Phases 1, 2 & 3 located at Brgy. Tapia, General Trias, Cavite. The project has been granted an income tax holiday for a period of four (4) years commencing from August 2012.

Amaia

On February 11, 2015, the BOI issued in favor of a subsidiary a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Scapes Urdaneta, Barangay Catablan, Urdaneta City Pangasinan. Pursuant thereto, project has been granted an Income Tax Holiday for a period of four (4) years commencing from February 2015.

On February 11, 2015, the BOI issued in favor of a subsidiary a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Steps Nuvali, Barangay Canlubang, Calamba City Laguna. Pursuant thereto, project has been granted an Income Tax Holiday for a period of three (3) years commencing from February 2015.

On March 11, 2015, the BOI issued in favor of a subsidiary a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Scapes Pampanga, Amaia Scapes San Fernando S1-A and Amaia Scapes Trece S1. The projects are located at Barangay Sapang Maisac, Mexico, Pampanga; Calulut, San Fernando City, Pampanga and Barangay Conchu, Trece Martires City, Cavite respectively. These projects have been granted an Income Tax Holiday for a period of four (4) years commencing from March 2015.

On March 11, 2015, the BOI issued in favor of a subsidiary a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Skies Shaw T1, Shaw Boulevard corner Samat Street, Barangay Highway Hills, Mandaluyong City. Pursuant thereto, project has been granted an Income Tax Holiday for a period of three (3) years commencing from March 2015.

On May 21, 2015, the BOI issued in favor of a subsidiary a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Scapes Batangas and Amaia Scapes Cabuyao S1. The projects are located at Barangay Anilao-Labac, Lipa City Batangas and Barangay Marinig, Cabuyao, Laguna respectively. These projects have been granted an Income Tax Holiday for a period of four (4) years commencing from May 2015.

On June 4, 2015, the BOI issued in favor of a subsidiary a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Scapes Camsur S1, Barangay Palestina, Pili Camarines Sur. Pursuant thereto, project has been granted an Income Tax Holiday for a period of four (4) years commencing from June 2015.

On June 18, 2015, the BOI issued in favor of a subsidiary a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Scapes Bauan S1, Amaia Scapes Bulacan S1, Amaia Gen. Trias S1 and Amaia Scapes Lucena. The projects are located at Barangay As-Is, Bauan Batangas; Barangay Sta. Cruz, Sta. Maria Bulacan; Arnaldo Highway, Barangay Santiago, General Trias Cavite and Barangay Canlurang Isabang and Ilayang-Talim, Lucena City Quezon respectively. These projects have been granted an Income Tax Holiday for a period of four (4) years commencing from June 2015.

On July 20, 2015, the BOI issued in favor of a subsidiary a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Steps Pasig 1B, Eusebio Avenue, Brgy. San Miguel, Pasig City. Pursuant thereto, project has been granted an Income Tax Holiday for a period of three (3) years commencing from July 2015.

On July 21, 2015, the BOI issued in favor of a subsidiary a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Series Novaliches, Susano Road, Brgy. San Agustin, Novaliches, Quezon City. Pursuant thereto, project has been granted an Income Tax Holiday for a period of three (3) years commencing from July 2015.

On July 23, 2015, the BOI issued in favor of a subsidiary a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Scapes Gen. Trias S2, Barangay Santiago, General Trias Cavite. Pursuant thereto, project has been granted an Income Tax Holiday for a period of four (4) years commencing from July 2015.

On July 24, 2015, the BOI issued in favor of a subsidiary a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Steps Altaraza Bldg A, Tungkong Mangga, City of San Jose Del Monte, Bulacan. Pursuant thereto, project has been granted an Income Tax Holiday for a period of three (3) years commencing from July 2015.

On August 10, 2015, the BOI issued in favor of a subsidiary a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Scapes San Pablo S1, Barangay San Roque, San Pablo City, Laguna. Pursuant thereto, project has been granted an Income Tax Holiday for a period of four (4) years commencing from August 2015.

On August 19, 2015, the BOI issued in favor of a subsidiary a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Steps Nuvali Parkway, Brgy. Canlubang, Calamba City, Laguna. Pursuant thereto, project has been granted an Income Tax Holiday for a period of three (3) years commencing from August 2015.

On August 24, 2015, the BOI issued in favor of a subsidiary a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Scapes CDO S1, Barangay Bulua, Cagayan de Oro City. Pursuant thereto, project has been granted an Income Tax Holiday for a period of four (4) years commencing from August 2015.

On November 24, 2015, the BOI issued in favor of a subsidiary a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Scapes Cabuyao S2, Barangay Sala, Cabuyao Laguna. Pursuant thereto, project has been granted an Income Tax Holiday for a period of four (4) years commencing from November 2015.

On March 19, 2013, the BOI issued in favor of Amaia, a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for Amaia Skies Sta. Mesa – South Tower located at V. Mapa, cor. Valenzuela St., Sta. Mesa, Manila, Amaia Steps Sucat Phase 1 (6 Bldgs.) located at 8333 & 8337 Dr. A. Santos Avenue, Parañaque City, and Amaia Steps Pasig (ph1A) located at Eusebio Avenue, Brgy. San Miguel, Pasig City. These projects have been granted an income tax holiday for a period of three (3) years commencing from March 19, 2013.

On March 22, 2013, the BOI issued in favor of Amaia, a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for Amaia Skies Avenida – North Tower located at T. Mapua corner Doroteo Jose & Rizal Avenue, Sta. Cruz, Manila. The project has been granted an income tax holiday for a period of three (3) years commencing from March 22, 2013.

On April 1, 2013, the BOI issued in favor of Amaia a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for Amaia Scopes Tarlac located at Brgy. Estrada, Capas, Tarlac. The project has been granted an income tax holiday for a period of four (4) years commencing from April 1, 2013.

On May 29, 2013, the BOI issued in favor of Amaia a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for Amaia Steps Bicutan located at West Service Road corner Sun Valley Drive, Brgy. Sun Valley, Parañaque City. The project has been granted an income tax holiday for a period of three (3) years commencing from May 29, 2013.

On September 30, 2013, the BOI issued in favor of Amaia a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project (expansion) for Amaia Skies Cubao Tower 2 located at 5th Ave., cor. P. Tuazon, Brgy. Socorro, Quezon City. The project has been granted an income tax holiday for a period of three (3) years commencing from September 30, 2013.

On May 4, 2012, the BOI issued in favor of Amaia a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for Amaia Scapes North Point located in Brgy. Minulu-an and Matab-ang, Talisay City, Negros Occidental. Pursuant thereto, the project has been granted an income tax holiday for a period of four (4) years commencing from May 2012.

On June 28, 2012, the BOI issued in favor of Amaia a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Steps Novaliches and Amaia Skies Cubao Tower 1. Amaia Steps project is located at Susano Road, Brgy.170, Zone 15, Depara, Caloocan City and in Brgy. San Agustin in Novaliches, Quezon City while Amaia Skies, on the other hand, is located in P. Tuazon Blvd. corner 5th Avenue, Brgy. Socorro in Cubao, Quezon City. These projects have been granted an income tax holiday for a period of three (3) years commencing from June 2012.

On June 28, 2012, the BOI issued in favor of Amaia a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for Amaia Scapes Cavite located in Brgy. Santiago, General Trias, Cavite. Pursuant thereto, project has been granted an income tax holiday for a period of four (4) years commencing from June 2012.

On October 11, 2012, the BOI issued in favor of Amaia a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Amaia Scapes Cabanatuan and Amaia Scapes Lipa. The projects are located in Bangad, Cabanatuan, Nueva Ecija and Sto.Tomas, Lipa Road, Brgy. Dagatan, Lipa City, Batangas, respectively. These projects have been granted an income tax holiday for a period of four (4) years commencing from October 2012.

On March 23, 2011, the BOI issued in favor of Amaia a Certificate of Registration as New Developer of Low-Cost Mass Housing Project for its Amaia Scapes Laguna, Brgy. Barandal, Calamba City, Laguna. Pursuant thereto, the project has been granted an Income Tax Holiday for a period of four (4) years commencing from March 2011.

Avida

On April 30, 2015, the BOI issued in favor of Avida a Certificate of Registration as a new Developer of Low-Cost Mass Housing Project for Avida Towers Altura Tower 2, National Road, Brgy. Alabang, Muntinlupa City in accordance with the Omnibus Investment Code of 1987 (Executive Order No. 226). Pursuant thereto, the project has been granted an Income Tax Holiday for a period of three (3) years commencing from May 2015.

On April 30, 2015, the BOI issued in favor of Avida a Certificate of Registration as a new Developer of Low-Cost Mass Housing Project for Avida Towers Asten Tower 2, Malugay St., San Antonio Village, Makati City in accordance with the Omnibus Investment Code of 1987 (Executive Order No. 226). Pursuant thereto, the project has been granted an Income Tax Holiday for a period of three (3) years commencing from May 2015.

On June 16, 2015, the BOI issued in favor of Avida a Certificate of Registration as a new Developer of Low-Cost Mass Housing Project for, Serin East Tagaytay Tower 1, Brgy. Silang Crossing East, Tagaytay City Cavite in accordance with the Omnibus Investment Code of 1987 (Executive Order No. 226). Pursuant thereto, the project has been granted an Income Tax Holiday for a period of three (3) years commencing from July 2015.

On June 16, 2015, the BOI issued in favor of Avida a Certificate of Registration as a new Developer of Low-Cost Mass Housing Project for, Avida Towers Atria Tower 2, Brgy. San Rafael, Mandurriao, Iloilo City in accordance with the Omnibus Investment Code of 1987 (Executive Order No. 226). Pursuant thereto, the project has been granted an Income Tax Holiday for a period of three (3) years commencing from July 2015.

On September 4, 2015, the BOI issued in favor of Avida a Certificate of Registration as a new Developer of Low-Cost Mass Housing Project for, Avida Towers Prime Taft Tower 3, Brgy. 37, Zone 03, Taft Avenue, Pasay City in accordance with the Omnibus Investment Code of 1987 (Executive Order No. 226). Pursuant thereto, the project has been granted an Income Tax Holiday for a period of three (3) years commencing from September 2015.

On November 12, 2012, the BOI issued in favor of Avida a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for Avida Towers Intima Tower 1, Brgy. 678 Zone 74, 497 Pres. Quirino Ave. Ext. cor. Zulueta St., Paco, Manila in accordance with the Omnibus Investment Code of 1987 (Executive Order No. 226). Pursuant thereto, the project has been granted an Income Tax Holiday for a period of three (3) years commencing from November 2012.

On November 13, 2012, the BOI issued in favor of Avida a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for Avida Towers Riala Tower 1, Cebu IT Park, Brgy. Apas, Cebu City in accordance with the Omnibus Investment Code of 1987 (Executive Order No. 226). Pursuant thereto, the project has been granted an Income Tax Holiday for a period of four (4) years commencing from November 2012.

On December 13, 2011, the BOI issued in favor of Avida a Certificate of Registration as a New Developer of Low-Cost Mass Housing Project for its Avida Towers Cebu Tower 1, Asiatown I.T. Park, Lahug, Cebu City. The project has been granted an Income Tax Holiday for a period of four (4) years commencing from December 2011.

On December 14, 2011, the BOI issued in favor of Avida a Certificate of Registration as an Expanding Developer of Low-Cost Mass Housing Project for its Avida Towers San Lazaro Tower 5, Lot 5 E Block 50 C Pista St., Brgy. 350, Zone 035 Sta. Cruz, Manila , Avida Towers Cebu Tower 2, Asiatown I.T. Park, Lahug, Cebu City and Avida Towers Sucat Tower 7, Dr. A. Santos Ave., Brgy. San Dionisio, Parañaque City. The projects have been granted an Income Tax Holiday for a period of three (3) years commencing from December 2011.

On February 9, 2010, the BOI issued in favor of Avida a Certificate of Registration as an Expanding Developer of Low-Cost Mass Housing Project for its Celadon Park Tower 2, Felix Huertas Street, Manila in accordance with the Omnibus Investment Code of 1987. Pursuant thereto, the project has been granted an Income Tax Holiday for a period of three (3) years commencing from February 2010.

SDC

On July 29, 2015, the BOI issued in favor of Southgateway Development Corporation a Certificate of Registration as a new Developer of Low-Cost Mass Housing Project for Avida Towers Cloverleaf Tower 1, A. Bonifacio Avenue, Brgy. Balingasa, Quezon City, in accordance with the Omnibus Investment Code of 1987 (Executive Order No. 226). Pursuant thereto, the project has been granted an Income Tax Holiday for a period of three (3) years commencing from July 2015.

AMHPI

In December 2007, AMHPI was registered with the Board of Investments (BOI) as a new tourist accommodation facility on a pioneer status particularly for the operations of the Fairmont Hotel Makati and Raffles Residences Manila (the Project) upon its completion. The Project represents a combined hotel facility and complex of residential units. Under the terms of the registration and subject to certain requirements, AMHPI is entitled to the following fiscal and non-fiscal incentives, among others; (a) income tax holiday for a period of six years from January 2011 or actual start of commercial operations, whichever is earlier; (b) additional deduction from taxable income on wages subject to certain terms and conditions; (c) employment of foreign nationals; (d) tax credit equivalent to the national internal revenue taxes and duties paid on raw materials and supplies and semi-manufactured products used in producing its export product and forming part thereof for ten years from start of commercial operations; (e) simplifications of customs procedures for the importation of equipment, spare parts, raw materials and supplies; and (f) importation of consigned equipment for a period of 10 years from start of commercial operations.

MDC Build Plus, Inc.

In accordance with the Omnibus Investments Code of 1987, the BOI approved the MDC Build Plus Inc.'s registration as a New Producer of Roof/ Framing System. The production facility is located at 2265 Warehouse, Bldg. 3, Paliparan I, Paliparan Road, Dasmariñas, Cavite. Pursuant thereto, the roof production has been granted an Income Tax Holiday for a period of 4 years commencing from September 2013.

MDC Conqrete, Inc.

In accordance with Executive Order 226 otherwise known as Omnibus Investments Code of 1987 as amended, the BOI approved the MDC Conqrete Inc.'s registration as a New Domestic Producer of Modular Housing Components (Precast

Concrete Wall, Floor/Slab and stairs system) under the 2014 IPP on a non-Pioneer status. The project has been granted an income tax holiday for a period of 4 years commencing November 10, 2015. Other incentives with no specific number of years of entitlement may be enjoyed for a maximum period of 10 years from the start of commercial operation and/or date of registration.

24. Business Combinations and Acquisition of Non-controlling Interests

Business Combinations

ALO Prime Realty Corporation (*formerly*, Aegis PeopleSupport Realty Corporation)
On April 8, 2015, the Company purchased all of the 8,200,000 common shares of Equinox Technoparks Ltd, Inc. in Aegis PeopleSupport Realty Corporation (APRC) for a total consideration of ₱513.68 million. APRC, which is a PEZA-registered entity, owns the Aegis building along Villa Street, Cebu IT Park, Lahug, Cebu City. The building is a certified LEED-Gold Office with a gross leasable area of 18,092 square meters and is largely occupied by Teleperformance under a long-term lease.

On April 14, 2015, the BOD approved the change of its corporate name to ALO Prime Realty Corporation. On July 9, 2015, the amended Articles of Incorporation was executed and subsequently approved by SEC on July 15, 2015.

The purchase price allocation has been prepared on a preliminary basis as the fair values are being finalized. The following are the preliminary fair values of the identifiable assets and liabilities assumed (in thousands):

Assets	
Cash	₱15,580
Trade and other receivables	305,070
Other current assets	5,740
Investment properties (Note 13)	1,584,929
Other noncurrent assets	4,095
	1,915,414
Liabilities	
Accounts and other payables	1,336,692
Deposits and other noncurrent liabilities	56,962
Deferred tax liabilities	8,083
	1,401,737
Total net assets acquired	513,677
Acquisition cost	513,677
Goodwill	₱–

The fair value of the trade and other receivables approximate their carrying amounts. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

From April 8 to December 31, 2015, the Group's share in APRC's revenue and net income amounted to ₱141.1 million and ₱72.3 million, respectively. If the combination had taken place at the beginning of 2015, the Group's share in APRC's total revenue and net income would have been ₱189.8 million and ₱94.8 million, respectively.

Island Transvoyager, Inc.
On December 1, 2015, ALI Capital Corp. (formerly Varejo Corp.), a wholly owned subsidiary of the Company, acquired 100% interest in Island Transvoyager, Inc, (ITI) following the purchase of all outstanding shares from existing shareholders, in the amount of ₱15.0 million.

ITI was incorporated on October 2, 2002 with the primary purpose of carrying on the general business of a common carrier and/or private carrier. It was granted the Air Carrier Operating Certificate by the Air Transportation Office to enable it to operate as a scheduled domestic air transportation service provider.

ITI is the only airline commercially flying from Manila to Lio in El Nido, Palawan. On November 26, 2015, ITI launched "AirSwift" as its new brand and introduced its new Cebu-El Nido-Cebu route. As of end-2015, it currently operates a fleet of two (2) ATR 42-500 that can seat a maximum of 50 passengers each, and operates 3x-4x daily flights to El Nido. It is also expected to be a key player in the industry as it flies to more tourism destinations not serviced by the bigger commercial airlines.

If the combination had taken place at the beginning of 2015, the Group's share in ITI's total revenue and net income would have been ₱434.80 million and ₱0.19 million, respectively.

ALI Makati Hotel & Residences, Inc. (AMHRI) and ALI Makati Hotel Property, Inc. (AMHPI)
On October 2, 2012, AHRC, a wholly owned subsidiary of the Company, entered into an agreement to acquire the interests of Kingdom Manila B.V., an affiliate of Kingdom Hotel Investments (KHI), and its nominees in KHI-ALI Manila Inc. (now renamed AMHRI) and 72,124 common shares in KHI Manila Property Inc. (now renamed AMHPI).

AMHRI and AMHPI are the project companies of the Fairmont Hotel and Raffles Suites and Residences project in Makati which opened in December 2012.

Prior to the acquisition, the Company effectively owned 20% economic interest in AMHRI and AMHPI (see Note 12). The Company acquired the remaining 80% interest in AMHRI and AMHPI for a total consideration of ₱2,430.4 million.

This acquisition is in line with KHI's value realization strategy and with the Company's thrust to grow its commercial leasing business. 32 Raffles Suites and 280 Fairmont Hotel rooms were added to AHRC's growing hotel portfolio. The continuing sale of units in the Raffles Residences will also generate immediate cash, while the operations of the hotel and serviced apartments will augment and diversify the sources of recurring revenue. Furthermore, this landmark project will complement the various offerings of the Makati Central Business District, and fortify its position as the country's premier financial district.

The fair value of the Company's interest prior to the acquisition amounting to ₱769.0 million was determined using the adjusted net asset value method. Remeasurements of the Company's equity interest in both companies resulted to the recognition of a gain (included under "interest and investment income") amounting to ₱593.9 million.

In 2013, the Company finalized its purchase price allocation. Changes to the fair market values of the assets acquired and liabilities assumed noted are retroactively applied in the 2012 balances.

The following are fair values of the identifiable assets and liabilities assumed (in thousands):

Assets	
Cash	₱1,334,000
Trade and other receivables	1,708,000
Real estate inventories	936,000
Other current assets	202,000
Hotel property and equipment (Note 14)	5,421,000
	9,601,000
Liabilities	
Accounts and other payables	2,162,000
Loans payable	3,594,000
Deferred tax liabilities	633,698
	6,389,698
Total net assets acquired	3,211,302
Acquisition cost	3,199,432
Negative goodwill	₱11,870

The fair value of the trade and other receivables approximate their carrying amounts. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

From October 2 to December 31, 2012, the Group's share in AMHRI and AMHPI's revenue and net loss amounted to ₱898.9 million and ₱96.4 million, respectively. If the combination had taken place at the beginning of 2012, the Group's total revenue would have been ₱64,269.7 million, while the Group's net income would have been ₱10,641.3 million.

TKPI and TKDC
The Company entered into an agreement with Asian Conservation Company and ACC Resorts, Inc. (the ACC Group) to create a company which will serve as a holding vehicle for TKPI and TKDC (wholly owned subsidiaries of the ACC Group prior to the Company's involvement). TKPI and TKDC are mainly involved in the development of parcels of land and islands into resorts in Miniloc, Lagen, Pangulasian and Apulit islands in the municipalities of El Nido and Taytay in Northern Palawan.

The agreement eventually resulted in the Company obtaining 60% interest in the new company for a total consideration of ₱2,000.0 million and ACC Group acquiring the remaining 40% interest.

The Company subscribed to 60% of the shares of TKPI and TKDC, thereby providing the Company with the ability to exercise control over TKPI and TKDC effective April 23, 2010. Accordingly, TKPI and TKDC financial statements were consolidated on a line-by-line basis with that of the Group as of December 31, 2010.

The following were the fair values of the identifiable assets and liabilities assumed (in thousands) at the time of acquisition:

Assets	
Cash and cash equivalents	₱365,652
Trade and other receivables	1,455,940
Inventories	16,393
Other current assets	25,401
Land and improvements	1,361,645
Deposit on land purchase	444,622
Property and equipment	493,328
Other assets	140,640
	4,303,621
Liabilities	
Accounts and other payables	310,177
Deposits and other current liabilities	21,446
Due to related parties	89,232
Loans payable	81,621
Income tax payable	18,630
Deferred tax liabilities – net	399,155
	920,261
Net assets	3,383,360
Non-controlling interest in TKDC and TKPI	1,353,344
Total net assets acquired	2,030,016
Acquisition cost	2,029,500
Negative goodwill	₱516

The fair value of the trade and other receivables approximate their carrying amounts since these are short-term in nature. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

The non-controlling interests have been measured at the proportionate share of the value of the net identifiable assets acquired and liabilities assumed.

In 2011, the Company finalized its purchase price allocation and there were no changes to the fair market values of the assets acquired and liabilities assumed for TKDC and TKPI.

In 2011, the shareholders of ECI, a subsidiary, approved the increase in its authorized capital stock and the subsequent issuance of these shares in exchange for the investment of the Company and ACC Group in TKDC and TKPI. As a result of this transaction, ALI and ACC will obtain 60% and 40% ownership interest in ECI, respectively. Also, TKDC and TKPI will become wholly owned subsidiaries of ECI. However, the Exchange Agreement was subsequently rescinded in 2013, in favor of the acquisition of the minority interest in TKDC and TKPI through AHRC's acquisition of 100% interest in ACCI (see Note 20).

Asian Conservation Company, Inc. (ACCI)
On November 19, 2013, AHRC, a wholly owned subsidiary of the Company entered into an agreement to acquire 100% interest in ACCI, which effectively consolidates the remaining 40% interest in TKDC and TKPI (60%-owned subsidiary of the Company prior to this acquisition). This acquisition is in line with the Company's thrust to support the country's flourishing tourism industry.

The agreement resulted in the Company effectively obtaining 100% interest in TKPI and TKDC. A total of ₱2,000.0 million was paid to obtain the 100% interest in ACCI. The carrying amount of the non-controlling interest is reduced to nil as the Company already owns 100% share in TKDC and TKPI become wholly owned subsidiaries of the Company. The difference between the fair value of the consideration paid and the amount by which the non-controlling interest is adjusted is recognized in equity attributable to the Company amounting to ₱586.0 million (see Note 20).

Acquisition of Non-controlling Interests

APPHC and AyalaLand Offices, Inc. (formerly APPCo)
APPCo owns BPO buildings in Makati, Quezon City and Laguna, with a total leasable area of approximately 230 thousand square meters. This acquisition is aligned with the Company's thrust of expanding its office leasing business and increasing its recurring income.

In 2006, the Company signed an agreement with MLT Investments Ltd. (MIL) and Filipinas Investments Ltd. (FIL) to jointly develop a BPO office building in Dela Rosa Street and to purchase the existing PeopleSupport Building.

APPHC, the joint-venture company formed, is 60%-owned by the Company. APPHC owns 60% interest in its subsidiary, APPCo. The remaining 40% interest in both APPHC and APPCo are split evenly between MIL and FIL. APPHC and APPCo are joint ventures by the Company, MIL, and FIL.

On December 8, 2008, the Company acquired from FIL its 20% ownership in APPHC and APPCo. This resulted in an increase in the Company's effective ownership interest in APPHC from 60% to 80% and APPCo from 36% to 68%, thereby providing the Company with the ability to control the operations of APPHC and APPCo following the acquisition. Accordingly, APPHC and APPCo's financial statements are consolidated on a line-by-line basis with that of the Group as of December 31, 2008.

On November 16, 2011, the SEC approved the merger of APPHC and APPCo, with APPCo as the surviving entity. The merger was meant to streamline administrative processes and achieve greater efficiency. From the perspective of the Company, the merger did not affect its effective interest (68%) in the merged entity.

On April 15, 2013, the Company has entered into a Sale and Purchase Agreement with Global Technologies International Limited (GTIL) to acquire the latter's 32% stake in APPCo for ₱3,520.0 million. Prior to the acquisition, the Company has 68% effective interest in APPCo.

The carrying amount of the non-controlling interest is reduced to nil as APPCo became wholly owned by the Company. The difference between the fair value of the consideration paid and the amount by which the non-controlling interest is adjusted is recognized in equity attributable to the Company amounting to ₱2,722.6 million (see Note 20).

Asian I-Office Properties, Inc. (AiO)
On April 16, 2013, CPVDC (a subsidiary of CHI) acquired the 60% interest of the Company in AiO for a cash consideration of ₱436.2 million. AiO was previously 40%-owned by CPVDC and 60%-owned by the Company.

This transaction allows the Company to consolidate into CPVDC the development and operations of BPO offices in Cebu and businesses related thereto, which should lead to value enhancement, improved efficiencies, streamlined processes and synergy creation among the Company and its subsidiaries. This is also consistent with the thrust of the CHI group to build up its recurring income base.

The acquisition resulted to AiO becoming a wholly owned subsidiary of CPVDC. Both AiO and CHI are under the common control of the Company. As a result, the acquisition was accounted for using the pooling of interests method. The transaction has no effect on the carrying amounts of the Group's assets and liabilities.

TPEPI
On October 31, 2013, the Group acquired a 55% interest in TPEPI for a consideration of ₱550.0 million. The acquisition will allow the Group to consolidate its businesses resulting in improved efficiencies and synergy creation to maximize opportunities in the Cebu real estate market. The transaction was accounted for as an asset acquisition.

The excess of the Group's cost of investment in TPEPI over its proportionate share in the underlying net assets at the date of acquisition was allocated to the "Investment properties" account in the consolidated financial statements. This purchase premium shall be amortized upon sale of these lots by TPEPI.

TPEPI's underlying net assets acquired by the Group as of date of acquisition consists of cash in bank, input VAT and investment properties amounting to ₱550.0 million.

NTDCC
On December 10, 2014, the Group purchased its proportionate share in Anglo Philippine Holdings Corporation's 15.79% interest in NTDCC for ₱738.3 million which consists of 539,249 common shares and 2,265,507 preferred shares. This increased the Company's ownership in NTDCC from 49.29% to 58.53% of the total outstanding capital stock of NTDCC which owns and operates the Trinoma Commercial Centre in North Triangle, Quezon City.

Subsequently, on December 22, 2014, the Company purchased the shares of Allante Realty and Development Corporation and DBH Incorporated in NTDCC for ₱211.2 million each of which comprises of 154,287 common shares and 648,196 preferred shares for each company. This resulted to an increase in the Company's ownership in NTDCC from 49.29% to 63.82% of the total outstanding capital stock of NTDCC.

On February 6, 2015, ALI purchased the remaining interest of Anglo Philippine Holdings Corporation (Anglo) in North Triangle Depot Commercial Corporation (NTDCC) consisting of 382,072 common shares and 1,605,169 preferred shares amounting to ₱523.0 million. The transaction brings ALI's ownership from 63,82% to 70.36% of the total outstanding capital stock of NTDCC.

Then, the group purchased the combined remaining interest of Allante Realty and Development Corporation (Allante) and DBH, Inc. (DBH) in North Triangle Depot Commercial Corporation (NTDCC) consisting of 167,548 common shares and 703,904 preferred shares amounting to ₱229.0 million which brought ALI's ownership in NTDCC from 70.36% to 73.24% of the total outstanding capital stock of NTDCC. This acquisition is aligned with ALI's thrust of expanding its leasing business.

PhilEnergy
Ayala Land, Inc. acquired MC's 40% minority interest in PhilEnergy which increased its ownership to 100%. The transaction resulted to an immaterial equity reserves balance as its total investment cost of ₱322.3 million approximates the par value of the shares plus 40% of PhilEnergy's audited retained earnings as of December 31, 2013.

25. Related Party Transactions

Parties are considered to be 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 to be related if they are subject to common control or common significant influence which include affiliates.

Terms and Conditions of Transactions with Related Parties
In its regular conduct of business, the Group has entered into transactions with associates and other related parties principally consisting of advances and reimbursement of expenses, purchase and sale of real estate properties, construction contracts, development, management, underwriting, marketing, leasing and administrative service agreements.

Transactions with related parties are made at normal market prices. There have been no guarantees provided or received for any related party receivables or payables. The Group does not provide any allowance relating to receivable from related parties. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

The following tables provide the total amount of transactions that have been entered into with related parties for the relevant financial year (in thousands):

a. Transactions with Bank of the Philippine Islands (BPI), an associate of AC

As of December 31, 2015 and 2014, the Group maintains current and savings account, money market placements and long-term debt payable with BPI broken down as follows:

	2015	2014
	(In Thousands)	
Cash in bank	**₱6,028,795**	₱13,355,222
Cash equivalents	**6,983,653**	5,939,002
Investment in FVPL	**288,229**	5,607,838
Short term debt	**1,669,000**	–
Long-term debt	**12,522,323**	14,499,553

b. Outstanding balances from/to related parties follow (amounts in thousands):

2015

	Receivable from related parties			Payable to related parties		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Parent Company	₱156,157	₱–	₱156,157	₱77,773	₱–	₱77,773
Associates	122,268	–	147,648	249,480	–	249,480
Other related parties:						
FBDC	547,331	–	547,331	396	–	396
Globe Telecom (Globe)	113,300	–	113,300	5,223	–	5,223
BPI	38,207	–	38,207	47,403	–	47,403
Columbus	–	–	–	267,355	–	267,355
Others	35,322	–	35,322	15,232	–	15,232
	734,160	–	193,671	335,609	–	335,609
	₱1,012,585	₱–	₱1,012,585	₱662,862	₱–	₱662,862

2014

	Receivable from related parties			Payable to related parties		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Parent Company	₱26,213	₱–	₱26,213	₱ 60,143	₱–	₱60,143
Associates	1,202	–	1202	212,697	–	212,697
Other related parties:						
Columbus	888,953	–	888,953	1,156,308	–	1,156,308
FBDC	394,026	–	394,026	403,297	–	403,297
Globe	92,950	–	92,950	1,129	–	1,129
BPI	32,600	–	32,600	55,184	–	55,184
Others	79,351	–	79,351	6,327	–	6,327
	1,487,880	–	1,487,880	1,622,245	–	1,622,245
	₱1,515,295	₱–	₱1,515,295	₱1,895,085	₱–	₱1,895,085

c. Income and expenses from related parties follow:

Revenue from related parties:

	2015	2014	2013
		(In Thousands)	
Parent Company	**₱3,934**	₱501,339	₱62,090
Associate	**44,128**	49,135	41,143
Other Related Parties			
BPI	**189,584**	297,767	162,859
Psi Technologies	**115,087**	**–**	**–**
FBDC	**75,282**	176,195	221,483
Globe	**46,062**	75,044	51,802
Laguna AA Waterworks Corp. (LAWC)	**1,500**	1,500	625,000
Manila Water Company, Inc. (MWCI)	**918**	883	1,351
6750 Ayala Avenue JV	**–**	17,697	46,511
Others	**13,382**	13,057	45,506
	441,815	582,143	1,154,512
Total	**₱489,877**	₱1,132,617	₱1,257,745

Expenses from related parties:

	2015	2014	2013
		(In Thousands)	
Parent Company	**₱575,303**	₱445,623	₱56,781
Associate	**725,139**	1,315	–
Other Related Parties			
AG Counselors Corp.	**166,811**	154,587	150,080
MWCI	**157,937**	195,435	145,313
FBDC	**155,598**	155,099	129,175
BPI	**96,931**	20,781	6,617
BPI Securities Corp.	**90,560**	–	–
Globe	**49,318**	44,392	29,618
Innove Communications, Inc.	**30,930**	35,200	37,890
Ayala Life Assurance, Inc.	**–**	248,219	–
Others	**20,387**	43,520	36,174
	768,472	897,233	534,867
Total	**₱2,068,914**	₱1,344,171	₱591,648

The revenue earned from associates and other related parties pertains mostly to income from leasing and development projects.

Receivables from/payables to other related parties pertain mostly to advances and reimbursement of operating expenses related to development cost and land acquisitions. Payables to related parties consist of expenses incurred on utilities, professional services and other miscellaneous services as well as purchases of vehicles. These are generally trade-related, noninterest-bearing and payable within one year.

The following describes the nature of the material transactions of the Group with related parties as of December 31, 2015 and 2014:

- In July 2015, Avida entered into a contract with AC for the purchase of land in San Antonio, Makati City with the purchase price amounted to ₱644.1 million, inclusive of VAT. Payments were made in two tranches, with the first one in July amounting to ₱471.6 million (inclusive of VAT & CWT) and the balance of ₱172.5 million in October 2015.
- On November 26, 2014, Alveo acquired a 6,986 sq. m. property located along Valero St., Salcedo Village, Makati City. The property was purchased from BPI for ₱1,595.0 million.
- Certain credit facilities with BPI with a total carrying value of ₱14,233 million and ₱14,361 million as of December 31, 2015 and 2014, respectively, are secured by a real estate mortgage. This is in compliance with BSP ruling on directors, officers, stockholders and related interests,
- In 2013, the Company, through its subsidiary Avida, advanced ₱107.2 million for selling expenses and transfer costs for AC allocated units on projects under joint development agreement between AC and Avida. As of December 31, 2015 and 2014, the balance of such advances amounted to nil and ₱78.3 million, respectively.
- On February 3, 2011, Amaia Land Corp. (Amaia) entered into a Joint Development Agreement (the Agreement) with AC to develop parcels of land (the Property) located in Brgy. Dagatan, Lipa City, Batangas registered in the name of AC. AC agreed to contribute the Property and Amaia agreed to contribute project development services. In return for their respective contributions, the parties agreed to respectively distribute and allocate to themselves the developed units in the project corresponding to their pro-rata interest therein. In 2012, the parties agreed to cancel the Agreement and sell the property to Amaia. On December 17, 2012, the parties executed a Deed of Absolute Sale wherein AC agreed to sell and Amaia agreed to purchase the Property from AC for ₱50.14 million. As of December 31, 2015 and 2014, the payable to AC is still amounting to nil and ₱29.8 million respectively.
- In 2013, LTI sold waterworks property to LAWC, a subsidiary of MWCI (through AC). Total selling price amounted to ₱625.0 million resulting to a gain of ₱539.1 million.
- On April 17, 2012, AC awarded the Daang Hari-SLEX Link road project to MDC with total contract price of ₱804.4 million. The scope of work includes the construction of a 4 km toll road that will exit South Luzon near the Susana Heights Interchange passing through government properties in Muntinlupa and will end in Daang Hari in Imus, Cavite. The project was started last June 2012 and was completed in June 2015.
- In November 2012, BG South, a subsidiary of Alveo, entered into a contract with FBDC for the purchase of land in Bonifacio Global City. The Deed of Absolute Sale related to the contract was executed in 2012 for which the purchase price amounted to ₱727.8 million, plus VAT. In 2013, ₱407.0 million, inclusive of VAT, were paid by BG South. Outstanding payable amounts to ₱23.9 million and ₱403.2 million as of December 31, 2015 and 2014, respectively.

- On May 20, 2013, DirectPower and its customers, which are all within the Ayala Group, entered into a Retail Electricity Supply contract wherein DirectPower agreed to supply electricity at a specific rate pursuant to the provisions and implementing rules and regulations of R.A. No. 9136 or the Electric Power Industry Reform Acts of 2001. Among the customers of DirectPower are FBDC, LDC, BPI, San Lazaro BPO Complex and 6750 Ayala Ave.
- Revenue from Globe pertains to development management fee and for lease of spaces.

Compensation of key management personnel by benefit type follows:

	2015	2014
	(In Thousands)	
Short-term employee benefits	**₱140,826**	₱134,261
Post-employment benefits (Note 26)	**17,774**	25,751
Share-based payments (Note 28)	**–**	636
	₱158,600	₱160,648

26. Retirement Plan

The Group has funded, noncontributory tax-qualified defined benefit type of retirement plans (the Plan) covering substantially all of their employees. The benefits are based on a defined benefit formula.

The Plan aims to maintain a full funding, i.e., the Plan's assets fully covered the Plan's liabilities, as measured through generally accepted actuarial methodologies. Such will provide a higher level of assurance that all promised benefits can be paid from existing assets and expected investment returns. The target funded status is within the range of 80% to 100%.

The Group's fund is in the form of a trust fund being maintained by trustee banks such as BPI Asset Management and Trust Group and Deutsche Bank (collectively the "Retirement Fund"). The primary objective of the Retirement Fund is to achieve the highest total rate of return possible, consistent with a prudent level of risk. The investment strategy articulated in the asset allocation policy has been developed in the context of long-term capital market expectations, as well as multi-year projections of actuarial liabilities. Accordingly, the investment objectives and strategies emphasize a long-term outlook, and interim performance fluctuations will be viewed with the corresponding perspective.

The components of expense (included in manpower costs under "General and administrative expenses") in the consolidated statements of income follows:

	2015	2014	2013
		(In Thousands)	
Current service cost	**₱309,459**	₱410,462	₱280,867
Past service cost	**519**	6,903	644
Net interest cost on benefit obligation	**59,893**	30,365	26,685
Total pension expense	**₱369,871**	₱447,730	₱308,196

The remeasurement effects recognized in other comprehensive income (included in Equity under "Actuarial loss on pension liabilities") in the consolidated statements of financial position follow:

	2015	2014	2013
		(In Thousands)	
Return gain (loss) on plan assets (excluding amount included in net interest)	**₱19,383**	(₱28,280)	₱22,128
Actuarial (gain) loss due to liability experience	**208,473**	46,810	151,572
Actuarial loss due to liability assumption changes – demographic	**235**	51,593	–
Actuarial loss due to liability assumption changes – economic	**(427,955)**	–	216,946
Remeasurements in other comprehensive income (loss)	**(₱199,864)**	₱70,123	₱390,646

The funded status and amounts recognized in the consolidated statement of financial position for the pension plan as of December 31, 2015 and 2014, are as follows:

	2015	2014
	(In Thousands)	
Benefit obligations	**₱3,547,234**	₱3,750,189
Plan assets	**(2,109,193)**	(2,189,026)
Net pension liability position	**₱1,438,041**	₱1,561,163

As of December 31, 2015 and 2014 pension assets (included under "other noncurrent assets") amounted to ₱64.2 million and ₱19.1 million, respectively, and pension liabilities amounted to ₱1,502.2 million and ₱1,580.2 million, respectively.

Changes in net defined benefit liability of funded funds in 2015 are as follows (in thousands):

		Net benefit cost in consolidated statement of income					Remeasurements in other comprehensive income								
	January 1, 2015	Current service cost	Past service cost	Net interest	Subtotal	Benefits paid	Return on plan Assets*	Actuarial (gain)/loss due to liability experience	Actuarial (gain)/loss due to liability assumption changes - demographic	Actuarial (gain)/loss due to liability assumption changes - economic	Net remeasure-ment loss	Contribution by employer	Transfer in /(out)	Settlements	December 31, 2015
Present value of defined benefit obligation	**₱3,750,189**	**₱309,459**	**₱519**	**₱79,590**	**₱389,568**	**(₱306,948)**	**₱–**	**₱208,473**	**₱235**	**(₱427,955)**	**(₱219,247)**	**₱–**	**(₱66,328)**	**₱–**	**₱3,547,234**
Fair value of plan assets	**(2,189,026)**	**–**	**–**	**(19,697)**	**(19,697)**	**294,094**	**19,383**	**–**	**–**	**–**	**19,383**	**(212,197)**	**(1,750)**	**–**	**(2,109,193)**
Net defined benefit liability (asset)	**₱1,561,163**	**₱309,459**	**₱519**	**₱59,893**	**₱369,871**	**(12,854)**	**₱19,383**	**₱208,473**	**₱235**	**(₱427,955)**	**(₱199,864)**	**(₱212,197)**	**(₱68,078)**	**₱–**	**₱1,438,041**

*excluding amount included in net interest

Changes in net defined benefit liability of funded funds in 2014 are as follows (in thousands):

		Net benefit cost in consolidated statement of income					Remeasurements in other comprehensive income								
	January 1, 2014	Current service cost	Past service cost	Net interest	Subtotal	Benefits paid	Return on plan Assets*	Actuarial (gain)/loss due to liability experience	Actuarial (gain)/loss due to liability assumption changes - demographic	Actuarial (gain)/loss due to liability assumption changes - economic	Net remeasure-ment loss	Contribution by employer	Transfer in /(out)	Settlements	December 31, 2014
Present value of defined benefit obligation	₱3,357,650	₱410,462	₱6,903	₱151,755	₱569,120	(₱274,811)	₱–	₱46,810	₱51,593	₱–	₱98,403	₱–	₱–	(₱173)	₱3,750,189
Fair value of plan assets	(2,215,580)	–	–	(121,390)	(121,390)	260,550	(28,280)	–	–	–	(28,280)	(78,097)	(6,402)	173	(2,189,026)
Net defined benefit liability (asset)	₱1,142,070	₱410,462	₱6,903	₱30,365	₱447,730	(₱14,261)	(₱28,280)	₱46,810	₱51,593	₱–	₱70,123	(₱78,097)	(₱6,402)	₱–	₱1,561,163

*excluding amount included in net interest

All equity and debt instruments held have quoted prices in an active market. The remaining plan assets do not have quoted market prices in an active market.

The plan assets have diverse investments and do not have any concentration risk.

The fair value of plan assets by each class as at the end of the reporting period are as follows:

	December 31	
	2015	2014
	(In Thousands)	
Cash and cash equivalents	**₱116,805**	₱70,998
Equity investments		
Financials	**14,210**	50,295
Industrials	**40,691**	31,130
Holding Firms	**136,110**	211,073
Property	**15,622**	57,069
Services	**21,186**	59,074
Mining and Oil	**5,245**	4,101
Unit Investment Trust Funds	**136,250**	148,870
Mutual Funds	**90,856**	218,990
	460,170	780,602
Debt investments		
Government securities	**683,199**	650,702
AAA rated debt securities	**462,808**	238,295
Not rated debt securities	**316,879**	444,757
	1,462,886	1,333,754
Other assets (liabilities)	**69,332**	3,672
	₱2,109,193	₱2,189,026

The Retirement Fund's investments will be appropriately diversified to control overall risk and will exhibit portfolio characteristics similar to the set benchmark for each asset class. In case of securities, the aggregate holdings of any security may not exceed 10% of the Plan assets. The criteria for including an asset class in the strategic policy include: (a) wide recognition and acceptance among institutional investors; (b) low correlation with other accepted asset classes; and (c) a meaningful performance history. The Group expects to make contributions of ₱394.4 million to its retirement fund in 2015.

The allocation of the fair value of plan assets follows:

	2015	2014
Investments in debt securities	**69.36%**	60.93%
Investments in equity securities	**21.82%**	35.66%
Others	**8.82%**	3.41%

Funds invested in debt securities include government securities, corporate notes and bonds, unit investment trust funds and special deposit accounts. Investments in equity securities consist of investments in PSE listed stocks and unit investment trust funds. Others were in the form of cash and cash equivalents.

The Group's transactions with the fund mainly pertain to contributions, benefit payments and settlements.

As of December 31, 2015 and 2014, the funds include investment in securities to its related parties. Details of the investment per type of security are as follows:

	December 31, 2015			December 31, 2014
	Carrying Value	**Fair Value**	**Unrealized (Gain) Loss**	Fair Value
		(In Thousands)		
Investments in debt securities	**₱134,388**	**₱133,839**	**₱548**	₱111,447
Investments in equity securities	**184,983**	**195,120**	**(10,136)**	161,764
Others	**132,771**	**136,237**	**(3,466)**	127,019
	₱452,142	**₱465,196**	**(₱13,054)**	₱400,230

The plan assets include shares of stock of the Company with fair value amounting to ₱7.5 million, and ₱34.1 million as of December 31, 2015 and 2014, respectively. The Company gives the trustee bank the discretion to exercise voting rights over the shares. The plan assets include debt securities of the Company amounting to ₱73.1 million and ₱55.6 million as of December 31, 2015 and 2014, respectively. The gains of the fund arising from investments in debt and equity securities of the Company amounted to ₱0.2 million and ₱2.9 million, respectively.

The cost of defined benefit pension plans and other post-employment medical benefits as well as the present value of the pension liabilities are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension and post-employment medical benefit obligations for the defined benefit plans are shown below:

	2015	2014
Discount rates	**4.5 to 5.3%**	4.0 to 5.0%
Future salary increases	**3.0 to 8.0%**	5.0 to 8.0%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

<u>2015</u>

	Effect on income before income tax Increase (decrease	
Change in basis points	**+ 100 basis points**	**- 100 basis points**
	(In Thousands)	
Discount rate	**(₱207,098)**	**₱236,070**
Salary increase rate	**231,851**	**(188,779)**

<u>2014</u>

	Effect on income before income tax Increase (decrease	
Change in basis points	+ 100 basis points	- 100 basis points
	(In Thousands)	
Discount rate	(₱313,272)	₱367,711
Salary increase rate	358,054	(311,474)

Shown below is the maturity analysis of the undiscounted benefit payments:

Year ending:	**2015**	2014
	(In Thousands)	
December 31, 2015	**₱–**	₱429,581
December 31, 2016	**262,555**	253,861
December 31, 2017	**209,179**	222,900
December 31, 2018	**194,301**	225,801
December 31, 2019 through December 31, 2025	**2,682,757**	2,723,693

The average duration of the defined benefit obligation is 9.3 to 27.1 years and 71.1 to 26.8 years in 2015 and 2014, respectively.

27. Earnings Per Share

The following tables present information necessary to compute EPS (amounts in thousands except EPS):

EPS on net income attributable to equity holders of the Company are as follows:

	2015	2014
	(In Thousands)	
Net income attributable to equity holders of the Company	**₱17,630,275**	₱14,802,642
Dividends on preferred stock	**(62,038)**	(62,038)
Net income attributable to equity holders for basic and diluted earnings per share	**₱17,568,237**	₱14,740,604
Weighted average number of common shares for basic EPS	**14,580,415**	14,074,173
Dilutive shares arising from stock options	**2,692**	4,832
Adjusted weighted average number of common shares for diluted EPS	**14,583,107**	14,079,005
Basic EPS	**₱1.20**	₱1.05
Diluted EPS	**₱1.20**	₱1.05

Basic EPS is computed by dividing net income for the year attributable to common equity holders of the Company by the weighted average number of common shares issued and outstanding during the year adjusted for any subsequent stock dividends declared.

Diluted EPS is computed by dividing net income for the year attributable to common equity holders of the Company by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential common shares that would have an antidilutive effect on earnings per share.

The convertible preferred shares are ignored in the calculation of diluted EPS since the convertibility of the preferred shares will start on the 10^{th} year from the issue date which was in 2012.

28. Stock Options and Ownership Plans

The Company has stock option plans for key officers (Executive Stock Option Plan - ESOP) and employees (ESOWN) covering 2.5% of the Company's authorized capital stock. The grantee is selected based on certain criteria like outstanding performance over a three-year period.

The ESOP grantees may exercise in whole or in part the vested allocation in accordance with the vesting percentage and vesting schedule stated in the ESOP. Also, the grantee must be an employee of the Company or any of its subsidiaries during the 10-year option period. In case the grantee retires, he is given 3 years to exercise his vested and unvested options. In case the grantee resigns, he is given 90 days to exercise his vested options.

ESOP

Movements in the number of stock options outstanding under ESOP are as follows:

PFRS 2 Options

	2015	**Weighted average exercise price**	2014	Weighted average exercise price
At January 1	**2,858,360**	**₱5.63**	10,377,981	₱4.58
Exercised	**(2,858,360)**	**5.63**	(5,624,981)	4.26
Cancelled	**–**	**–**	(1,894,640)	–
At December 31	**–**	**₱–**	2,858,360	₱5.63

The options exercised had a weighted average exercise price of ₱5.63 per share or ₱16.09 million in 2015, and ₱4.26 per share or ₱23.96 million in 2014.

The average fair market value of the shares at the exercise date was ₱36.53 per share or about ₱104.4 million in 2015 and ₱31.46 per share or about ₱177.0 million in 2014.

The fair value of stock options granted are estimated as at the date of grant using the Black-Scholes Merton Formula, taking into account the terms and conditions upon which the options were granted. The fair value of stock options granted under ESOP at June 30, 2005 grant date, and the assumptions used to determine the fair value of the stock options are as follows:

Weighted average share price	₱8.36
Exercise price	₱6.75
Expected volatility	46.30%
Option life	10 years
Dividend yield	3.21%
Interest rate	12.60%

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also necessarily be the actual outcome.

ESOWN

In November 2001, the Company offered all its ESOWN subscribers with outstanding ESOWN subscriptions the option to cancel the subscriptions within the 5-year holding period. In December 2001, the program for ESOWN was indefinitely suspended.

In 2005, the Company introduced a revised ESOWN Plan (the Plan) wherein grantees may subscribe in whole or in part to the shares awarded to them based on a discounted market price that was determined by the Compensation Committee as the offer price set at grant date. The grantees paid for the shares subscribed through installments over a maximum period of ten (10) years. The subscription is subject to a holding period stated in the plan. To subscribe, the grantee must be an employee of the Company or any of its subsidiaries during the ten (10)-year payment period. In case the grantee resigns, unsubscribed shares are cancelled, while the subscription may be paid up to the percent of holding period completed and payments may be converted into the equivalent number of shares. In case the grantee is separated, not for cause, but through retrenchment and redundancy, subscribed shares may be paid in full, unsubscribed shares may be subscribed, or payments may be converted into the equivalent number of shares. In case the grantee retires, the grantee may subscribe to the unsubscribed shares anytime within the ten (10)-year period. The plan does not allow sale or assignment of the shares. All shares acquired through the Plan are subject to the Company's right to repurchase.

The subscribed shares are effectively treated as options exercisable within a given period which is the same time as the grantee's payment schedule. The fair values of these options are estimated on the date of grant using the Binomial Tree Model. The Binomial Tree model requires six inputs to produce an option stock value namely; market value of the share, book value of the share, time to maturity, volatility rate, dividend yield, and risk free rate.

For the unsubscribed shares, the employee still has the option to subscribe within seven (7) years.

Movements in the number of options outstanding and weighted average exercise prices (WAEP) under ESOWN follow:

	2015	**WAEP**	2014	WAEP
At January 1	**12,279,280**	**₱15.61**	12,683,257	₱14.19
Granted	**14,632,157**		12,640,541	
Subscribed	**(17,856,271)**	**26.16**	(12,330,426)	21.10
Cancelled availment	**727,385**		279,632	
Cancelled	**(1,048,131)**		(993,724)	
At December 31	**8,734,420**	**₱16.96**	12,279,280	₱15.61

The fair values of stock options granted are estimated on the date of grant using the Binomial Tree Model and Black-Scholes Merton Formula, taking into account the terms and conditions upon which the options were granted. The expected volatility was determined based on an independent valuation. Option maturity is four years from the date of grant.

The fair value of stock options granted under ESOWN at grant date and the assumptions used to determine the fair value of the stock options follow:

	Grant Date					
	March 20, 2015	March 20, 2014	March 18, 2013	March 13, 2012	March 31, 2011	March 31, 2010
Number of unsubscribed shares	–	1,369,887	1,713,868	3,967,302	3,843,057	2,298,247
Fair value of each option	₱16.03	₱12.60	₱12.07	₱6.23	₱7.27	₱8.88
Weighted average share price	₱36.53	₱31.46	₱30.00	₱21.98	₱15.5	₱13.00
Exercise price	₱29.58	₱22.55	₱21.45	₱14.69	₱13.2	₱9.74
Expected volatility	31.99%	33.50%	36.25%	33.00%	36.25%	43.57%
Dividend yield	1.02%	1.42%	1.93%	0.9%	1.01%	0.48%
Interest rate	4.11%	3.13%	2.78%	5.70%	5.60%	5.95%

	Grant Date				
	April 30, 2009	May 15, 2008	September 20, 2007	June 5, 2006	November 16, 2005
Number of unsubscribed shares	5,418,619	15,057,840	494,400	5,270,333	3,036,933
Fair value of each option	₱4.05	₱6.77	₱6.93	₱7.33	₱5.58
Weighted average share price	₱6.40	₱10.50	₱15.00	₱13.00	₱9.30
Exercise price	₱4.96	₱9.74	₱12.00	₱10.35	₱7.03
Expected volatility	37.45%	32.04%	34.67%	46.03%	46.32%
Dividend yield	0.85%	0.49%	0.41%	1.56%	0.77%
Interest rate	5.94%	8.53%	6.93%	10.55%	11.30%

Total expense (included under "General and administrative expenses") recognized in 2015, 2014 and 2013 in the consolidated statements of income arising from share-based payments amounted to ₱213.6 million, ₱196.1 million and ₱232.7 million, respectively (see Note 22).

29. Financial Assets and Liabilities

Fair Value Information

The following tables set forth the carrying values and estimated fair values of the Group's financial assets and liabilities recognized as of December 31, 2015 and 2014:

	December 31, 2015		December 31, 2014	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
	(In Thousands)			
Loans and Receivables				
Trade residential and office development	**₱65,809,994**	**₱67,103,996**	₱51,345,735	₱51,891,790
Investment in bonds classified as loans and receivables	**258,000**	**264,973**	450,000	463,407
Receivable from employees	**711,608**	**712,685**	431,916	432,071
	₱66,779,602	**₱68,081,654**	₱52,227,651	₱52,787,268
Other Financial Liabilities				
Long-term debt	**₱120,509,853**	**₱120,150,140**	₱108,363,357	₱109,847,007
Deposits and other noncurrent liabilities	**15,258,921**	**15,224,116**	18,187,240	18,177,888
	₱135,768,774	**₱135,374,256**	₱126,550,597	₱128,024,895

The methods and assumptions used by the Group in estimating the fair value of the financial instruments are as follows:

Cash and cash equivalents, short-term investments and current receivables, accounts and other payables, current payables and short term debt - Carrying amounts approximate fair values due to the relatively short-term maturities of these financial instruments.

Financial assets at FVPL - These are investments in fund. Fair value is based on net asset values as of reporting dates.

Noncurrent accounts and notes receivables - The fair values of residential accounts and notes receivable, and receivable from employees, are based on the discounted value of future cash flows using the applicable rates for similar types of instruments. The discount rates used ranged from 1.40% to 5.47% and 3.54% to 6.17% as of December 31, 2015 and 2014.

AFS quoted equity securities - Fair values are based on quoted prices published in markets.

AFS unquoted equity securities - These are carried at cost less allowance for impairment losses because fair value cannot be measured reliably due to lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value.

Liabilities - The fair value of noncurrent unquoted instruments (long-term debt and deposits) are estimated using the discounted cash flow methodology using the Group's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued. The discount rates used ranged 1.05% to 7.75% and 3.88% to 6.48% as of December 31, 2015 and 2014, respectively. The fair value of noncurrent unquoted debt instruments with floating rates are estimated using discounted cash flow - last repricing method.

Fair Value Hierarchy

As at December 31, 2015, quoted AFS financial assets have been measured at fair value.

The Group uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

Level 1: quoted (unadjusted prices) in active markets for identical assets and liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

The Company categorizes trade receivable, investment in bonds classified as loans and receivables, receivable from employees, long-term debt and deposits and other noncurrent liabilities under Level 3 in December 31, 2015. The fair value of these financial instruments is determined by discounting future cash flows using the applicable rates of similar types of instruments plus a certain spread. This spread is the unobservable input and the effect of changes to this is that the higher the spread, the lower the fair value.

Quoted AFS financial assets amounting to ₱149.6 million and ₱523.3 million as of December 31, 2015, and 2014, respectively were classified under Level 1 (see Note 10).

Unquoted AFS financial assets amounting to ₱350.8 million and ₱261.1 million as of December 31, 2015 and 2014, respectively were classified under Level 3 (see Note 10).

There have been no reclassifications from Level 1 to Level 2 categories in December 31, 2015 and 2014.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, short-term investment, financial assets at FVPL, AFS quoted and unquoted equity securities, investments in bonds, bank loans, corporate notes and bonds. The financial debt instruments were issued primarily to raise financing for the Group's operations. The Group has various financial assets such as trade receivables and trade payables which arise directly from the conduct of its operations.

Exposure to liquidity, credit, interest rate, currency and equity risks arise in the normal course of the Group's business activities. The main objectives of the Group's financial risk management are as follows:

- 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.

The use of derivative financial instruments, if any, is solely for management of the Group's financial risk exposures. It is the Group's policy not to enter into derivative transactions for speculative purposes.

The Group's financing and treasury function operates as a centralized service for managing financial risks and activities as well as providing optimum investment yield and cost-efficient funding for the Group.

There were no changes in the Group's financial risk management objectives and policies in 2015 and 2014.

Liquidity risk

Liquidity risk is defined by the Group as the risk of losses arising from funding difficulties due to deterioration in market conditions and/or the financial position of the Group that make it difficult for the Group to raise the necessary funds or that forces the Group to raise funds at significantly higher interest rates than usual.

This is also the possibility of experiencing losses due to the inability to sell or convert marketable securities into cash immediately or in instances where conversion to cash is possible but at a loss due to wider than normal bid-offer spreads.

The Group employs scenario analysis and contingency planning to actively manage its liquidity position and guarantee that all operating, investing and financing needs are met. The Group has come up with a three-layered approach to liquidity through the prudent management of sufficient cash and cash equivalents, the potential sale of accounts receivables and the maintenance of short-term revolving credit facilities.

Cash and cash equivalents are maintained at a level that will enable it to fund its general and administrative expenses as well as to have additional funds as buffer for any opportunities or emergencies that may arise. Management develops viable funding alternatives through a continuous program for the sale of its receivables and ensures the availability of ample unused short-term revolving credit facilities from both local and foreign banks as back-up liquidity.

The Group ascertains that its cash is invested in short-term bank placements and special deposit accounts, as well as in high-quality and marketable government and corporate securities.

The table summarizes the maturity profile of the Group's financial liabilities at December 31, 2015 and 2014 based on contractual undiscounted payments:

December 31, 2015

	< 1 year	**>1 to < 5 years**	**> 5 years**	**Total**
		(In Thousands)		
Accounts and other payables	**₱109,520,565**	**₱–**	**₱–**	**₱109,520,565**
Short-term debt	**10,486,258**	**–**	**–**	**10,486,258**
Long-term debt	**8,808,779**	**41,584,190**	**70,554,897**	**120,947,866**
Deposits and other noncurrent liabilities	**4,435,146**	**10,340,631**	**483,144**	**15,258,921**
	₱133,250,748	**₱51,924,821**	**₱71,038,041**	**₱256,213,610**
Interest payable*	**₱6,472,057**	**₱22,956,647**	**₱7,875,578**	**₱37,304,282**

**includes future interest payment*

December 31, 2014

	< 1 year	>1 to < 5 years	> 5 years	Total
		(In Thousands)		
Accounts and other payables	₱93,934,717	₱–	₱–	₱93,934,717
Short-term debt	16,302,312	–	–	16,302,312
Long-term debt	5,079,349	38,502,229	65,216,045	108,797,623
Deposits and other noncurrent liabilities	–	18,124,107	63,133	18,187,240
	₱115,316,378	₱56,626,336	₱65,279,178	₱237,221,892
Interest payable*	₱5,637,506	₱17,816,002	₱11,539,383	₱34,992,891

**includes future interest payment*

Cash and cash equivalents, short-term investments and financial assets at FVPL are used for the Group's liquidity requirements. Please refer to the terms and maturity profiles of these financial assets shown on the maturity profile of the interest-bearing financial assets and liabilities disclosed in the interest rate risk section. As of December 31, 2015 and 2014, undrawn loan commitments from long-term credit facilities amounted to ₱1,221.5 million and ₱1,110.0 million, respectively.

Credit risk
Credit risk is a risk that a counterparty will not meet its obligation under its financial instrument or customer contract leading to a financial loss.

The Group's credit risks are primarily attributable to installments receivable, rental receivables and other financial assets. To manage credit risks, the Group maintains defined credit policies and monitors its exposure to credit risks on a continuous basis.

In respect of installments receivable from the sale of properties, credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. The Group also undertakes supplemental credit review procedures for certain installment payment structures. The Group's stringent customer requirements and policies in place contribute to lower customer default than its competitors. Customer payments are facilitated through various collection modes including the use of postdated checks and auto-debit arrangements. Exposure to bad debts is not significant as title to real estate properties are not transferred to the buyers until full payment has been made and the requirement for remedial procedures is minimal given the profile of buyers.

Credit risk arising from rental income from leasing properties is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Group security deposits and advance rentals which helps reduce the Group's credit risk exposure in case of defaults by the tenants. For existing tenants, the Group 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 paying capacity.

Other financial assets are comprised of cash and cash equivalents excluding cash on hand, short-term investments, financial assets at FVPL and AFS financial assets. The Group adheres to fixed limits and guidelines in its dealings with counterparty banks and its investment in financial instruments. Bank limits are established on the basis of an internal rating system that principally covers the areas of liquidity, capital adequacy and financial stability. The rating system likewise makes use of available international credit ratings. Given the high credit standing of its accredited counterparty banks, management does not expect any of these financial institutions to fail in meeting their obligations. Nevertheless, the Group closely monitors developments over counterparty banks and adjusts its exposure accordingly while adhering to pre-set limits.

The Group's maximum exposure to credit risk as of December 31, 2015 and 2014 is equal to the carrying values of its financial assets, except for the following:

December 31, 2015

	Gross maximum exposure	**Fair value of collateral or credit enhancement**	**Net exposure**	**Financial effect of collateral or credit enhancement**
Accounts and notes receivable:				
Trade receivables:				
Residential and office	**₱65,833,104**	**₱126,923,999**	**₱–**	**₱65,833,104**
Shopping center	**2,124,332**	**3,541,389**	**–**	**2,124,332**
Corporate business	**1,113,385**	**624,374**	**489,011**	**624,374**
Receivables from employees	**711,608**	**396,250**	**315,358**	**396,250**
	₱69,782,429	**₱131,486,012**	**₱804,369**	**₱68,978,060**

December 31, 2014

	Gross maximum exposure	Fair value of collateral or credit enhancement	Net exposure	Financial effect of collateral or credit enhancement
Accounts and notes receivable:				
Trade receivables:				
Residential and office	₱51,368,845	₱70,617,811	₱–	₱51,368,845
Shopping center	1,963,423	3,392,589	–	1,963,423
Corporate business	1,829,497	1,609,140	220,357	1,609,140
Receivables from employees	431,916	325,334	106,582	325,334
	₱55,593,681	₱75,944,874	₱326,939	₱55,266,742

Given the Group's diverse base of counterparties, it is not exposed to large concentrations of credit risk.

As of December 31, 2015 and 2014, the aging analysis of past due but not impaired trade receivables presented per class, follow:

December 31, 2015

	Neither Past Due nor Impaired	**Past Due but not Impaired**						**Individually Impaired**	**Total**
		<30 days	**30-60 days**	**61-90 days**	**91-120 days**	**>120 days**	**Total**		
					(In Thousands)				
Trade:									
Residential and office development	**₱57,005,542**	**₱2,174,025**	**₱1,385,986**	**₱813,068**	**₱850,492**	**₱3,580,881**	**₱8,804,452**	**₱9,555**	**₱65,819,549**
Construction contracts	**1,765,635**	**455,909**	**137,499**	**12,242**	**14,964**	**204,041**	**824,655**	**45,297**	**2,635,587**
Shopping centers	**904,382**	**193,712**	**135,649**	**43,294**	**68,115**	**369,950**	**810,720**	**217,217**	**1,932,319**
Corporate business	**644,973**	**108,858**	**29,804**	**75,790**	**20,376**	**188,696**	**423,524**	**44,888**	**1,113,385**
Management fees	**96,830**	**710**	**6,134**	**2,246**	**2,585**	**5,132**	**16,807**	**2,614**	**116,251**
Others	**996,777**	**68,674**	**14,418**	**19,362**	**5,594**	**54,814**	**162,862**	**53,890**	**1,213,529**
Accrued receivables	**2,192,231**	**271,410**	**479,557**	**15**	**10**	**219,025**	**970,017**	**–**	**3,162,248**
Related parties	**916,195**	**50**	**80,104**	**5,840**	**700**	**9,696**	**96,390**	**–**	**1,012,585**
Receivables from employees	**711,608**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**711,608**
Investment in bonds classified as loans and receivables	**258,000**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**258,000**
	₱65,492,173	**₱3,273,348**	**₱2,269,151**	**₱971,857**	**₱962,836**	**₱4,632,235**	**₱12,109,427**	**₱373,461**	**₱77,975,061**

December 31, 2014

	Neither Past Due nor Impaired	Past Due but not Impaired						Individually Impaired	Total
		<30 days	30-60 days	61-90 days	91-120 days	>120 days	Total		
					(In Thousands)				
Trade:									
Residential and office development	₱49,392,747	₱265,569	₱299,400	₱199,569	₱352,927	₱835,523	₱1,952,988	₱9,555	₱51,355,290
Construction contracts	2,136,392	–	–	–	–	–	–	45,297	2,181,689
Shopping centers	1,078,504	99,224	106,572	72,468	40,724	266,279	585,267	171,903	1,835,674
Corporate business	1,366,548	50,296	74,366	58,150	19,872	260,265	462,949	–	1,829,497
Management fees	122,472	–	2,988	3,784	3,541	3,325	13,638	2,614	138,724
Others	160,789	78,537	30,763	13,027	775	72,410	195,512	48,380	404,681
Accrued receivables	2,534,467	1,391	–	–	5,966	1,268	8,625	–	2,543,092
Related parties	1,326,860	19,480	17,522	44,226	49	107,158	188,435	–	1,515,295
Receivables from employees	352,458	63,163	1,505	2,047	879	11,864	79,458	–	431,916
Investment in bonds classified as loans and receivables	450,000	–	–	–	–	–	–	–	450,000
	₱58,921,237	₱577,660	₱533,116	₱393,271	₱424,733	₱1,558,092	₱3,486,872	₱277,749	₱62,685,858

The table below shows the credit quality of the Company's financial assets as of December 31, 2015 and 2014:

December 31, 2015

	Neither Past Due nor Impaired					Past Due but	Individually	
	High Grade	Medium Grade	Low Grade	Unrated	Total	not Impaired	Impaired	Total
				(In Thousands)				
Cash and cash equivalents (excluding cash on hand)	₱19,031,621	₱–	₱–	₱–	₱19,031,621	₱–	₱–	₱19,031,621
Short-term investments	164,621	–	–	–	164,621	–	–	164,621
Financial assets at FVPL	731,677	–	–	–	731,677	–	–	731,677
Accounts and notes receivables:								
Trade:								
Residential and office development	39,907,929	9,296,617	7,800,996	–	57,005,542	8,804,452	9,555	65,819,549
Construction contracts	1,765,635	-	-	–	1,765,635	824,655	45,297	2,635,587
Shopping centers	569,629	139,696	195,057	–	904,382	810,720	217,217	1,932,319
Corporate business	602,972	13,386	28,615	–	644,973	423,524	44,888	1,113,385
Management fees	75,572	14,172	7,086	–	96,830	16,807	2,614	116,251
Others	971,165	3,879	21,733	–	996,777	162,862	53,890	1,213,529
Accrued receivables	2,077,656	114,575	–	–	2,192,231	970,017	–	3,162,248
Related parties	451,528	243,146	221,521	–	916,195	96,390	–	1,012,585
Receivable from employees	711,608	–	–	–	711,608	–	–	711,608
Investment in bonds classified as loans and receivables	258,000	–	–	–	258,000	–	–	258,000
AFS financial assets:								
Unquoted	–	–	–	350,765	350,765	–	–	350,765
Quoted	149,594	–	–	–	149,594	–	–	149,594
	₱67,469,207	₱9,825,471	₱8,275,008	₱350,765	₱85,920,451	₱12,109,427	₱373,461	₱98,403,339

December 31, 2014

	Neither Past Due nor Impaired					Past Due but	Individually	
	High Grade	Medium Grade	Low Grade	Unrated	Total	not Impaired	Impaired	Total
				(In Thousands)				
Cash and cash equivalents (excluding cash on hand)	₱28,645,823	₱–	₱–	₱–	₱28,645,823	₱–	₱–	₱28,645,823
Short-term investments	301,405	–	–	–	301,405	–	–	301,405
Financial assets at FVPL	6,264,569	–	–	–	6,264,569	–	–	6,264,569
Accounts and notes receivables:								
Trade:								
Residential and office development	42,916,342	3,888,601	2,601,359	–	49,406,302	1,952,988	9,555	51,368,845
Construction contracts	2,136,392	–	–	–	2,136,392	–	45,297	2,181,689
Shopping centers	1,046,882	84,375	74,996	–	1,206,253	585,267	171,903	1,963,423
Corporate business	1,358,685	82	7,781	–	1,366,548	462,949	–	1,829,497
Management fees	117,716	1,275	3,879	–	122,870	13,638	2,614	139,122
Others	171,109	–	566	–	171,675	195,512	48,380	415,567
Accrued receivables	2,534,424	–	43	–	2,534,467	8,625	–	2,543,092
Related parties	361,339	107,816	857,705	–	1,326,860	188,435	–	1,515,295
Receivable from employees	352,458	–	–	–	352,458	79,458	–	431,916
Investment in bonds classified as loans and receivables	450,000	–	–	–	450,000	–	–	450,000
AFS financial assets:								
Unquoted	–	–	–	261,115	261,115	–	–	261,115
Quoted	523,256	–	–	–	523,256	–	–	523,256
	₱87,180,400	₱4,082,149	₱3,546,329	₱261,115	₱95,069,993	₱3,486,872	₱277,749	₱98,834,614

The credit quality of the financial assets was determined as follows:

Cash and cash equivalents, short-term investments, financial assets at FVPL, AFS quoted securities - based on the nature of the counterparty and the Group's internal rating system

Receivables - high grade pertains to receivables with no default in payment; medium grade pertains to receivables with up to 3 defaults in payment; and low grade pertains to receivables with more than 3 defaults in payment

The unquoted AFS financial assets are unrated.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rate as it can cause a change in the amount of interest payments.

The Group manages its interest rate risk by leveraging on its premier credit rating and increasing the fixed interest component of its debt portfolio. The Company's ratio of fixed to floating rate debt stood at around 84:16 and 74:26 as of December 31, 2015 and 2014, respectively.

The following tables demonstrate the sensitivity of the Group's profit before tax and equity to a reasonably possible change in interest rates on December 31, 2015 and 2014, with all variables held constant, (through the impact on floating rate borrowings):

December 31, 2015

	Effect on income before income tax Increase (decrease)	
Change in basis points	**+ 100 basis points**	**- 100 basis points**
	(In Thousands)	
Floating rate borrowings	**(₱208,284)**	**₱208,284**

December 31, 2014

	Effect on income before income tax Increase (decrease)	
Change in basis points	+ 100 basis points	- 100 basis Points
	(In Thousands)	
Floating rate borrowings	(₱323,597)	₱323,597

The assumed change in rate is based on the currently observable market environment. There is no other impact on the Group's equity other than those already affecting the net income.

The terms and maturity profile of the interest-bearing financial assets and liabilities, together with their corresponding nominal amounts and carrying values are shown in the following table (in thousands):

December 31, 2015	Interest terms (p.a.)	Rate Fixing Period	Nominal Amount	< 1 year	1 to 5 years	> 5 years	Carrying Value
Group							
Cash and cash equivalents							
(excluding cash on hand)	Fixed at the date of investment	Various	**₱19,031,621**	**₱19,031,621**	**₱–**	**₱–**	**₱19,031,621**
Short-term investments	Fixed at the date of investment or revaluation cut-off	Various	**164,621**	**164,621**	**–**	**–**	**164,621**
Accounts and notes receivable	Fixed at the date of sale	Date of sale	**10,250,199**	**9,828,729**	**163,470**	**258,000**	**10,250,199**
			₱29,446,441	**₱29,024,971**	**₱163,470**	**₱258,000**	**₱29,446,441**
Company							
Short-term debt - US Dollar	Variable at 2.7500% to 2.900%	Monthly	**₱1,052,958**	**₱1,052,958**	**₱–**	**₱–**	**₱1,052,958**
Short-term debt - Peso	Variable at 1.1000% to 1.2000%	Monthly	**8,563,200**	**8,563,200**	**–**	**–**	**8,563,200**
Long-term debt							
Fixed							
Peso	Fixed at 7.750%	10 years	**100,000**	**100,000**	**–**	**–**	**100,000**
Peso	Fixed at 8.900%	7 years	**1,009,400**	**10,300**	**999,100**	**–**	**1,009,400**
Peso	Fixed at 5.000%	3 years	**219,670**	**219,670**	**–**	**–**	**219,670**
Peso	Fixed at 5.000%	3 years	**1,963,180**	**1,963,180**	**–**	**–**	**1,963,180**
Peso	Fixed at 5.625%	7 years	**9,350,000**	**–**	**9,304,168**	**–**	**9,304,168**
Peso	Fixed at 6.000%	10 years	**5,650,000**	**–**	**–**	**5,615,831**	**5,615,831**
Peso	Fixed at 4.500% to 8.989%	5, 10 and 15 years	**10,778,875**	**3,748,361**	**736,975**	**6,275,326**	**10,760,662**
Peso	Fixed at 5.625%	11 years	**8,000,000**	**–**	**–**	**7,927,851**	**7,927,851**
Peso	Fixed at 5.000%	10.5 years	**15,000,000**	**–**	**–**	**14,886,169**	**14,886,169**
Peso	Fixed at 4.625%	7 years	**4,000,000**	**–**	**3,973,778**	**–**	**3,973,778**
Peso	Fixed at 6.000%	20 years	**2,000,000**	**–**	**–**	**1,982,849**	**1,982,849**
Peso	Fixed at 4.500%	10 years	**4,950,000**	**50,000**	**200,000**	**4,700,000**	**4,950,000**
Peso	Fixed at 4.725%	5 and 6 years	**4,732,375**	**233,650**	**3,068,725**	**1,430,000**	**4,732,375**
Peso	Fixed at 4.500%	10 years	**8,200,000**		**246,000**	**7,954,000**	**8,200,000**
Peso	Fixed at 4.500%	7 years	**7,000,000**	**–**	**–**	**6,939,536**	**6,939,536**
Floating							
USD	Variable at 2.3908%over 3-month LIBOR	6 years	**1,882,400**	**–**	**75,296**	**1,807,104**	**1,882,400**
Peso	Variable at 3.4424%over 91-day DR1	7 years	**1,000,000**	**1,000,000**	**-**	**–**	**1,000,000**
Subsidiaries							
Short-term debt							
Floating							
Peso	Variable at 2.500% to 2.700%	Monthly	**870,100**	**870,100**	**–**	**–**	**870,100**
Long-term debt							
Fixed							
Peso	Fixed at 3.630% to 10.211%	5 to 7 years	**27,652,259**	**851,216**	**18,075,581**	**8,675,480**	**27,602,277**
Floating							
Peso	Variable at 1.536% to 4.7500% over 91-day PDST-R1/R2	3 months	**5,950,846**	**287,149**	**3,667,778**	**1,995,919**	**5,950,846**
US Dollar	Variable at 1.932% to 2.233% over 3-month LIBOR	Quarterly	**1,508,861**	**344,126**	**1,164,735**	**-**	**1,508,861**
			₱131,434,124	**₱19,293,910**	**₱41,512,136**	**₱70,190,065**	**₱130,996,111**

December 31, 2014

	Interest terms (p.a.)	Rate Fixing Period	Nominal Amount	< 1 year	1 to 5 years	> 5 years	Carrying Value
Group							
Cash and cash equivalents							
(excluding cash on hand)	Fixed at the date of investment	Various	₱28,645,823	₱28,645,823	₱–	₱–	₱28,645,823
Short-term investments	Fixed at the date of investment or revaluation cut-off	Various	301,405	301,405	–	–	301,405
Accounts and notes receivable	Fixed at the date of sale	Date of sale	14,984,921	7,629,911	7,231,704	93,150	14,954,765
			₱43,932,149	₱36,577,139	₱7,231,704	₱93,150	₱43,901,993
Company							
Short-term debt - US Dollar	Variable at 2.7500% to 2.900%	Monthly	₱1,661,512	₱1,661,512	₱–	₱–	₱1,661,512
Short-term debt - Peso	Variable at 1.1000% to 1.2000%	Monthly	6,660,000	6,660,000	–	–	6,660,000
Long-term debt							
Fixed							
Peso	Fixed at 7.750%	10 years	100,000	–	100,000	–	100,000
Peso	Fixed at 8.900%	7 years	1,316,700	13,300	1,303,400	–	1,316,700
Peso	Fixed at 5.000%	3 years	986,710	986,710	–	–	986,710
Peso	Fixed at 5.000%	3 years	1,982,700	–	1,982,700	–	1,982,700
Peso	Fixed at 5.625%	7 years	9,350,000	–	9,292,190	–	9,292,190
Peso	Fixed at 6.000%	10 years	5,650,000	–	–	5,615,068	5,615,068
Peso	Fixed at 5.625 to 7.500%	5, 10 and 15 years	8,012,500	33,523	3,835,203	4,111,238	7,979,964
Peso	Fixed at 5.625%	11 years	8,000,000	–	–	7,922,131	7,922,131
Peso	Fixed at 5.000%	10.5 years	15,000,000	–	–	14,875,092	14,875,092
Peso	Fixed at 4.625%	7 years	4,000,000	–	–	3,969,010	3,969,010
Peso	Fixed at 6.000%	20 years	2,000,000	–	–	1,982,330	1,982,330
Peso	Fixed at 4.500%	10 years	5,000,000	50,000	200,000	4,750,000	5,000,000
Floating							
USD	Variable at 2.4753% over 3-month LIBOR	6 years	2,360,545	–	70,816	2,289,729	2,360,545
Peso	Variable at 4.000% over 91-day DR1	7 years	1,000,000	–	1,000,000	–	1,000,000
Subsidiaries							
Short-term debt							
Floating							
Peso	Variable at 2.000% to 3.000%	Monthly	7,980,800	7,980,800	–	–	7,980,800
Long-term debt							
Fixed							
Peso	Fixed at 3.630% to 10.211%	5 to 7 years	31,341,641	1,822,942	10,424,406	19,038,153	31,285,501
Floating							
Peso	Variable at 1.536% to 4.7500% over 91-day PDST-R1/R2	3 months	7,972,810	1,738,435	5,920,964	312,000	7,971,399
US Dollar	Variable at 1.932% to 2.233% over 3-month LIBOR	Quarterly	4,724,017	421,993	4,302,024	–	4,724,017
			₱125,099,935	₱21,369,215	₱38,431,703	₱64,864,751	₱124,665,669

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Financial assets and credit facilities of the Group, as well as major contracts entered into for the purchase of raw materials, are mainly denominated in Philippine Peso. As of December 31, 2015 and 2014, the Group's placements in foreign currencies amounting to $31.8 million and $24.3 million, respectively and the amount of foreign currency-denominated debt amounting to $76.4 million and $196.2 million, respectively are minimal. As such, the Group's foreign currency risk is minimal.

The following table shows the Group's consolidated foreign currency-denominated monetary assets and liabilities and their peso equivalents as of December 31, 2015 and December 31, 2014:

	December 31			
	2015		2014	
	US Dollar	**Php Equivalent**	US Dollar	Php Equivalent
		(In Thousands)		
Financial Assets				
Cash and cash equivalents	**$14,408**	**₱678,062**	$15,884	₱710,315
Short-term investments	**–**	**–**	1,247	55,750
Financial Assets at FVPL	**–**	**–**	–	–
Accounts and notes receivable - net	**24,422**	**1,149,285**	6,804	304,274
Other current assets	**257**	**12,080**	–	–
Other noncurrent assets	**–**	**–**	375	16,761
Total	**39,087**	**1,839,427**	24,310	1,087,100
Financial Liabilities				
Accounts and other payables	**14,041**	**660,766**	576	25,769
Short-term debt	**22,375**	**1,052,958**	37,154	1,661,512
Long-term debt	**72,062**	**3,391,261**	158,420	7,084,563
Other noncurrent liabilities	**5**	**220**	70	3,141
Total	**108,483**	**5,105,205**	196,220	8,774,985
Net foreign currency denominated financial instruments	**($69,396)**	**(₱3,265,778)**	($171,910)	(₱7,687,885)

In translating the foreign currency-denominated monetary assets in peso amounts, the exchange rates used were ₱47.06 to US$1.00 and ₱44.72 to US$1.00, the Philippine Peso - US dollar exchange rates as of December 31, 2015 and 2014, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the Philippine peso-US dollar exchange rate, with all variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

	Effect on profit before tax Increase (decrease)	
Change in exchange rate	**2015**	2014
₱1.00	**(₱69,397)**	(₱171,910)
(₱1.00)	**69,397**	171,910

There is no other impact on the Group's equity other than those already affecting the net income.

Equity price risk
Quoted AFS financial assets are acquired at a certain price in the market. Such investment securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market. Depending on several factors such as interest rate movements, country's economic performance, political stability, domestic inflation rates, these prices change, reflecting how market participants view the developments.

The Group's market risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments; diversification plan; limits on investment in each country, sector and market.

The analysis below demonstrates the sensitivity to a reasonably possible change of market index with all other variables held constant, of the Group's equity (in thousands).

	Effect on equity Increase (decrease)	
Change in PSEi index	**2015**	2014
	(In Thousands)	
+5%	**₱9,012**	₱15,150
-5%	**(9,012)**	(15,150)

Quoted financial assets at FVPL pertain to investment in UITF (Fund). The Fund, which is structured as a money market UITF, aims to generate liquidity and stable income by investing in a diversified portfolio of primarily short-term fixed income instruments.

All other variables held constant, with a duration of 0.18 and 0.05 year for 2015 and 2014 respectively, the fair value of the Group's investment in the fund, net income and equity will increase (decrease) by ₱0.5 million and ₱2.8 million for December 31, 2015 and 2014, respectively, for a 100 basis points decrease (increase), respectively, in interest rates.

30. Segment Information

The industry segments where the Group and its associates and joint ventures operate follows:

- Shopping centers - development of shopping centers and lease to third parties of retail space and land therein; operation of movie theaters, food courts, entertainment facilities and carparks in these shopping centers; management and operation of malls which are co-owned with partners
- Corporate businesses - development and lease or sale of office buildings; sale of industrial lots and lease of factory building
- Residential developments - sale of high-end and upper middle-income residential lots and units, affordable housing units and lots, economic housing and leisure community developments; lease of residential developments under joint venture
- Strategic landbank management and Visayas-Mindanao - acquisition, development and sale of large-scale, mixed-use, masterplanned communities; sale of override units or the Company's share in properties made available to subsidiaries for development; lease of gas station sites and carparks outside Ayala Center. This also includes development, sale and lease, shopping centers and residential developments of the Group's product offerings in key cities in the Visayas and Mindanao regions
- Construction - land development and construction of the Group and third-party projects
- Hotels and Resorts - development and management of hotels and resorts/serviced apartments and lease of land to hotel tenants
- Property management - facilities management of the Group and third-party projects
- Others - other income from investment activities and sale of non-core assets

The Company and its subsidiaries generally account for inter-segment sales and transfers as if the sales and transfers were to third parties at current market prices.

Business segments

The following tables regarding business segments present assets and liabilities as of December 31 and revenue and profit information for each of the two years in the period ended December 31 (in millions):

2015

	Shopping Centers	Corporate Businesses	Residential Development	Strategic Landbank Management and Visayas-Mindanao	Construction	Hotels and Resorts	Property Management and Others	Corporate	Intersegment Adjustments	Consolidated
Revenue										
Sales to external customers	₱13,365	₱4,931	₱63,694	₱4,137	₱7,383	₱5,974	₱1,177	₱–	₱–	₱100,661
Intersegments sales	621	–	2,050	2,622	36,685	–	705	–	(42,683)	–
Equity in net earnings of associates and joint ventures	(241)	–	(3)	241	–	–	–	(138)	–	(141)
Total revenue	13,745	4,931	65,741	7,000	44,068	5,974	1,882	(138)	(42,683)	100,520
Operating expenses	7,178	2,532	48,595	5,844	38,925	4,826	1,878	1,391	(39,242)	71,927
Operating profit	6,567	2,399	17,146	1,156	5,143	1,148	4	(1,529)	(3,441)	28,593
Interest and investment income										5,980
Interest and other financing charges										(6,506)
Other income										683
Other charges										(999)
Provision for income tax										(6,854)
Net income										₱20,897
Net income attributable to:										
Equity holders of Ayala Land, Inc.										₱17,630
Non-controlling interests										3,267
										₱20,897
Other Information										
Segment assets	₱82,363	₱50,682	₱277,229	₱134,860	₱46,284	₱27,601	₱5,271	₱26,563	(₱233,943)	₱416,910
Investment in associates and joint ventures	845	–	572	8,677	–	–	–	7,427	–	17,521
	83,208	50,682	277,801	143,537	46,284	27,601	5,271	33,990	(233,943)	434,431
Deferred tax assets	265	88	1,691	273	32	281	23	2,187	3,071	7,911
Total assets	₱83,473	₱50,770	₱279,492	₱143,810	₱46,316	₱27,882	₱5,294	₱36,177	(₱230,872)	₱442,342
Segment liabilities	₱55,407	₱18,871	₱152,372	₱96,509	₱41,445	₱16,136	₱3,835	₱9,010	(₱102,851)	₱290,734
Deferred tax liabilities	18	19	1,073	614	–	472	15	–	(429)	1,782
Total liabilities	₱55,425	₱18,890	₱153,445	₱97,123	₱41,445	₱16,608	₱3,850	₱9,010	(₱103,280)	₱292,516
Segment additions to:										
Property and equipment	₱433	₱29	₱1,120	₱222	₱2,277	₱1,341	₱1,963	₱175	₱–	₱7,560
Investment properties	₱6,599	₱2,163	₱168	₱2,544	₱–	₱813	₱–	₱3,692	₱–	₱15,979
Depreciation and amortization	₱1,449	₱827	₱204	₱747	₱1,017	₱539	₱160	₱127	₱–	₱5,070
Non-cash expenses other than depreciation and amortization	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–
Impairment losses	₱122	₱–	₱279	₱–	₱–	₱–	₱–	₱94	₱–	₱495

2014

	Shopping Centers	Corporate Businesses	Residential Development	Strategic Landbank Management and Visayas-Mindanao	Construction	Hotels and Resorts	Property Management and Others	Corporate	Intersegment Adjustments	Consolidated
Revenue										
Sales to external customers	₱10,960	₱4,434	₱54,986	₱6,905	₱5,091	₱5,618	₱1,034	₱–	₱–	₱89,028
Intersegments sales	564	–	127	10,137	23,564	–	425	–	(34,817)	–
Equity in net earnings of associates and joint ventures	(155)	–	–	857	–	–	–	(55)	–	647
Total revenue	11,369	4,434	55,113	17,899	28,655	5,618	1,459	(55)	(34,817)	89,675
Operating expenses	6,673	2,508	42,655	12,689	25,509	4,541	1,450	1,712	(32,138)	65,599
Operating profit	4,696	1,926	12,458	5,210	3,146	1,077	9	(1,767)	(2,679)	24,076
Interest and investment income										4,817
Interest and other financing charges										(5,366)
Other income										706
Other charges										(376)
Provision for income tax										(6,142)
Net income										₱17,715
Net income attributable to:										
Equity holders of Ayala Land, Inc.										₱14,803
Non-controlling interests										2,912
										₱17,715
Other Information										
Segment assets	₱68,230	₱40,237	₱249,523	₱98,750	₱38,587	₱24,835	₱4,935	₱12,047	(₱165,621)	₱371,523
Investment in associates and joint ventures	583	–	–	8,685	–	–	–	1,695	–	10,963
	68,813	40,237	249,523	107,435	38,587	24,835	4,935	13,742	(165,621)	382,486
Deferred tax assets	265	86	1,484	276	13	108	17	1,785	2,424	6,458
Total assets	₱69,078	₱40,323	₱251,007	₱107,711	₱38,600	₱24,943	₱4,952	₱15,527	(₱163,197)	₱388,944
Segment liabilities	₱38,972	₱19,471	₱130,074	₱77,602	₱35,504	₱11,548	₱5,699	₱15,119	(₱69,007)	₱264,982
Deferred tax liabilities	18	82	334	202	–	440	1	–	890	1,967
Total liabilities	₱38,990	₱19,553	₱130,408	₱77,804	₱35,504	₱11,988	₱5,700	₱15,119	(₱68,117)	₱266,949
Segment additions to:										
Property and equipment	₱149	₱147	₱269	₱67	₱861	₱1,053	₱631	₱91	₱–	₱3,268
Investment properties	₱5,464	₱3,693	₱100	₱3,460	₱–	₱–	₱143	₱509	₱–	₱13,369
Depreciation and amortization	₱1,530	₱714	₱306	₱715	₱670	₱512	₱118	₱425	₱–	₱4,990
Non-cash expenses other than depreciation and amortization	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–
Impairment losses	₱116	₱–	₱–	₱–	₱19	₱–	₱–	₱5	₱–	₱140

31. **Registration with Philippine Economic Zone Authority (PEZA)**

APRC, a wholly-owned subsidiary is registered with the PEZA with certificate of registration number 09-03-F under Registration Agreement dated May 29, 2009, as amended by Registration Agreement dated May 6, 2010, pursuant to the provision of Republic Act (R.A.) No. 7916, as amended, as an Ecozone Facilities Enterprise to construct a 12-storey office building (exclusive of 1 penthouse and 2 level basement parking) with a gross floor area of 24,214 square meters, more or less, which shall be established on a 3,621 square meter lot, located at Block 8, Lots 1 and 2, Asiatown IT Park, for lease to registered enterprises.

The Company shall be exempted from the payment of all national and local taxes and in lieu thereof, the Company shall pay a 5% final tax on gross income (GIT) earned from locator IT enterprise and related operations in accordance with the provision of Rule XX of the Rules and Regulations implementing R.A. 7916, as amended. The Company shall pay the real property taxes on commercial spaces occupied by non-PEZA registered enterprises. Pursuant to BIR's Rules and Regulation No. 14-2002 (amending further pertinent provision of Revenue Regulations No. 2-98, as amended), income payments to PEZA-registered enterprises under the 5% GIT incentives are exempt from expanded withholding tax.

The Company will be subjected to all evaluation and/or processing requirement and procedures prescribed under PEZA Rules and Regulations, and other pertinent circulars and directives. The Company's entitlement to incentives shall continue as long as it remains in good standing, commit no violation of PEZA Rules and Regulations, other pertinent circulars and directives, and the terms and conditions of its registration agreement with PEZA.

LTI was registered with PEZA on October 27, 1999 as a non-pioneer "ecozone developer/operator". The PEZA registration entitled the subsidiary to a four-year income tax holiday from the start of its commercial operations. At the expiration of its four-year tax holiday, the subsidiary pays income tax at the special tax rate of 5% on its gross income earned from sources within the PEZA economic zone in lieu of paying all national and local income taxes.

Likewise, Ceci also became registered with PEZA in 2007 as the "developer/operator" of the Lakeside Ecozone.

Glensworth, a wholly owned subsidiary of APPCo, was registered with PEZA as an Economic Zone Information IT Facility Enterprise last December 14, 2007 to construct a 4-storey building at the Lakeside Ecozone, Barangay Sta. Rosa, Laguna for lease to PEZA-registered enterprises. As a PEZA-registered enterprise, the Glensworth is entitled to incentives which, among others, include a lower income tax rate of 5% on gross income in lieu of all national and local taxes.

HPC, a wholly owned subsidiary of the Company, was registered with PEZA last January 29, 2009 as an Ecozone Facilities Enterprise at the John Hay Special Tourism Economic Zone located in Baguio.

Sunnyfield, a wholly owned subsidiary of the Company, was registered with PEZA last December 17, 2010 as a Developer/Operator of Iloilo Technohub.

Westview, a wholly owned subsidiary of the Company, was registered with PEZA last December 17, 2010 as an Ecozone Facilities Enterprise at the Ayala Northpoint Technohub located in Bacolod.

CPVDC was registered with PEZA on April 6, 2000 as an Information Technology (IT) Park developer or operator and was granted approval by PEZA on October 10, 2001. The PEZA registration entitled CPVDC to a four-year tax holiday from the start of approval of registered activities. At the expiration of its four-year tax holiday, CPVDC pays income tax at the special rate of 5% on its gross income earned from sources within the PEZA economic zone in lieu of paying all national and local income taxes.

32. **Leases**

Operating Leases - Group as Lessor
The Group entered into lease agreements with third parties covering its investment property portfolio. These leases generally provide for either (a) fixed monthly rent, or (b) minimum rent or a certain percentage of gross revenue, whichever is higher.

Future minimum rentals receivable under noncancellable operating leases of the Group follows:

	2015	2014
	(In Thousands)	
Within one year	**₱3,648,626**	₱4,019,617
After one year but not more than five years	**10,790,610**	8,895,438
More than five years	**12,179,151**	8,719,812
	₱26,618,387	₱21,634,867

Operating Leases - Group as Lessee
The Group entered into lease agreements with third parties. These leases generally provide for either (a) fixed monthly rent, or (b) minimum rent or a certain percentage of gross revenue, whichever is higher.

Future minimum rentals payable under noncancellable operating leases of the Group follows:

	2015	2014
	(In Thousands)	
Within one year	**₱659,677**	₱592,404
After one year but not more than five years	**3,001,038**	1,869,779
More than five years	**16,189,004**	11,211,843
	₱19,849,719	₱13,674,026

The Group, through its majority owned subsidiary, NTDCC, entered into an assignment agreement with MRTDC, wherein the latter assigned its development rights on an 8.3 hectare portion of the MRTDC, which is located on the North Triangle property, and enabled the Group to develop and construct a commercial center. The Group has determined that all the significant risks and rewards of ownership of this property is retained by the owner. This agreement was accounted for as a lease as it involves an exclusive right to use or develop the property in exchange for a series of payments.

On August 7, 2014, Arvo Commercial Corporation signed a Memorandum of Understanding with Liberty Commercial Center, Inc. (LCC) to lease and operate a 5-storey commercial complex/mall building with an aggregate gross floor area of approximately 32,000 sqm on a 10,000 sqm portion of the leased land. The commercial complex/ mall building is situated within the Central Business District, Legaspi Port, Legaspi City, adjacent to Quezon Avenue and Rizal Street.

On October 15, 2014, Arvo Commercial Corporation signed a Lease Agreement with Rotonda Development Corporation for the lease of a parcel of land with an area of approximately
23,759.50 sqm located along Liwasang Kalayaan, Marikina Heights, Marikina City. The Company signed a 42-year lease contract with an option to renew for another 40 years by mutual agreement.

On September 2, 2014, the Company signed a Lease Agreement with D.M. Wenceslao & Associates Inc. for the lease of several parcels of land along Asean Avenue and Macapagal Boulevard, Aseana City, Paranaque City with an aggregate area of 92,317 sqm. The Company signed a 45-year lease contract with an option to renew for another 45 years subject to such terms and conditions as may be mutually agreed upon by the lessor and the Company.

On January 28, 2011, the Board of Regents of the University of the Philippines awarded to the Company the ₱4.0 billion development of a 7.4-hectare lot at the University of the Philippines' Diliman East Campus, also known as the UP Integrated School, along Katipunan Avenue, Quezon City. The Company signed a 25-year lease contract for the property last June 22, 2011, with an option to renew for another 25 years subject to mutual agreement of the parties. The lease payments shall commence as soon as sales are registered by the merchants.

A retail establishment with about 63,000 sqm of gross leasable area and an office/BPO building about 8,000 sqm of gross leasable area shall be constructed on the property. For the year ended December 31, 2012, lease payments have been capitalized as construction was still in progress. For the year ended December 31, 2013, Phase 1a (with gross leasable area of 5,000 sqm.) of the retail establishment has commenced operations on September 30, 2013.

On December 18, 2013, the Company has donated the New UPIS facilities at a total cost of ₱224.7 million and the rehabilitated and upgraded UPIS "K-2" and "3-6" Buildings at a cost of ₱40.0 million to the University of the Philippines.

33. Interest in Joint Operation

MDC has a 51% interest in Makati Development Corporation - First Balfour, Inc. Joint Venture (the Joint Venture), a joint operation whose purpose is to design and build St. Luke's Medical Center (the Project) in Fort Bonifacio Global City, Taguig. The application of PFRS 11 does not have significant impact on the Group's accounting of its interest in joint operation since it already reported its share in interest in joint operation using proportionate consolidation.

The Project, which started on January 31, 2007, is a world-class medical facility comprising, more or less, of a 611-bed hospital and a 378-unit medical office building, with an approximate gross floor area of 154,000 sqm, which meets international standards, and all standards and guidelines of applicable regulatory codes of the Philippines and complies with the criteria of the Environment of Care of the Joint Commission International Accreditation. The project was completed on October 30, 2009. Activities in 2015 mainly pertain to winding down operations.

The share of MDC in the net assets and liabilities of the Joint Venture at December 31, 2015 and 2014 which are included in the consolidated financial statements follow:

	2015	2014
	(In Thousands)	
Current assets:		
Cash and cash equivalents	**₱20,662**	₱46,557
Amounts due from customers for contract work	**–**	–
Other current assets	**38,470**	47,205
Total assets	**₱59,132**	₱93,762
Total liabilities	**₱11,283**	₱10,866

The following is the share of the MDC on the net income of the Joint Venture:

	2015	2014
	(In Thousands)	
Revenue from construction contracts	**₱–**	₱–
Contract costs	**(1,031)**	(22,440)
Interest and other income	**317**	6,513
Loss before income tax	**(714)**	(15,927)
Provision for income tax	**(56)**	(51)
Net loss	**(₱770)**	(₱15,978)

The Joint Venture's Management Board declared and paid cash dividends amounting to ₱50.0 million in March 4, 2015. Based on 51% share, MDC received ₱21.5 million cash dividends in 2015.

Provision for income tax pertains to the final tax on interest income.

34. Long-term Commitments and Contingencies

Commitments

Upon the completion of certain closing conditions based on the Agreement to Subscribe dated August 13, 2015 between the Group and Prime Orion Philippines, Inc. (POPI), the Group is committed to subscribe to the common shares of POPI which will represent 51.36% of the total outstanding shares of stock of POPI. On February 24, 2016 a Deed of Subscription and a Supplement to the Deed of Subscription was executed by the Company and POPI (see Note 36).

On August 11, 2015, the Company won the bid for the Integrated Transport System Project – South Terminal ("ITS South Project"). The Company will be awarded by the Department of Transportation and Communications ("DOTC") with a 35-year concession agreement to build and operate the ITS South Project and will likewise have the right to develop and operate commercial leasing facilities on the same 5.57 hectare former Food Terminal Inc. property on which the future transport terminal will be built. The site of the ITS South Project is right next to ARCA South, where the Company is developing an integrated mixed-use estate. It is estimated that up to 4,000 buses and 160,000 passengers will feed into ITS South from SLEX every day. Construction will begin by May 2016 and is expected to be completed and ready for operation by October 2017.

On June 30, 2015, the Company, through SM-ALI Group Consortium (the Consortium), participated and won in the bidding for Lot No. 8-B-1, containing an area of 263,384 sqm, which is portion of Cebu City-owned lot located at the South Road Properties, Cebu City covered by Transfer Certificate of Title No. 107-2011000963. The Consortium is a consortium among SMPHI, the Company and CHI (together with the Company collectively referred to as the "ALI Group"). The SM-ALI Group will co-develop the property pursuant to a joint master plan.

On August 8, 1997, an "Assignment Agreement" was executed between Department of Transportation and Communications (DOTC), Metro Rail and MRTDC whereby MRTDC agreed to be bound by all obligations in respect of the Development Rights and make payments to DOTC.

On February 21, 2002, MRTDC and NTDCC entered into an assignment agreement wherein the development rights of MRTDC over an 8.3 hectare portion of the MRT Depot (inclusive of project development costs incurred in relation thereto) was assigned to NTDCC in exchange for 32,600,000 shares of stock to be issued out of the increase in the authorized capital stock of NTDCC, each share with a par value of ₱10, or an aggregate par value of ₱326.00 million. The amount of development rights in excess of the aggregate par value of the shares subscribed was credited to additional paid-in capital.

On January 13, 2006, the deed of assignment between MRTDC and NTDCC was acknowledged by DOTC making MRTDC and NTDCC jointly and severally liable for the DRP and all other obligations attached thereto. NTDCC has been paying rent to DOTC in behalf of MRTDC since January 1, 2006.

On March 21, 2007, DOTC, National Housing Authority (NHA), MRTDC, and NTDCC entered into a Memorandum of Agreement (MOA) whereby DOTC assigns, transfers and conveys to NHA, its successors or assigns, the right to demand and collect the Depot DRP Payable and Depot DRP. In the MOA, DOTC authorizes MRTDC/ NTDCC to remit the Depot DRP Payable and the Depot DRP to NHA directly which shall be credited by DOTC in favour of MRTDC/ NTDCC as payment for the DRP.

On December 17, 2014, Arvo Commercial Corporation signed a Deed of Absolute Sale with the Philippine National Bank for a parcel of land with an area of 6,003 sqm located at No. 460 Quirino Highway, Brgy. Talipapa, Novaliches, Quezon City.

On November 7, 2014, the Company, SM Prime Holdings, Inc. (SMPHI), the Francisco Ortigas Group (FOG) and the Rafael Ortigas Group (ROG) have signed an agreement to cause the termination of all cases relating to the ownership and management of OCLP Holdings, Inc. (OHI), which owns Ortigas and Company Limited Partnership (OCLP). The agreement establishes a partnership that will further enhance the properties in the Ortigas area and create maximum value for their various stakeholders.

On June 4, 2014, AHRC, a wholly owned subsidiary of the Company has signed a long-term management agreement with the Mandarin Oriental Hotel Group to develop and operate luxury hotel in Makati City. Set to open its doors by 2020, the new Mandarin Oriental Manila will be featuring 275 spacious rooms complemented by an extensive range of modern amenities including premium selection of restaurants and a signature spa. The Group is committed to pay $5 million (₱223.6 million) to Manila Mandarin Hotel, Inc. upon the opening of the New Hotel or June 30, 2017, whichever is earlier.

On May 12, 2014, the Company has signed the terms of reference with Sureste Properties, Inc. (SPI), a wholly owned subsidiary of Bloomberry Resorts Corp. (BLOOM) for the retail area to be opened in the new Phase 1-A of Solaire Resort & Casino. The Company will be the leasing and marketing agent of the said area with gross leasable area of more than 5,000 sqm.

On April 6, 2010, the Company and MWCI entered into a Memorandum of Agreement to establish a water utility services company which will manage and operate all water systems in NUVALI, as well as, adjacent projects of the Company in Laguna.

During the past 3 years, the required activities according to the MOA between MWCI and the Company were accomplished- like auditing and re-design of the existing water/sewerage assets of several NUVALI and the Company projects in Laguna, water system design reviews and repairs, and developing plans and proposals for the expansion of the area coverage of the water and sewerage system. MWCI is currently designing the cost plan and the target completion of the project has not yet been established. However, it is expected that the water and sewer system development shall happen simultaneous with NUVALI's expansion plan. The project will be undertaken in phases and in relation to expected NUVALI build out. The project shall start this year upon the signing of the JVA. MWCI is currently re-estimating the project cost because of NUVALI expansion. Finally, on December 23, 2013 LTI signed an agreement with LAWC, to sell the water reticulation system of LTI. LAWC took over officially as the exclusive water service provider on December 31, 2013.

In 2009, MWCI and the Provincial Government of Laguna formed a joint venture company, LAWC. LAWC is a water services company that has concession in the cities of Sta. Rosa, Binan and Cabuyao.

On October 16, 2009, the Company has executed a lease agreement with the Subic Bay Metropolitan Authority (SBMA), for the development of a 7.5-hectare property along Rizal Highway within the Subic Bay Freeport Zone, located between the two main gates linking the Freeport Zone to Olongapo City. The lease commitment is expected to be completed in 2060 after the 50-year lease term. The lease may be renewed for another 25 years upon mutual agreement of the parties. The Company offered to develop a mall with an estimated gross leasable area of 38,000 sqm. On March 25, 2010, the Company entered into an assignment of lease agreement whereby the Company assigned its rights and obligations granted to or imposed under the lease agreement to its subsidiary, SBTCI. The lease payments to SBMA started from the commencement of the commercial operation of the mall last April 26, 2012 which was completed during the same period.

The Company has an existing contract with Bases Conversion and Development Authority (BCDA) to develop, under a lease agreement signed on July 2000, a mall with an estimated gross leasable area of 152,000 sqm on a 9.8-hectare lot inside Fort Bonifacio. The lease commitment is expected to be completed in 2015. The lease agreement covers 25 years, renewable for another 25 years subject to reappraisal of the lot at market value. The annual fixed lease rental amounts to ₱106.5 million while the variable rent ranges from 5% to 20% of gross revenues. Subsequently, the Company transferred its rights and obligations granted to or imposed under the lease agreement to SSECC, a subsidiary, in exchange for equity. As part of the bid requirement, the Company procured a performance bond in 2003 from the Government Service Insurance System in favor of BCDA amounting to ₱3.9 billion to guarantee the committed capital to BCDA. Moreover, SSECC obtained standby letters of credit to guarantee the payment of the fixed and variable rent as prescribed in the lease agreement.

MDC, in the normal course of business, furnishes performance bonds in connection with its construction projects. These bonds shall guarantee MDC's execution and completion of the work indicated in the respective construction contracts.

Development Commitment
On October 18, 2010, the Company undertook to cause the planning, developing and construction of Anvaya Cove Golf and Sports Club, Inc.'s leisure and recreational facilities. The Company was able to deliver the committed facilities and the Club officially opened its doors to its members in December 7, 2013. The Golf and Sports Clubhouse and the Course and Sports Center were officially conveyed to the Club on May 12, 2014 and May 15, 2014, respectively.

Contingencies
The Group has various contingent liabilities arising in the ordinary conduct of business including a case related to property restriction violation. The estimate of the probable cost for the resolution of this claim has been developed in consultation with outside counsel handling the defense in this matter and is based upon an analysis of potential results. The outcomes of the legal proceedings for various cases are not presently determinable. Accordingly, no provision for any liability has been made in the consolidated financial statements.

In the opinion of management and its legal counsel the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. Disclosures required by PAS 37, Provisions, Contingent Liabilities and Contingent Assets, were not provided as it may prejudice the Company's position in ongoing claims and it can jeopardize the outcome of the claims and contingencies.

35. Note to Consolidated Statements of Cash Flows

The noncash activities of the Group pertain to transfers from land and improvements to inventories amounted to ₱7,839.8 million, ₱10,636.6 million and ₱14,726.2 million in 2015, 2014 and 2013 respectively; transfer from land and improvements to investment properties in 2013 amounted to ₱1,463.9 million; transfer from land and improvements to property and equipment amounted to ₱1.7 million in 2015; transfer from land and improvements to other assets amounted to ₱56.85 million in 2015; transfers from inventories to investment properties amounted to ₱52.0 million, nil and ₱20.7 million in 2015, 2014 and 2013, respectively; transfer from inventories to property and equipment amounted to nil, ₱138.8 million and ₱5.4 million in 2015, 2014 and 2013, respectively; transfers from investment properties to inventories amounted to nil, ₱827.2 million and ₱45.1 million in 2015, 2014 and 2013 respectively; transfer from investment properties to property and equipment amounted to nil, ₱2.3 million and ₱157.4 million in 2015, 2014 and 2013 respectively; transfers from property and equipment to other assets amounting nil, ₱239.8 million and ₱1,422.7 million in 2015, 2014 and 2013 respectively; transfer from investment properties to other assets amounted to ₱8.6 million in 2014; transfers from other assets to investment properties amounted to ₱42.3 million in 2013; transfer from property and equipment to investment property amounting to ₱90.9 million and ₱33.1 million in 2015 and 2014, respectively; transfer from other assets to property and equipment amounting to ₱274.4 million in 2014; transfer from investments in associates and joint ventures to financial assets at FVPL amounted to ₱713.7 million in 2013; land and improvement which amounted to ₱108.7 million was donated in 2015.

36. Events After Reporting Date

On January 12, 2016, the Company has entered into a partnership with Manila Water Philippine Ventures, Inc, a wholly owned subsidiary of Manila Water Company, Inc, for the waterworks of ALI's projects nationwide. The MOA was signed by ALI and its subsidiaries and affiliates, Cebu Holdings, Inc. and Cebu Property Ventures and Development Corp.

ALI and LT Group, Inc. (LTG) entered into an agreement on January 21, 2016 to jointly develop a project along the C5 corridor. The project is envisioned to be a township development that spans portions of Pasig City and Quezon City.

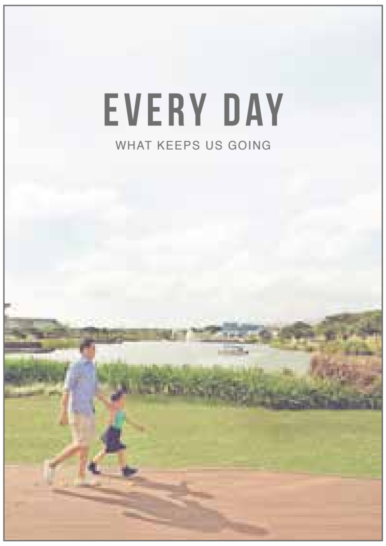
The Company plans to raise ₱8 billion from the issuance of fixed rate bonds, documents filed with the Securities and Exchange Commission on February 1, 2016. The ₱8-billion bond offering forms part of the ₱50-billion debt securities program that ALI plans to implement over the next two years. The bonds will have a tenor of 10 years. The Company appointed BPI Capital Corp. as the lead underwriter of the offering. Joint lead underwriters include BDO Capital & Investments Corp. China Bank Capital Corp., First Metro Investments Corp. and PNB Capital and Investments Corp.

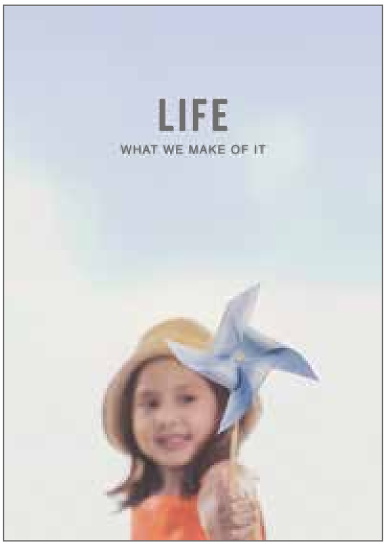
In February 2016, the Company purchased additional 906,000 common shares of CHI from BPI Securities totaling ₱4.06 million. This brings ALI's ownership from 56.36% to 56.40% of total outstanding capital stock of CHI.

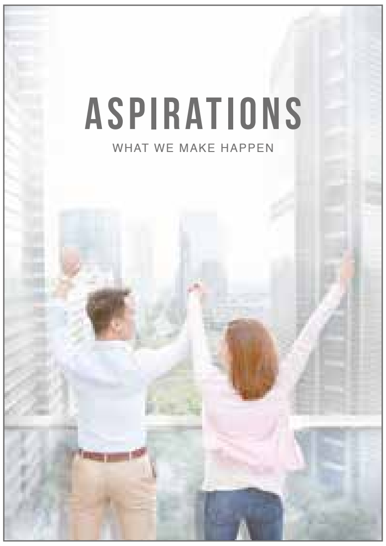
On February 24, 2016, the Company and POPI executed a Deed of Subscription and a Supplement to the Deed of Subscription whereby the Company subscribed to 2,500.0 million common shares of stock of POPI, which will represent 51.06% of the total outstanding shares of POPI. The consideration for the Company's subscription is ₱2.25 per share or a total subscription price of ₱5,625.0 million, of which 25.0% or ₱1,406.3 million was paid and the 75.0% to be paid upon fulfillment of certain terms and conditions.

On February 26, 2016, the BOD approved the declaration of cash dividends amounting to ₱0.238 per outstanding common share. These will be paid out on March 23, 2016 to shareholders on record as of March 11, 2016.

Further, on the same date, the BOD also declared annual cash dividends of 4.74786% per year or ₱0.00474786 per share to all shareholders of the Company's unlisted voting preferred shares. These will be paid out on June 29, 2016 to shareholders on record as of June 15, 2016.



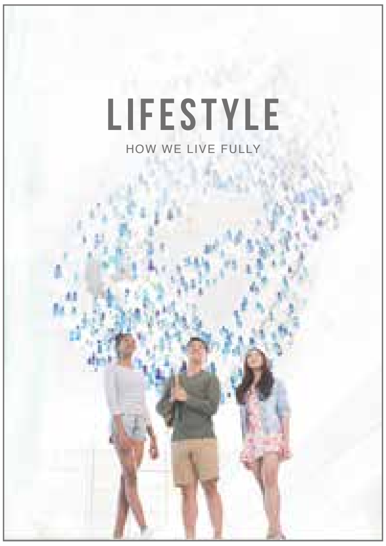


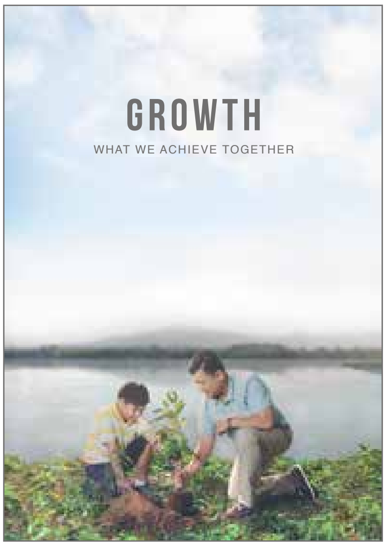


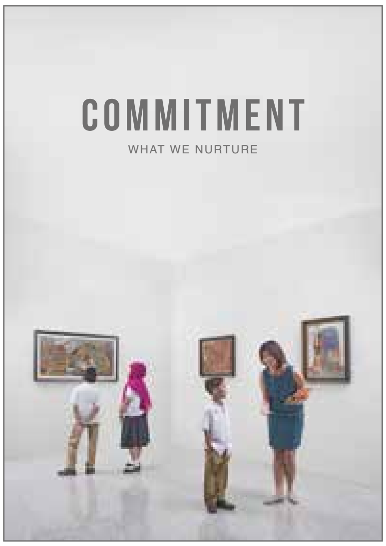
EVERY DAY

To upgrade the ordinary and transform raw land into the most livable of spaces—this is what we seek to achieve for the Filipino every day. We push ourselves to create environments that delight, connect, and inspire people, families, and generations.

As we do so, we are guided by a clear vision, a strong commitment to sustainability, and a deep-seated set of values. This is why we challenge ourselves in the way we build structures today and in the way we plan the cities of the future.







CORPORATE INFORMATION

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SHAREHOLDER SERVICES AND ASSISTANCE

For inquiries regarding dividend payments, change of address and account status, lost or damaged stock certificates, please contact:

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We remain steadfast in our approach towards growth. We will continue to pursue a balanced and sustainable business platform through a good mix of development projects and leasing assets in our portfolio to achieve our targets by 2020.

Bernard Vincent O. Dy
President and Chief Executive Officer

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